

## BILL ANALYSIS

Senate Research Center  
79R1862 PB-D

S.B. 178  
By: Brimer  
Business and Commerce  
5/11/2005  
As Filed

### AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, Section 651.100, Insurance Code, limits the relationship between premium finance companies, servicers of premium finance agreements, and insurance agents. However, the extent to which those relationships are permitted is open to interpretation and a source of confusion.

S.B. 178 expressly prohibits incentive- or production-based calculations of profit distribution, either in whole or in part. In addition, the bill prohibits the sharing of fees related to the premium finance agreement.

### RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Subchapter C, Chapter 651, Insurance Code, as effective April 1, 2005, to read as follows:

#### SUBCHAPTER C. REGULATION OF INSURANCE PREMIUM FINANCE COMPANIES AND OTHERS

SECTION 2. Amends Section 651.110, Insurance Code, as effective April 1, 2005, as follows:

Sec. 651.110. New heading. LIMITATIONS ON CERTAIN REBATES. Specifies those persons and entities to whom this section applies. Prohibits a person or entity described by Subsection (a) from engaging in certain activities. Specifies that a contractual agreement under Subsection (c) must be in writing and is not valid until commissioner of insurance, rather than Department of Insurance, approval is received. Makes a conforming changes.

SECTION 3. Makes application of this act prospective.

SECTION 4. Effective date: September 1, 2005.