

BILL ANALYSIS

Senate Research Center

C.S.S.B. 189
By: Watson
Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.S.B. 189 protects holders of automotive insurance by preventing insurance companies from raising their rates or cancelling their policies if the policy holder asks a question about his/her coverage. This is the same principle as S.B. 188 filed this session and S.B. 736 passed last session concerning homeowners insurance.

The substitute addresses the same issue as S.B. 188, in that some auto insurers are exempt unless specifically referenced in the statute. It also addresses rating plans by preventing such plans from increasing rates as the result of a consumer inquiry or a filed claim that is not paid or payable under the plan.

Other notes:

- A survey issued to B&C during the 83rd Legislative Session indicated that some homeowners insurers do engage in this type of activity, or something similar to it. This survey did not study if this occurred for auto insurance.
- Insurers have not expressed opposition and have expressed to us that they think this practice should not be allowed.

Section by section:

Section 1:

Filed bill:

- Prevents a personal automobile insurer from charging an increased rate because of a consumer inquiry.

Substitute:

- Subjects county mutual to this protection.

Section 2:

Filed bill:

- Prevents a personal automobile insurer from considering a consumer inquiry when deciding whether or not to issue a policy to a consumer. This includes the renewal of a policy.

Substitute:

- No change.

Section 3:

Filed bill:

- None.

Substitute:

- Subjects county mutual insurers to section 4.

Section 4:

Filed bill:

- None.

Substitute:

- Prevents the rating plan of a personal auto insurance policy from increasing rates or premiums because of either:
 - A consumer inquiry, or
 - A filed claim that is not paid or payable under the policy.

C.S.S.B. 189 amends current law relating to certain practices in the business of personal automobile insurance.

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 Section 544.552, Insurance Code, as follows:

Sec. 544.552. APPLICABILITY. Provides that this subchapter applies only to a standard fire, homeowners, or farm and ranch owners insurance policy, or a personal automobile insurance policy, including a policy written by a county mutual insurance company.

SECTION 2. Amends Section 551.113(a), Insurance Code, to provide that this section applies only to a standard fire, homeowners, or farm and ranch owners insurance policy, or a personal automobile insurance policy.

SECTION 3. Amends Section 912.002(b), Insurance Code, to provide that a county mutual insurance company is subject to Section 1953.051(b) in addition to certain sections set forth herein.

SECTION 4. Amends Section 1953.051, Insurance Code, as follows:

Sec. 1953.051. CERTAIN RATING PLANS PROHIBITED. (a) Creates this subsection from existing text. Makes no further change to this subsection.

(b) Prohibits a rating plan regarding the writing of personal automobile insurance from:

(1) assigning a rate consequence solely to:

(A) a consumer inquiry, as defined by Section 544.551 (Definition), made by an applicant or insured; or

(B) a claim filed by an insured under a personal automobile insurance policy that is not paid or payable under the policy; or

(2) otherwise cause premiums for personal automobile insurance to be increased solely because of an inquiry or claim described by Subdivision (1).

SECTION 5. Makes application of this Act prospective.

SECTION 6. Effective date: September 1, 2015.