

BILL ANALYSIS

Senate Research Center

H.B. 2062
By: Van de Putte (Harris)
Economic Development
5-14-97
Engrossed

DIGEST

Current law prohibits Department of Insurance staff from participating as a party in certain important rate hearings. The prohibition has resulted in hearings in which no party has introduced evidence necessary for the commissioner of insurance to use in making a decision. For example, statutes (enacted in 1995) required a number of premium discounts; in benchmark rate hearings in 1995 and 1996, even though the commissioner requested evidence on statutory discounts, none of the parties introduced evidence relating to these discounts. The commissioner had to call additional hearings to address the statutory requirements. In addition, the current structure results in a hearing record that may not contain adequate evidence to be considered by the commissioner in order to arrive at the best decision for both consumers and the industry. The Office of Public Insurance Counsel provides a valuable function in representing consumer interests, but there are concerns that it has limited resources and cannot duplicate or provide all the expertise and knowledge of the department staff.

H.B. 2062 would amend Article 1.09-5 of the Texas Insurance Code, so that Department of Insurance staff could participate in and present evidence to be considered in rate hearings; existing restrictions on staff participation would be deleted.

PURPOSE

As proposed, H.B. 2062 amends Article 1.09-5 of the Texas Insurance Code, so that Department of Insurance staff can participate in and present evidence to be considered in rate hearings.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 1.09-5, Insurance Code, to authorize the Department of Insurance (department) to appear as a matter of right as a party, present evidence, or question witnesses in any proceeding before the commissioner of insurance, rather than board of insurance, or the designated hearings officer in which the insurance rates are set under this code. Deletes an exception and text prohibiting the department from appearing as a matter of right as a party. Deletes existing Subsections (b) and (c)(1)-(c)(5). Makes nonsubstantive and conforming changes.

SECTION 2. Prohibits anything in Article 1.09-5, Insurance Code, as amended by this Act, from being considered as amending, limiting, expanding, or modifying the provisions of Article 1.33B of the Insurance Code. Requires the provisions of Article 1.33B to control and continue to be fully effective notwithstanding any of the provisions of Article 1.09-5, in the event of any conflict between the provisions of Article 1.09-5 and Article 1.33B.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.