

BILL ANALYSIS

Senate Research Center

H.B. 499
By: Ramsay (Ellis)
Economic Development
5/13/1999
Engrossed

DIGEST

Article 5.131, Insurance Code, was enacted in 1995 to ensure that benefits resulting from the civil justice reforms enacted by the 73rd and 74th Texas Legislatures were passed on to the insured public. The reforms included measures that reduced the cost of litigation and the maximum amounts that could be awarded in a judgment. Such measures should result in the reduction of the cost of insurance purchased to guard against such liability claims. H.B. 499 sets forth provisions regarding rate rollbacks for certain lines of insurance.

PURPOSE

As proposed, H.B. 499 sets forth provisions regarding rate rollbacks for certain lines of insurance.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 (Section 2(b), Article 5.131, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2(b), Article 5.131, Insurance Code, to require the Commissioner of Insurance (commissioner) to obtain and examine the data from each insurer described by this subsection as necessary to ensure that the insurer is passing the savings to the insurer's policyholders in compliance with this section. Provides that Sections 3 and 4 of this article do not apply to the insurers described by this subsection. Requires the commissioner to require the insurer, in certain circumstances, to provide rate refunds or reductions to the insurer's policyholders on a prospective basis in an amount and manner determined by the commissioner, by rule. Makes conforming changes.

SECTION 2. Amends Section 6, Article 5.131, Insurance Code, to provide that, unless the commissioner grants relief under Section 4 or 5 of this article, each rate resulting from the reduction required under Section 3 of this article remains in effect until January 1, 2003, rather than January 1, 2001.

SECTION 3. Effective date: September 1, 1999.

SECTION 4. Emergency clause.