

BILL ANALYSIS

Senate Research Center
77R190 MXM-F

S.B. 278
By: Harris
Business & Commerce
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DIGEST AND PURPOSE

Currently, commercial auto insurance cannot be included as part of the commercial package of coverage, since it is subject to a different regulatory structure. As proposed, S.B. 278 allows for commercial auto insurance to be subject to a file and use system, rather than the benchmark rate system.

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 Article 5.13-2(1) and (2) to provide that this article governs the regulation of commercial automobile insurance rates and forms. Provides that it does not govern personal automobile insurance. Provides that this article applies to all lines of commercial automobile insurance. Makes a conforming change.

SECTION 2. Amends Article 5.01(f), Insurance Code, to provide that notwithstanding Subsections (a) through (d) of this article, rates for motor vehicle insurance in this state are determined as provided by Article 5.13-2 of this code or by the flexible rating program adopted under Subchapter M of this chapter, as applicable. Deletes language regarding effective date of application.

SECTION 3. Amends Article 5.01-2(b), Insurance Code. Makes conforming changes.

SECTION 4. Amends Article 5.03(g), Insurance Code, to provide that notwithstanding Subsections (a) through (e) of this article, rates for motor vehicles are determined as provided by Article 5.13-2 of this code or by the flexible rating program adopted under Subchapter M of this Chapter, as applicable.

SECTION 5. Amends Article 5.04(c), Insurance Code. Makes conforming changes.

SECTION 6. Amends Article 5.06, Insurance Code, by adding Subsection (11), to prohibit this article from applying to forms used by insurers for commercial automobile insurers.

SECTION 7. Amends Article 5.09(c), Insurance Code. Makes conforming changes.

SECTION 8. Amends Article 5.11(c), Insurance Code. Makes conforming changes.

SECTION 9. Amends Article 5.12(a), Insurance Code. Makes a conforming change.

SECTION 10. Amends Article 5.14(b), Insurance Code. Makes a conforming change.

SECTION 11. Amends Article 5.15(h), Insurance Code. Makes a conforming change.

SECTION 12. Amends Article 5.24(a), Insurance Code, to prohibit the rate of assessment from exceeding one-fifth of one percent of the correctly reported gross premiums of all insurers writing commercial automobile insurance in this state. Makes a conforming change.

SECTION 13. Amends Article 5.96(a-1), Insurance Code, to prohibit this article from applying to commercial automobile insurance.

SECTION 14. Amends Article 5.101, Section 1, Insurance Code. Makes a conforming change.

SECTION 15. Repealer: Section 5.01(b)(Public Information), Insurance Code.

SECTION 16. Effective date: September 1, 2001.
 Makes application of this Act prospective to January 1, 2002.