

BILL ANALYSIS

S.B. 1227
By: Seliger
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties contend that a recent court ruling has produced unintended consequences by disallowing the Texas Property and Casualty Insurance Guaranty Association to pay individuals holding a valid assignment of a covered claim. The parties note that the ruling has had a negative effect on the protection of the consumer as well as a chilling effect on the insurance premium finance industry's ability to use traditional industry practices of using the assignment of claims as collateral in the very policies they are financing. S.B. 1227 seeks to address this issue by amending the applicable law.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1227 amends the Insurance Code to establish that a person has a covered claim under the Texas Property and Casualty Insurance Guaranty Act if the person holds a valid assignment of a covered claim for unearned premiums.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.