

SUBJECT: Allowing the filing of certain automobile insurance rating plans

COMMITTEE: Insurance — committee substitute recommended

VOTE: 5 ayes — Oliverson, Hull, Middleton, Paul, Sanford
4 nays — Vo, González, Israel, Romero

WITNESSES: For — John Marlow, Chubb INA Holdings

Against — Jay Thompson, Afact; (*Registered, but did not testify:* Daniel Hodge, Al Boenker Insurance; Craig MacIntyre, Home State Insurance Group; Joe Garcia, Old American County Mutual; Connie Johnson, Progressive County Mutual; Jon (Chris) Britton, Redpoint Insurance)

On — Joe Woods, American Property and Casualty Insurance Association; (*Registered, but did not testify:* Jon Schnautz, National Association of Mutual Insurance Companies; Kenneth Lovoy, Office of Public Insurance Counsel; Luke Bellsnyder, Texas Department of Insurance)

BACKGROUND: Under Insurance Code sec. 1953.051, a rating plan regarding the writing of automobile insurance, with certain exceptions, may not assign a rate consequence to a charge or conviction for a violation of rules of the road as established under the Transportation Code or otherwise cause premiums for automobile insurance to be increased because of such a charge or conviction. It has been suggested that certain Insurance Code provisions advantage one type of insurer over another, creating an uneven playing field among competing insurers.

DIGEST: CSHB 3969 would allow an insurer writing personal or commercial automobile insurance to include in a filing any rating rule, rate variable, or rate classification that a county mutual insurance company had filed and implemented.

An insurer that filed such a rating rule, rate variable, or rate classification

would be required to indicate in the rate filing that the insurer was filing the rating rule, rate variable, or rate classification under the bill and to reflect any cost savings realized by filing that rule, variable, or classification in the insurer's filing.

The bill's provisions could not be construed to affect any law relating to the confidentiality or public disclosure of rate filings or of the department's review of rate filings.

The bill would apply only to a rate filed with the commissioner of insurance on or after the bill's effective date.

The bill would take effect September 1, 2021.