

## **BILL ANALYSIS**

Senate Research Center  
84R4426 KKR-F

S.B. 978  
By: Creighton  
Business & Commerce  
4/6/2015  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Existing laws do not adequately protect workers' compensation filings from competitors that wish to use proprietary information received through disclosure. Filings for property and casualty lines, however, are subject to Chapter 552, Government Code, which protects intellectual property in such filings from public disclosure to those who wish to use the filer's innovations without having to invest in creating such innovations themselves. Similar protections are needed as the Texas Basic Manual of Rules, Classification and Experience Rating for Workers' Compensation now includes a company's modeled rating factor and supportive documents.

One insurer was recently required to file a model used in the pricing of its workers' compensation products. Another insurer requested the filed model, and under Section 2053.004 (Public Inspection of Information), Insurance Code, it had to be disclosed. The model reflected approximately 6,000 hours of work by that company's actuaries, statisticians, and analysts. The disclosure of this information allowed competitors to obtain proprietary innovation without a similar expenditure of time, effort, and money.

S.B. 978 seeks to amend the workers' compensation filings statute, Section 2053.004, Insurance Code, to provide proprietary confidentiality protections through Chapter 552, Government Code.

As proposed, S.B. 978 amends current law relating to public information regarding workers' compensation insurance rate filings.

### **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 Section 2053.004, Insurance Code, as follows:

Sec. 2053.004. New heading: PUBLIC INFORMATION. (a) Creates this subsection from existing text. Provides that each filing made, including any supporting information filed, under this subchapter is public information subject to Chapter 552 (Public Information), Government Code, including any applicable exception from required disclosure under that chapter, rather than providing that each filing made, including any supporting information filed, under this subchapter is open to public inspection as of the date the filing is made.

(b) Requires the Texas Department of Insurance (TDI), each year, to make available to the public information concerning TDI's general process and methodology for rate review under this chapter, including factors that contribute to the disapproval of a rate. Requires that the information provided under this subsection be general in nature and prohibits the information from revealing proprietary or trade secret information of any insurer.

SECTION 2. Makes application of Section 2053.004, Insurance Code, as amended by this Act, prospective.

SECTION 3. Effective date: September 1, 2015.