

Bill No. CS for CS for SB 1980

Barcode 502728

	CHAMBER ACTION	
<u>Senate</u>		<u>House</u>

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05/05/2006 10:51 AM

11 Senators Alexander and Garcia moved the following **amendment to**
12 **amendment** (021596):

14 **Senate Amendment (with directory and title amendments)**

15 On page 30, between lines 22 and 23,

17 insert:

18 (j) Effective July 1, 2007, notwithstanding any other
19 provision of this section:

20 1. With respect to any residential property insurance
21 subject to regulation under this section and with respect to
22 any area for which the office determines a reasonable degree
23 of competition exists, a rate filing, including, but not
24 limited to, any rate changes, rating factors, territories,
25 classification, discounts, and credits, with respect to any
26 policy form, including endorsements issued with the form, that
27 results in an overall average statewide premium increase or
28 decrease of no more than 5 percent above or below the premium
29 that would result from the insurer's rates then in effect
30 shall not be subject to a determination by the office that the
31 rate is excessive or unfairly discriminatory except as

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1 provided in subparagraph 3., or any other provision of law,
 2 provided all changes specified in the filing do not result in
 3 an overall premium increase of more than 10 percent for any
 4 one territory, for reasons related solely to the rate change.
 5 As used in this subparagraph, the term "insurer's rates then
 6 in effect" includes only rates that have been lawfully in
 7 effect under this section or rates that have been determined
 8 to be lawful through administrative proceedings or judicial
 9 proceedings.

10 2. An insurer may not make filings under this
 11 paragraph with respect to any policy form, including
 12 endorsements issued with the form, if the overall premium
 13 changes resulting from such filings exceed the amounts
 14 specified in this paragraph in any 12-month period. An insurer
 15 may proceed under other provisions of this section or other
 16 provisions of law if the insurer seeks to exceed the premium
 17 or rate limitations of this paragraph.

18 3. This paragraph does not affect the authority of the
 19 office to disapprove a rate as inadequate or to disapprove a
 20 filing for the unlawful use of unfairly discriminatory rating
 21 factors that are prohibited by the laws of this state. An
 22 insurer electing to implement a rate change under this
 23 paragraph shall submit a filing to the office at least 40 days
 24 prior to the effective date of the rate change. The office
 25 shall have 30 days after the filing's submission to review the
 26 filing and determine if the rate is inadequate or uses
 27 unfairly discriminatory rating factors. Absent a finding by
 28 the office within such 30-day period that the rate is
 29 inadequate or that the insurer has used unfairly
 30 discriminatory rating factors, the filing is deemed approved.
 31 If the office finds during the 30-day period that the filing

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1 will result in inadequate premiums or otherwise endanger the
 2 insurer's solvency, the office shall suspend the rate
 3 decrease. If the insurer is implementing an overall rate
 4 increase, the results of which continue to produce an
 5 inadequate rate, such increase shall proceed pending
 6 additional action by the office to ensure the adequacy of the
 7 rate.

8 4. This paragraph does not apply to rate filings for
 9 any insurance other than residential property insurance.

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12 ===== D I R E C T O R Y C L A U S E A M E N D M E N T =====

13 And the directory clause is amended as follows:

14 On page 28, line 31, delete that line

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16 and insert: amended, paragraph (j) is added to that
 17 subsection, and subsection (9) is added to that section, to
 18 read:

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21 ===== T I T L E A M E N D M E N T =====

22 And the title is amended as follows:

23 On page 131, line 5, after the semicolon,

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25 insert:

26 specifying certain rate filings as not subject
 27 to office determination as excessive or
 28 unfairly discriminatory; providing limitations;
 29 providing a definition; prohibiting certain
 30 rate filings under certain circumstances;
 31 preserving the office's authority to disapprove

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1 certain rate filings under certain
2 circumstances; providing procedures for
3 insurers submitting certain rate filings;
4 revising provisions providing for recoupment of
5 certain reinsurance costs; specifying
6 nonapplication to certain types of insurance;

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