

INSURANCE CODE

TITLE 10. PROPERTY AND CASUALTY INSURANCE

SUBTITLE H. RATEMAKING IN GENERAL

CHAPTER 2252. RATE ADMINISTRATION

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2252.001. APPLICABILITY OF CHAPTER. (a) Except as provided by Subsections (b) and (c), this chapter applies to an insurer, including a corporation, reciprocal or interinsurance exchange, mutual insurance company, association, Lloyd's plan, or other organization, writing casualty insurance or writing fidelity, surety, or guaranty bonds, on risks or operations in this state.

(b) This chapter does not apply to:

(1) a farm mutual insurance company or association regulated under Chapter 911; or

(2) a county mutual insurance company regulated under Chapter 912.

(c) This chapter does not apply to the writing of:

(1) automobile insurance;

(2) life, health, or accident insurance;

(3) professional liability insurance;

(4) reinsurance;

(5) aircraft insurance;

(6) fraternal benefit insurance;

(7) fire insurance;

(8) workers' compensation insurance;

(9) marine insurance, including noncommercial inland marine insurance and ocean marine insurance;

(10) title insurance;

(11) explosion insurance, except insurance against loss from personal injury or property damage resulting accidentally from:

(A) a steam boiler;

(B) a heater or pressure vessel;

(C) an electrical device;

(D) an engine; or

(E) all machinery and appliances used in connection with or in the operation of a boiler, heater, vessel, electrical device, or engine described by Paragraphs (A)-(D); or

(12) insurance coverage for any of the following conditions or risks:

(A) weather or climatic conditions, including lightning, tornado, windstorm, hail, cyclone, rain, or frost and freeze;

(B) earthquake or volcanic eruption;

(C) smoke or smudge;

(D) excess or deficiency of moisture;

(E) flood;

(F) the rising water of an ocean or an ocean's tributary;

(G) bombardment, invasion, insurrection, riot, civil war or commotion, military or usurped power, or any order of a civil authority made to prevent the spread of a conflagration, epidemic or catastrophe;

(H) vandalism or malicious mischief;

(I) strike or lockout;

(J) water or other fluid or substance resulting from:

(i) the breakage or leakage of a sprinkler, pump, or other apparatus erected for extinguishing fire, or a water pipe or other conduit or container; or

(ii) casual water entering a building through a leak or opening in the building or by seepage through building walls; or

(K) accidental damage to a sprinkler, pump, fire apparatus, pipe, or other conduit or container described by Paragraph (J)(i).

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2252.002. CONSTRUCTION OF CHAPTER. This chapter does not limit in any manner the kinds or classes of insurance that an

insurer may write under an appropriate statute or the insurer's charter or certificate of authority.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

SUBCHAPTER B. RATING SYSTEMS

Sec. 2252.051. INSURER TO PROVIDE RATE INFORMATION. (a) An insurer shall provide all information relevant to a rate used by the insurer to:

(1) any person who is or will be affected by the rate or by a modification of the rate; or

(2) the authorized representative of a person described by Subdivision (1).

(b) The insurer shall provide the information within a reasonable time after receipt of a written request for the information and on payment of any reasonable charge set by the insurer.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2252.052. RIGHT TO HEARING ON RATING SYSTEM. (a) An insurer shall provide within this state reasonable means by which a person aggrieved by the application of the insurer's rating system may be heard on written request to review the manner in which the rating system has been applied in connection with the insurance afforded the person.

(b) The person may be heard under this section in person or through the person's authorized representative.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2252.053. APPEAL OF DECISION ON RATING SYSTEM. Any party affected by an action taken by an insurer or rating organization in response to a request for a hearing under Section 2252.052 may appeal that action to the commissioner not later than the 10th day after the date the party receives written notice of the

action.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

SUBCHAPTER C. LOSS AND EXPENSE EXPERIENCE

Sec. 2252.101. RECORDING AND REPORTING OF LOSS AND EXPENSE EXPERIENCE AND OTHER DATA. (a) The commissioner shall adopt reasonable rules and statistical plans for the recording and reporting of loss experience and other required data by insurers. The rules and plans must ensure that each insurer's total loss and expense experience is made available at least as frequently as biennially in the form and with the detail necessary to aid in determining whether rating plans comply with the standards provided by this chapter, Chapter 1901, Chapter 2251, or Subchapter B, Chapter 5.

(b) In adopting the rules and statistical plans, the commissioner shall have due regard for:

(1) the rating plans used under this chapter, Chapter 1901, Chapter 2251, or Subchapter B, Chapter 5; and

(2) the rules and forms of plans used in other states to ensure that the rules and plans are as uniform as is practicable.

(c) Each insurer shall use the statistical plans adopted under this section to record and report loss experience and other required data in accordance with the rules adopted by the commissioner.

(d) The commissioner may designate other agencies to gather and compile the loss experience and other data.

(e) The commissioner may adopt modifications to statistical plans adopted under this section.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2252.102. RULES AND PLANS REQUIRING INTERCHANGE OF LOSS EXPERIENCE. The commissioner may adopt reasonable rules and plans requiring the interchange of loss experience necessary for the application of rating plans.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2252.103. EXCHANGE OF RATE INFORMATION WITH OTHER STATES. To further the uniform administration of rating laws, the department or an insurer may:

(1) exchange information and experience data with insurance supervisory officials, insurers, and rating organizations in other states; and

(2) consult and cooperate with the individuals or entities described by Subdivision (1) with respect to ratemaking and the application of rating systems.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

SUBCHAPTER D. PROHIBITED ACTS

Sec. 2252.151. PROHIBITED CONDUCT RELATED TO RATES AND PREMIUMS. (a) A person or organization may not knowingly give false or misleading information to the department or commissioner, an insurer, or any other entity that will in any manner affect the proper determination of rates or premiums.

(b) An insurer or agent who knowingly misrepresents the actual or replacement value of real or personal property to achieve an unfair competitive rate advantage commits an offense.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.