

BILL ANALYSIS

Senate Research Center

H.B. 2671
By: Burnam (Harris)
Economic Development
5-14-97
Engrossed

DIGEST

In 1993, the Texas Legislature amended Section 2(f), Article 21.48A, Insurance Code, to require a lender to accept an insurance binder as evidence for required insurance on residential property mortgages, provided certain conditions are met. Under these provisions, a lender may not require a borrower to provide an original insurance policy in lieu of the insurance binder. H.B. 2671 would extend the use of a binder by agents meeting the conditions described under Section 2(f), Article 21.48A, Insurance Code, to all loans in which a lender requires a borrower to secure insurance coverage as a condition of the loan.

PURPOSE

As proposed, H.B. 2671 provides for the acceptance of an insurance binder by certain lenders.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2(f), Article 21.48A, Insurance Code, to require a lender that requires a borrower to secure insurance coverage before the lender will provide a residential mortgage or commercial real estate loan to accept an insurance binder as evidence of the required insurance under certain circumstances.

SECTION 2. Effective date: September 1, 1997.
Makes application of this Act prospective.

SECTION 3. Emergency clause.