

BILL ANALYSIS

Senate Research Center

H.B. 906
By: McCall (Duncan)
Jurisprudence
4-17-97
Engrossed

DIGEST

Currently, policyholders who have loss payees listed on their policies are often placed in the position of dealing with demands for payment on the repairs to their homes or automobiles. They have no cash flow to make the payments even though the loss was fully insured. This bill sets forth duties of a lienholder, if payment of an insurance claim relating to personal property requires the endorsement of a check or draft by a holder of a lien on property or otherwise requires approval of the lienholder and provides for civil penalties.

PURPOSE

As proposed, H.B. 906 sets forth duties of a lienholder, if payment of an insurance claim relating to personal property requires the endorsement of a check or draft by a holder of a lien on property or otherwise requires approval of the lienholder and provides for civil penalties.

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 Title 132, V.T.C.S., by adding Article 9031, as follows:

Art. 9031. LIENHOLDER APPROVAL OF INSURANCE CLAIM PAYMENT

Sec. 1. Sets forth duties of a lienholder, if payment of an insurance claim relating to personal property requires the endorsement of a check or draft by a holder of a lien on property or otherwise requires approval of the lienholder.

Sec. 2. Provides that a lienholder who violates Section 1 is liable for a civil penalty not to exceed \$500 for each violation. Authorizes the attorney general to sue to collect a civil penalty.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.