

BILL ANALYSIS

Senate Research Center
76R11253 DLF-D

C.S.S.B. 324
By: Ellis
Economic Development
4/7/1999
Committee Report (Substituted)

DIGEST

Currently, under Texas law, the Residential Market Assistance Program (MAP) assists homeowners in Texas in obtaining residential property insurance coverage in underserved areas. However, consumers cannot apply directly for coverage through the MAP due to the requirement that the Texas Department of Insurance (TDI) accepts applications only from licensed agents, called originating agents. If a consumer contacts TDI directly, TDI must then refer the applicant to an originating agent, which can delay processing of applications to the MAP. This bill would delete the requirement that an applicant go through an originating agent when applying for MAP coverage, and allow applicants to contact TDI directly.

PURPOSE

As proposed, C.S.S.B. 324 revises the application process for coverage under the Market Assistance Program operated by the Texas Department of Insurance.

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(b), Article 21.49-12, Insurance Code, to require the insurer to notify the applicant or the applicant's agent if a premium quote is made so that the placement of the insurance may be completed. Deletes the requirement that applications would only be accepted from licensed agents of the Texas Department of Insurance (TDI). Makes conforming changes.

SECTION 2. Amends Section 4, Article 21.49-12, Insurance Code, as follows:

Sec. 4. New heading: DIRECT REFERRAL TO INSURER; AGENTS. Authorizes the TDI to assist an applicant in the market assistance program in completing an initial application and refer the applicant to one or more participating companies. Authorizes an originating agent to complete an application on behalf of an insured for submission to the program, but an applicant is not required to submit the application through the originating agent. Provides that if an originating agent is used, the originating agent is not required to be appointed to represent the ultimate insurer. Makes conforming and nonsubstantive changes.

SECTION 3. Repealer: Section 5, Article 21.49-12, Insurance Code (Market Assistance Programs).

SECTION 4. Effective date: September 1, 1999.
Makes application of this Act prospective to January 1, 2000.

SECTION 5. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 2(b), Article 21.49-12, Insurance Code, to require the insurer to notify the applicant or the applicant's agent if a premium quote is made so that the placement of the insurance may be completed.

SECTION 3. Repealer: Section 5, Article 21.49-12, Insurance Code (Market Assistance Programs).

Redesignates SECTIONS.