

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 431
By: Carona
Business & Commerce
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Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, speciality licenses are issued to businesses offering credit insurance, rental car insurance, travel insurance, and self-storage insurance. C.S.S.B. 431 amends the speciality license section to allow rental property owners and property management firms to apply for speciality licenses so that they may offer renters insurance to their residents.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in Section 1 (Section 1(a), Article 21.09, Insurance Code).

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1(a), Article 21.09, Insurance Code, to authorize the commissioner of insurance (commissioner) to adopt rules necessary to implement this article and to meet the minimum requirements of federal law and regulations.

SECTION 2. Amends Section 6, Article 21.09, Insurance Code, as follows:

Sec. 6. RESIDENTIAL RENTER LICENSE. (a) Defines “residential landlord,” “residential rental agreement,” “residential rental property,” and “residential renter”.

(b) Authorizes the commissioner, notwithstanding any other provision of this article or this code, to issue a specialty license under Section 1 of this article to a residential landlord, or to the property manager of a residential landlord, who complies with this section only for the limited purposes set forth in this section.

(c) Authorizes a residential landlord or property manager licensed under Section 1 of this article to act as an agent for any authorized insurer only in connection with the rental of residential rental property that the landlord or property manager leases and only with respect to certain forms of insurance.

(d) Prohibits insurance from being issued under this section unless the brochures or other written materials containing the disclosures required by Section 1(g) of this article are prominently displayed and readily available to the prospective residential renter.

(e) Requires a license holder under this section to include in each lease agreement under which the license holder offers insurance under this section a conspicuous disclaimer, in the format prescribed by the commissioner, that states substantially certain specified information. Deletes language regarding rules for implementation.

SECTION 3. Effective date: September 1, 2001. Provides that a residential landlord or property manager for a residential landlord is not required to be licensed as provided by Section 6, Article 21.09, Insurance Code, as amended by this Act, before January 1, 2002.

SUMMARY OF COMMITTEE CHANGES

SECTION 1. No change.

SECTION 2. Amends As Filed S.B. 431, In proposed Section 6, Article 21.09, Insurance Code, to require a license holder under this section include in each lease agreement under which the license holder offers insurance under this section a conspicuous disclaimer, in the format prescribed by the commissioner, that states substantially certain specified information.

SECTION 3. No change.