

BILL ANALYSIS

Senate Research Center

H.B. 508
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State Affairs
5/20/2003
Engrossed

DIGEST AND PURPOSE

Current state law requires an insurer to give written notice of a premium rate increase to a policyholder at least 30 days before the date on which a rate increase takes effect for a group policy of health, accident and health, life, health, and accident, or life insurance. These notification periods may not afford consumers adequate time to obtain quotes and policy information from other carriers. H.B. 508 increases the notification period for a premium rate increase to at least 60 days for a group policy of health, accident and health, life, health, and accident, or life.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 3.51-10, Insurance Code, as effective June 1, 2003, as follows:

Art. 3.51-10. NOTICE OF PREMIUM RATE INCREASE. (a) Creates this subsection from existing text. Requires an insurer not less than 60, rather than 30, days before the date on which a premium rate increase takes effect on a group policy of health, accident and health, or life, health, and accident insurance delivered or issued for delivery in this state by a life, accident, health or casualty insurance company, mutual life insurance company, mutual insurance company other than life, mutual or natural premium life insurance company, general casualty company, Lloyds, reciprocal or interinsurance exchange, fraternal benefit society, group hospitalization service insurer, or local mutual aid association, to give written notice of the premium rate increase to the policyholder or in the instance of a multiple employer trust to the trustee or group policyholder of the amount of such increase and the date on which the increase is to take effect.

(b) Prohibits an insurer from requiring a policyholder or trustee entitled to notice under this article to respond to the insurer to renew the policy or take other action relating to the renewal or extension of the policy before the 45th day after the date the notice described by Subsection (a) of this article is given.

SECTION 2. Amends Section 1132.001, Insurance Code, as effective June 1, 2003, by amending Subsection (b) and adding Subsection (f), as follows:

(b) Requires an insurer, not later than the 61st, rather than the 31st, day before the date on which a premium rate increase takes effect on a group policy of life insurance delivered or issued for delivery in this state by an insurer, to give written notice to the policyholder of certain information.

(f) Prohibits an insurer from requiring a policyholder or trustee entitled to notice under this section to respond to the insurer to renew the policy or take other action relating to the renewal or extension of the policy before the 45th day after the date the notice described by Subsection (b) is given.

SECTION 3. Makes application of this Act prospective to March 1, 2004.

SECTION 4. Effective date: September 1, 2003.