

## **BILL ANALYSIS**

Senate Research Center  
78R1797 AJA-D

S.B. 115  
By: Van de Putte  
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### **DIGEST AND PURPOSE**

Many insurance companies have switched from the formerly dominant home insurance form, the HO-B policy form, to national policy forms; a policy form covering only losses resulting from specifically delineated perils, the HO-A; or a modified HO-B form that reduces and limits the comprehensive coverage offered under the standard HO-B. Many consumers were not informed when insurers made these changes. The commissioner of insurance issued a Commissioner's Bulletin, No. B-0017-02, to remind insurers of their responsibility to fully explain any changes in types of coverage and premium costs to policy holders and applicants. However, insurers' responsibilities in such situations remain unclear and current law only applies to regulated insurers. As proposed, S.B. 115 requires an insurer to provide written notice in plain language to consumers of any difference in each form of the policy offered on renewal and the policy held prior to renewal. S.B. 115 also authorizes the commissioner of insurance to adopt rules to enforce these requirements.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Chapter 5C, Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 5C, Insurance Code, by adding Article 5.45, as follows:

Art. 5.45. NOTICE ON RENEWAL OF CERTAIN POLICIES. (a) Requires an insurer, including certain companies and types, to provide a policy holder with written notice of any difference in each form of the policy offered to the policy holder on renewal and the form of the policy held immediately before renewal.

(b) Requires a notice written under this article to be written in plain language.

(c) Authorizes the commissioner of insurance to adopt rules as necessary to implement this article.

SECTION 2. Makes application of this Act prospective to the 30th day after the effective date of this Act.

SECTION 3. Effective date: upon passage or September 1, 2003.