

BILL ANALYSIS

Senate Research Center
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S.B. 1335
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, insurance companies frequently pay a policyholder the amount owed for a claim, within a 15-day window, but statute still requires the insurer to send a letter of acceptance of the claim. Consequently, it is common in smaller claims, which involve minor expenses such as towing, labor, or glass breakage costs, for the policyholder to receive the letter of acceptance after he or she has already been paid for the loss. This incongruence between the written law and the application of the law results in a waste of resources and an increase in administrative costs, which are ultimately passed along to the consumers.

As proposed, S.B. 1335 requires an insurer to notify a claimant in writing of the acceptance or rejection of a claim not later than the 15th business day after the date the insurer receives all items, statements, and forms required by the insurer to secure final proof of loss, or not later than the 30th day if the insurer has a reasonable basis to believe that the loss that is the subject of the claim resulted from arson, and relieves the insurer of the requirement to send an acceptance letter when the insurer has a reasonable basis to believe that payment of the claim has been made, in full, within 15 days.

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 Section 542.056, Insurance Code, by adding Subsection (e), as follows:

(e) Provides that if an insurer pays a claim not later than the 15th business day after the date the insurer receives all items, statements, and forms required by the insurer to secure final proof of loss, or not later than the 30th day if the insurer has a reasonable basis to believe that the loss that is the subject of the claim resulted from arson, the payment of the claim constitutes notice of acceptance and the insurer is not required to provide any other notice under this section.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2009.