

BILL ANALYSIS

Senate Research Center
81R23959 TJS-D

C.S.S.B. 1335
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Business & Commerce
4/15/2009
Committee Report (Substituted)

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.

C.S.S.B. 1335 amends current law relating to notice of acceptance or rejection of an insurance claim.

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 Subsections (e)-(g), 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, notwithstanding Subsection (a) (relating to a requirement for an insurer to notify a claimant in writing of the acceptance or rejection of a claim by a certain date), the insurer is not required to provide any other notice under this section.

(f) Requires an insurer, if the insurer makes a partial payment under this section or rejects any portion of a claim, to include a written notice with the partial payment that states the reason for the rejection.

(g) Provides that for purposes of Subsections (e) and (f), payment includes an electronic funds transfer to an account identified by the claimant.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2009.