

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 2655  
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Business & Commerce  
5/18/2011  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Insurers offering a policy renewal to a customer that includes a reduction in coverage, such as a higher deductible due to claims frequency, often must not renew the customer or threaten to not renew the customer in order to obtain the customer's signed authority to institute the higher deductible or other reduced coverage so that the coverage will continue after the annual renewal date. As a result, possible confusion over what constitutes a reduction in coverage may result in some insurers introducing changes in coverage by using this method to be on the safe side.

C.S.H.B. 2655 amends current law relating to notice of coverage reduction on renewal of a property/casualty insurance policy.

### **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 2002.001, Insurance Code, as follows:

Sec. 2002.001. ENDORSEMENTS REDUCING AMOUNT OF COVERAGE. Prohibits an insurer from using an endorsement to a policy form to which Article 5.35 (Policy Forms), or Subchapter B (Policy Forms for Personal Automobile Insurance Coverage and Residential Property Insurance Coverage), Chapter 2301 (Policy Forms), applies that reduces coverage, rather than reduces the amount of coverage, that would otherwise be provided under the policy unless:

- (1) the insured requests the endorsement; or
- (2) the insurer provides the policyholder with a written explanation of the change made by the endorsement not later than the 30th day before the date on which the policy expires, rather than the insurer provides the policyholder with a written explanation of the change made by the endorsement before the effective date of the change.

SECTION 2. Amends Section 551.105, Insurance Code, to require an insurer, unless the insurer has mailed written notice of nonrenewal or renewal with notice of change in coverage as provided by Section 2002.001 to the insured not later than the 30th day before the date on which the insurance policy expires, to renew an insurance policy, at the request of the uninsured, on the expiration of the policy.

SECTION 3. Effective date: September 1, 2011.