

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 3117  
By: Vo (Watson)  
Business & Commerce  
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Committee Report (Substituted)

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

Sec. 551.113, Texas Insurance Code, provides that homeowners who make inquiries about their policies cannot be declined for that reason (for underwriting purposes). However, the Insurance Code does not speak to drivers who make inquiries, and it does not specify that inquiries made by homeowners and drivers cannot be used for rating purposes (that is to say, how much the insurer will charge you for your policy). It also is silent on the use of that information by insurers in databases.

C.S.H.B. 3117 clarifies that customers cannot be punished for merely inquiring about their coverage and specifies that those inquiries cannot be used in a database by insurers. The bill protects only those inquiries about the process for filing a claim and what losses a policy covers—the bill specifically does not protect questions regarding specific damage that has occurred and that results in an investigation or claim.

C.S.H.B. 3117 amends current law relating to the reporting of information to claims databases by insurers.

### **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 Subtitle C, Title C, Insurance Code, by adding Chapter 561, as follows:

#### **CHAPTER 561. PROHIBITED RATING PRACTICES**

Sec. 561.001. DEFINITIONS. Defines, for purposes of this chapter, "customer inquiry," "personal automobile insurance," "residential property insurance," and "claims database."

Sec. 561.002. APPLICABILITY. Provides that this chapter applies only to residential property insurance and personal automobile insurance, including an insurance policy written by a county mutual insurance company.

Sec. 561.003. CONSIDERATION OF CUSTOMER INQUIRIES PROHIBITED. Prohibits an insurer from basing, wholly or partly, an adverse underwriting or rating decision on a customer inquiry or reporting such an inquiry to a claims database.

SECTION 2. Makes application of this Act prospective to January 1, 2012.

SECTION 3. Effective date: September 1, 2011.