

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 1656  
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Business & Commerce  
4/13/2011  
Committee Report (Substituted)

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

C.S.S.B. 1656 ensures that customers are not subject to insurance rate increases when they call to make inquiries about their policies.

Under current law, nothing forbids or prevents insurers from increasing rates when customers call insurers with questions on what claims would be covered by a policy.

C.S.S.B. 1656 states that an insurer may not base, wholly or partly, an adverse underwriting or rating decision on a customer inquiry.

C.S.S.B. 1656 amends current law relating to a prohibition on certain underwriting and rating actions based on consumer inquiries.

### **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 5, Insurance Code, by adding Chapter 561, as follows

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

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

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.

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

SECTION 3. Effective date: September 1, 2011.