

BILL ANALYSIS

Senate Research Center

C.S.S.B. 95
By: Lucio
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.S.B. 95 requires that residential property insurers disclose to consumers deductible amounts in dollars. At present, some insurers only list percentage deductibles. This is confusing for consumers. Consumers often assume that the deductible percentage is applied to the amount of the loss. It is not. Instead, it applies to the insured value of the home. This misunderstanding is common by consumers as deductibles on their health plans are calculated as a percentage of the claim. Consumers utilize their health plans on a much more regular basis than their homeowners insurance so this mistake is natural.

Listing the dollar amounts of all deductibles on the declarations page helps eliminate this confusion and educates the consumer of the value he or she is receiving for the premium paid. C.S.S.B. 95 requires the Texas Department of Insurance (TDI) to develop a standard declarations page listing this information that the insurers may use. However, insurers are free to use their own forms as long as the deductible information is listed in dollar amounts. Many large companies already state deductibles in terms of dollar amounts. This requirement would address an issue that is more common amongst small insurers that are not utilizing time-tested forms. The bill's requirement that TDI create a standardized declarations page will provide these small insurers with an additional resource to guide them when developing their own declarations page.

C.S.S.B. 95 amends current law relating to required use by insurers of certain standard insurance policy forms for residential property insurance.

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 2301.008, Insurance Code, as follows:

Sec. 2301.008. **ADOPTION AND USE OF STANDARD FORMS.** (a) Creates this subsection from existing text. Authorizes the commissioner of insurance (commissioner) to adopt standard insurance policy forms, printed endorsement forms, and forms related to insurance policy forms and printed endorsement forms, that an insurer may use instead of the insurer's own forms in writing insurance subject to this subchapter.

(b) Requires the commissioner to adopt a standard declarations page for use with residential property forms subject to this subchapter. Authorizes an insurer to use the declarations page adopted by the commissioner under this section instead of the insurer's own declarations page. Requires that a declarations page adopted under this subchapter list and explain each type of deductible application to the form, and list the exact dollar amount of each deductible application to the form.

SECTION 2. Amends Section 2301.053, Insurance Code, to prohibit a residential property form from being used unless the declarations page lists and explains each type of deductible application to the form, and lists the exact dollar amount of each deductible applicable to the form.

SECTION 3. Makes this Act prospective to January 1, 2012.

SECTION 4. Effective date: September 1, 2011.