

## **BILL ANALYSIS**

Senate Research Center  
83R408 TJS-D

S.B. 112  
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Business & Commerce  
1/30/2013  
As Filed

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

S.B. 112 requires that residential property insurers disclose to consumers deductible amounts in dollars. At present, some insurers only list percentage deductibles which is confusing for consumers.

Consumers often assume that the deductible percentage is applied to the amount of the loss. It is not; it applies to the insured value of the home. Deductibles on health plans are calculated as a percentage of the claim, and consumers utilize their health plans on a more regular basis than their homeowners insurance so this misunderstanding is natural.

Listing the dollar amounts of all deductibles on the declarations page would help to eliminate this confusion and educate the consumer about the value he or she is receiving for the premium paid.

As proposed, S.B. 112 amends current law relating to a requirement for and the contents of a declarations page required for 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 Subchapter B, Chapter 2301, Insurance Code, by adding Section 2301.056, as follows:

Sec. 2301.056. REQUIREMENT FOR FORMS; DECLARATIONS PAGE REQUIREMENT. Requires a residential property insurance policy form to include a declarations page that lists and explains each type of deductible under the residential property insurance policy and lists the exact dollar amount of each deductible under the residential property insurance policy.

SECTION 2. Makes application of this Act prospective to January 1, 2014.

SECTION 3. Effective date: September 1, 2013.