

By: Sheets

H.B. No. 930

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the effect of certain claims made under certain  
3 insurance policies.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 551.107, Insurance Code, is amended by  
6 amending Subsections (b), (c), (d), and (e) and adding Subsection  
7 (h) to read as follows:

8 (b) A claim under this section does not include a claim [~~+~~  
9 ~~[(1) resulting from a loss caused by natural causes,~~  
10 ~~[(2)]~~ that is filed but is not paid or payable under  
11 the policy [~~, or~~  
12 ~~[(3) that an insurer is prohibited from using under~~  
13 ~~Section 544.353]~~].

14 (c) An insurer may assess a premium surcharge at the time  
15 an insurance policy is renewed:

16 (1) assess a premium surcharge in an [if the insured  
17 has filed two or more claims in the preceding three policy years.  
18 The] amount that is [of the surcharge must be] based on sound  
19 actuarial principles; or

20 (2) require an increase in any applicable deductible  
21 under the policy.

22 (d) An [~~Subject to Subsection (e), an~~] insurer may not  
23 refuse to renew an insurance policy unless [~~if~~] the insured has  
24 filed two [~~three~~] or more claims under the policy in any three-year

1 period.

2 (e) When an insured files a claim, an [An] insurer may  
3 notify the [an] insured, by electronic means or by mail, [who has  
4 filed two claims in a period of less than three years] that the  
5 insurer may refuse to renew the policy if the insured files a second  
6 [third] claim during a [the] three-year period. [If the insurer  
7 does not notify the insured in accordance with this subsection, the  
8 insurer may not refuse to renew the policy because of claims. The  
9 notice form must:

- 10 [ (1) list the policyholder's claims; and  
11 [ (2) contain the sentence: "The filing by you of  
12 another claim, except for a claim resulting from a loss caused by  
13 natural causes, a claim filed but not paid or payable under the  
14 policy under which it was filed, or an appliance-related claim that  
15 we are prohibited from using under Section 544.353, Texas Insurance  
16 Code, could cause us to refuse to renew your policy." ]

17 (h) This section may not be construed to limit an insurer's  
18 right to refuse to renew an insurance policy for reasons other than  
19 the insured's claims history.

20 SECTION 2. Section 2006.052(c), Insurance Code, is amended  
21 to read as follows:

22 (c) A residential property insurance claim under this  
23 section does not include a claim[+]

- 24 [ (1) resulting from a loss caused by natural causes,  
25 [ (2) ] that is filed but is not paid or payable under  
26 the policy[ , or

- 27 [ (3) that an insurer is prohibited from using under

1 ~~Section 544.353]~~.

2 SECTION 3. Subchapter H, Chapter 544, Insurance Code, is  
3 repealed.

4 SECTION 4. The change in law made by this Act applies only  
5 to an insurance policy that is delivered, issued for delivery,  
6 renewed, or subject to nonrenewal on or after the effective date of  
7 this Act. An insurance policy that is delivered, issued for  
8 delivery, renewed, or subject to nonrenewal before the effective  
9 date of this Act is governed by the law as it existed immediately  
10 before the effective date of this Act, and that law is continued in  
11 effect for that purpose.

12 SECTION 5. (a) The Texas Department of Insurance shall  
13 conduct a study concerning the effects of the changes in law made by  
14 this Act to Sections 551.107(c) and (d), Insurance Code, on insurer  
15 loss ratios and the availability of fire, homeowners, and farm and  
16 ranch owners insurance policies.

17 (b) Not later than January 1, 2015, the Texas Department of  
18 Insurance shall submit a report regarding the results of the study  
19 conducted under Subsection (a) of this section to the governor, the  
20 lieutenant governor, the speaker of the house of representatives,  
21 and the appropriate standing committees of the legislature.

22 SECTION 6. This Act takes effect September 1, 2013.