

## **BILL ANALYSIS**

Senate Research Center

H.B. 124  
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Engrossed

### **DIGEST AND PURPOSE**

Fraud drives up premiums for all policyholders. Because jewelry is easy to dispose of and exchange for cash, insurance companies are reluctant to write policies for cash value. Therefore, such policies may be difficult to obtain and expensive. H.B. 124 provides an insurer that provides personal property insurance coverage the option to elect either to pay the stated value or actual replacement of a jewelry item with one of like kind and quality.

### **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 C, Chapter 5, Insurance Code, by adding Article 5.35-2, as follows:

#### Art. 5.35-2. JEWELRY COVERAGE

Sec. 1. DEFINITION. Defines "personal property insurance."

Sec. 2. APPLICABILITY. Provides that this article applies to each insurer that provides personal property insurance in this state, including a county mutual insurer, farm mutual insurer, Lloyd's plan, or reciprocal or interinsurance exchange.

Sec. 3. ELECTION OF STATED VALUE OR ACTUAL REPLACEMENT OF THE JEWELRY ITEM WITH ONE OF LIKE KIND AND QUALITY. Provides an insurer that provides personal property insurance coverage in this state for jewelry the option to elect either to pay the stated value or actual replacement of the jewelry item with one of like kind and quality.

SECTION 2. (a) Provides that this Act takes effect September 1, 2003, and applies only to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2004. Provides that a policy that is delivered, issued for delivery, or renewed before January 1, 2004, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for this purpose.

(b) Requires the commissioner of insurance, not later than December 31, 2003, to, in accordance with Article 5.35, Insurance Code, adopt any policy forms and endorsements necessary to implement Article 5.35-2, Insurance Code, as added by this Act.