

BILL ANALYSIS

C.S.H.B. 508
By: Woolley
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current state law requires an insurer to give written notice of a premium rate increase to a policyholder at least 30 days before the date on which a rate increase takes effect for a group policy of health, accident and health, life, health, and accident, or life insurance. These notification periods may not afford consumers adequate time to obtain quotes and policy information from other carriers. C.S.H.B. 508 increases the notification period for a premium rate increase to at least 60 days for a group policy of health, accident and health, life, health, and accident, or life.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 508 amends the Insurance Code to require an insurer to provide written notice of a premium rate increase not less than 60 days, rather than 30 days, before the date on which a premium rate increase takes effect on a group policy of health, accident and health, or life, health, and accident insurance. The bill requires an insurer to give written notice to a policyholder of a premium rate increase not later than the 61st day, rather than the 31st day, before the date on which an increase takes effect on a group policy of life insurance.

EFFECTIVE DATE

September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 508 modifies the original by applying the prospective clause to insurance policies, rather than premium rates, subscriber charges, and service fees.