

By: Seaman

H.B. No. 99

A BILL TO BE ENTITLED

AN ACT

relating to premium discounts for certain residential property insurance policies.

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

SECTION 1. Subchapter C, Chapter 5, Insurance Code, is amended by adding Article 5.43 to read as follows:

Art. 5.43. PREMIUM DISCOUNT FOR CERTAIN RESIDENTIAL PROPERTY INSURANCE POLICIES. (a) In this article:

(1) "Affiliate" means an entity classified as an affiliate of an insurer under Section 823.003 of this code.

(2) "Insurer" means an insurer authorized to write residential property insurance, including a county mutual insurance company, farm mutual insurance company, Lloyd's plan, or reciprocal or interinsurance exchange.

(3) "Residential property insurance" means property or property and casualty insurance covering a dwelling, including homeowners insurance, residential fire and allied lines insurance, farm and ranch insurance, or farm and ranch owners insurance.

(b) An insurer who issues a residential property insurance policy in this state shall:

(1) provide a three percent discount in the premiums that would otherwise be charged for the policy if the policyholder has continuously been a residential property insurance policyholder with that insurer or an affiliate of that insurer but

1 has not filed a residential property insurance claim during the
2 three years before the effective date of the policy; and

3 (2) increase the amount of the discount by one percent
4 for each subsequent year in which the policyholder has been a
5 residential property insurance policyholder with that insurer or an
6 affiliate of that insurer but has not filed a residential property
7 insurance claim.

8 (c) An insurer is not required to provide a discount under
9 this article that exceeds 10 percent of the premiums that would
10 otherwise be charged for the residential property insurance policy.

11 (d) This article applies without regard to whether any of
12 the policies that continuously covered the policyholder, as
13 described by Subsections (b)(1) and (2) of this article, was a
14 different type of residential property insurance policy from the
15 policy eligible for the discount.

16 (e) The commissioner shall adopt rules as necessary to
17 implement this article.

18 SECTION 2. This Act applies only to an insurance policy that
19 is delivered, issued for delivery, or renewed on or after the 30th
20 day after the effective date of this Act. A policy that is
21 delivered, issued for delivery, or renewed before the 30th day
22 after the effective date of this Act is governed by the law as it
23 existed immediately before that date, and that law is continued in
24 effect for this purpose.

25 SECTION 3. This Act takes effect immediately if it receives
26 a vote of two-thirds of all the members elected to each house, as
27 provided by Section 39, Article III, Texas Constitution. If this

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- 1 Act does not receive the vote necessary for immediate effect, this
- 2 Act takes effect September 1, 2003.