

A BILL TO BE ENTITLED

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AN ACT

relating to providing consumers with information regarding policy forms for residential and farm and ranch property insurance coverage.

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

SECTION 1. Subchapter C, Chapter 5, Insurance Code, is amended by adding Article 5.45 to read as follows:

Art. 5.45. NOTICE ON RENEWAL OF CERTAIN POLICIES. (a) An insurer, including a farm mutual insurance company, county mutual insurance company, Lloyd's plan, or reciprocal or interinsurance exchange, that renews a policy of homeowners insurance, fire and residential allied lines insurance, farm and ranch owners insurance, or farm and ranch insurance must provide the policy holder with written notice of any difference in each form of the policy offered to the policy holder on renewal and the form of the policy held immediately before renewal.

(b) A notice provided under this article must be written in plain language.

(c) The commissioner may adopt rules as necessary to implement this article.

SECTION 2. Article 5.35, Insurance Code, is amended by adding Subsection (k) to read as follows:

(k)(1) For any policy form and endorsements approved by the commissioner under Subsections (a), (b), or (c) of this article,

1 the commissioner shall promulgate a comparison form for that
2 policy.

3 (2) The comparison form shall be developed with the
4 assistance of the office of public insurance counsel and with input
5 from the public and shall be designed to explain the features and
6 limitations of the policy compared to other approved policies. An
7 insurer using a policy form may be required to develop the
8 comparison form and submit it for approval by the commissioner. The
9 comparison form shall be made available by an insurer to anyone
10 inquiring about the policy and shall be made available by the
11 department via the Internet and other means as prescribed by the
12 commissioner.

13 (3) The comparison form shall be designed to be easily
14 read and understood in order to facilitate comparison and
15 understanding of the policy and must meet the requirements of
16 Subsection (h) of this article. At a minimum, the comparison form
17 shall show the features of the policy compared to the HO-B, HO-A,
18 and at least one other policy form widely in use in this state.

19 (4) The commissioner may adopt rules to carry out the
20 purposes of this subsection.

21 SECTION 3. This Act applies only to an insurance policy
22 renewed on or after the 30th day after the effective date of this
23 Act.

24 SECTION 4. This Act takes effect immediately if it receives
25 a vote of two-thirds of all the members elected to each house, as
26 provided by Section 39, Article III, Texas Constitution. If this
27 Act does not receive the vote necessary for immediate effect, this

S.B. No. 115

1 Act takes effect September 1, 2003.