

BILL ANALYSIS

C.S.H.B. 363
By: Hegar
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

CSHB 363 will prohibit insurers from declining insurance policies for certain reasons. CSHB 363 will prevent insurance companies from using a customer inquiry as a basis for declination.

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

House Bill 363 amends Subchapter C, Chapter 551 of the Insurance Code by adding Section 551.113. Section 551.113 applies to standard fire, homeowners, or farm and ranch owners insurance policy. Insurers may not use customer inquiries that do not result in an investigation or claim as a basis for declination. This section defines "customer inquiry." This section applies only to application for insurance coverage made on or after the effective date of this Act.

EFFECTIVE DATE

September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

CSHB 363 states that insurers may not use customer inquiries as a basis for declination and defines "customer inquiry." The original did not provide for this definition and thus the committee substitute provides for this clarification. Section 551.113, Subsections (b)(1) and (b)(2) are removed from the original and replaced in the committee substitute with Subsection (c).