

BILL ANALYSIS

C.S.H.B. 3300
By: Thompson
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Many Texans pay for their automobile insurance monthly. Under current law, if a policy is cancelled because of failure to pay on time, coverage can only be restored by:

- the issuance of a new policy, including a new application and new signatures for rejection of personal injury protection and/or uninsured/underinsured motorist coverage, or
- reinstatement of the policy with no lapse in coverage, exposing the insurer to claims during the period when no coverage was in effect.

House Bill 3300 allows insurers to reinstate the policy, with a gap in coverage, but without the necessity of securing a new application and any applicable rejections of coverage.

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

SECTION 1 amends Insurance Code section 551.106 to add the words "and reinstatement" to the heading of this section.

SECTION 2 amends Insurance Code section 551.106 to provide that an insurer may reinstate an insurance policy with a lapse of coverage if it was canceled for nonpayment of premium if the premium is paid no later than 60 days after the cancellation and provides specifications.

SECTION 3 amends Insurance Code Section 1, Art. 5.06-1, to provide that coverage need not be provided by an insurer if the named insured has rejected the coverage in connection with that policy or a policy previously issued by the same insurer or an affiliated insurer.

SECTION 4 amends Article 5.06-3(a), to provide that coverage need not be provided by an insurer if the named insured has rejected the coverage in connection with that policy or a policy previously issued by the same insurer or an affiliated insurer.

SECTION 5. Prospective application of act.

SECTION 6. Effective date.

EFFECTIVE DATE

Upon passage, or if the Act does not receive the necessary number of votes, the Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

Section 1 of the substitute amends the heading of Section 551.106, Insurance Code; this was not in the original.

C.S.H.B. 3300 79(R)

Section 1 of the original is moved to Section 3 of the substitute.

Section 2 of the substitute amends section 551.106, Insurance Code, to add subsection (c), which was not included in the original bill.

Section 3 of the substitute is similar to Section 1 of the original to provide that coverage need not be provided by an insurer if the named insured has rejected the coverage in connection with that policy or a policy previously issued by the same insurer or an affiliated insurer, and this section removes the 30-day period in the original.

Section 4 of the substitute is similar to section 2 of the original to provide that coverage need not be provided by an insurer if the named insured has rejected the coverage in connection with that policy or a policy previously issued by the same insurer or an affiliated insurer, and this section removes the 30-day period in the original.

Section 5 of the substitute is an application of the Act similar to Section 3 of the original.

Section 6 of the substitute was Section 4 of the original.