

AN ACT

relating to the declination of certain property and casualty insurance policies.

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

SECTION 1. The heading to Subchapter C, Chapter 551, Insurance Code, is amended to read as follows:

SUBCHAPTER C. DECLINATION, CANCELLATION, AND NONRENEWAL OF CERTAIN PROPERTY AND CASUALTY POLICIES

SECTION 2. Subchapter C, Chapter 551, Insurance Code, is amended by adding Section 551.113 to read as follows:

Sec. 551.113. DECLINATION PROHIBITED; CONSIDERATION OF CERTAIN CLAIMS. (a) This section applies only to a standard fire, homeowners, or farm and ranch owners insurance policy.

(b) When deciding to issue or to decline to issue an insurance policy to an applicant for insurance, an insurer may not consider a customer inquiry as a basis for declination.

(c) For purposes of this section, "customer inquiry" means a telephone call or other communication made to an insurer that does not result in an investigation or claim and that is in regard to the general terms or conditions of or coverage offered under an insurance policy. The term includes a question concerning the process for filing a claim, and whether a policy will cover a loss, unless the question concerns specific damage that has occurred and that results in an investigation or claim.

1 SECTION 3. The change in law made by this Act applies only
2 to an application for insurance coverage that is made on or after
3 the effective date of this Act. An application for insurance
4 coverage that is made before the effective date of this Act is
5 governed by the law in effect at the time the application was made,
6 and that law is continued in effect for that purpose.

7 SECTION 4. This Act takes effect September 1, 2005.

President of the Senate

Speaker of the House

I certify that H.B. No. 363 was passed by the House on May 13, 2005, by a non-record vote.

Chief Clerk of the House

I certify that H.B. No. 363 was passed by the Senate on May 25, 2005, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor