

By: Hegar

H.B. No. 363

A BILL TO BE ENTITLED

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, as effective April 1, 2005, 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, as effective April 1, 2005, 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 the following prior conduct of the applicant:

(1) filing a claim under an insurance policy that was not paid or payable under that policy; or

(2) informing an insurer, other than the insurer to whom the applicant has applied for insurance, of circumstances that potentially give rise to a claim but for which a claim is not filed.

SECTION 3. The change in law made by this Act applies only

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

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