

1-1 By: Hegar (Senate Sponsor - Armbrister) H.B. No. 363
1-2 (In the Senate - Received from the House May 16, 2005;
1-3 May 17, 2005, read first time and referred to Committee on Business
1-4 and Commerce; May 20, 2005, reported favorably by the following
1-5 vote: Yeas 7, Nays 0; May 20, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the declination of certain property and casualty
1-9 insurance policies.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. The heading to Subchapter C, Chapter 551,
1-12 Insurance Code, is amended to read as follows:

1-13 SUBCHAPTER C. DECLINATION, CANCELLATION, AND NONRENEWAL OF
1-14 CERTAIN PROPERTY AND CASUALTY POLICIES

1-15 SECTION 2. Subchapter C, Chapter 551, Insurance Code, is
1-16 amended by adding Section 551.113 to read as follows:

1-17 Sec. 551.113. DECLINATION PROHIBITED; CONSIDERATION OF
1-18 CERTAIN CLAIMS. (a) This section applies only to a standard fire,
1-19 homeowners, or farm and ranch owners insurance policy.

1-20 (b) When deciding to issue or to decline to issue an
1-21 insurance policy to an applicant for insurance, an insurer may not
1-22 consider a customer inquiry as a basis for declination.

1-23 (c) For purposes of this section, "customer inquiry" means a
1-24 telephone call or other communication made to an insurer that does
1-25 not result in an investigation or claim and that is in regard to the
1-26 general terms or conditions of or coverage offered under an
1-27 insurance policy. The term includes a question concerning the
1-28 process for filing a claim, and whether a policy will cover a loss,
1-29 unless the question concerns specific damage that has occurred and
1-30 that results in an investigation or claim.

1-31 SECTION 3. The change in law made by this Act applies only
1-32 to an application for insurance coverage that is made on or after
1-33 the effective date of this Act. An application for insurance
1-34 coverage that is made before the effective date of this Act is
1-35 governed by the law in effect at the time the application was made,
1-36 and that law is continued in effect for that purpose.

1-37 SECTION 4. This Act takes effect September 1, 2005.

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