

BILL ANALYSIS

Senate Research Center
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H.B. 3221
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law allows for notification of an increase in payment amounts for automatic insurance premium payments made through electronic funds transfer accounts only by printed format. After receiving a printed notice, the insured must then return to the insurer a written notification of an objection to the increase. This procedure is in need of modernization. The bill provides additional methods of notice to alleviate delays caused by only using mail service and allows for more efficient communication between the insurer and the insured.

H.B. 3221 provides additional methods by which an insurer can meet the requirement to notify a person of an increase in the amount of funds to be withdrawn from the person's account to pay premiums on insurance coverage and provide a means for the person to object to the increase.

H.B. 3221 relates to required notification by an insurer before automatic premium payments may be increased.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 550.002, Insurance Code, by amending Subsection (b) and adding Subsections (b-1) and (b-2), as follows:

(b) Prohibits an insurer from receiving automatic premium payments through withdrawal of funds from a person's account, including an escrow account, as authorized by that person to pay premiums on insurance coverage provided through that insurer, from increasing the amount of funds to be withdrawn from the account to pay premiums on that coverage unless the insurer, not later than the 30th day before the effective date of the increase in the premium payment amount, notifies the person of the increase in writing. Makes nonsubstantive changes.

(b-1) Authorizes a person to object to the increase described by Subsection (b), rather than provides the person a postage prepaid form that is authorized to be used to object to the increase. Authorizes the insurer to provide certain methods for the person to use to object to the increase.

(b-2) Authorizes the insurer to increase the amount of funds to be withdrawn from the account if the insurer does not receive an objection to the increase, in writing by an email, fax, or letter, or by telephone, on or before the fifth day before the date on which the increase is scheduled to take effect, rather than neither the insurer nor the financial institution receives written objection to the increase, on or before the fifth day before the date on which the increase takes effect. Makes nonsubstantive changes.

SECTION 2. Effective date: upon passage or September 1, 2009.