

## **BILL ANALYSIS**

C.S.H.B. 3221  
By: Hancock  
Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

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.

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methods by which an insurer can meet the requirement to notify a person of an increase in the amount of funds to be withdrawn from the person's account to pay premiums on insurance coverage and provide a means for the person to object to the increase.

### **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**

C.S.H.B. 3221 amends the Insurance Code to specify that the notification an insurer is required to provide to a person relating to an increase in the amount of funds to be withdrawn from the person's account to pay premiums on insurance coverage within 30 days before the effective date of the increase be provided in writing. The bill authorizes the insurer to provide a person the opportunity to object to the increase by mail, with a postage prepaid form provided by the insurer; by posting information regarding the increase on the insurer's Internet website, with a link that allows the person to respond to the insurer; by a toll-free telephone number provided by the insurer; and by an email address provided by the insurer. The bill authorizes the insurer to increase the amount of funds to be withdrawn from the account if the insurer does not receive an objection to the increase, in writing by an email, fax, or letter, or by telephone, on or before the fifth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.

### **EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 3221 differs from the original by specifying that the insurer is required to notify a person of a premium increase in writing, and that the insurer may provide specified methods for a person to object to the increase. The substitute differs from the original by adding an e-mail address provided by the insurer to the methods by which a person may object to an increase. The substitute differs from the original by removing the requirement, relating to an insurer's

authorization to increase the amount of funds automatically withdrawn from a person's account, that a financial institution must receive from a person written objection of a premium increase, and adds a provision not in the original clarifying that funds may be withdrawn from the account if the insurer does not receive an objection to the increase in writing by an e-mail, fax, or letter, or by telephone. The substitute differs from the original by reorganizing provisions and making conforming changes.