

By: Homer

H.B. No. 2322

A BILL TO BE ENTITLED

AN ACT

relating to notice requirements before cancellation of certain insurance coverage.

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

SECTION 1. Subtitle C, Title 5, Insurance Code, is amended by adding Chapter 561 to read as follows:

CHAPTER 561. NOTICE REQUIRED BEFORE CANCELLATION OF CERTAIN INSURANCE COVERAGE

Sec. 561.001. DEFINITIONS. In this chapter:

(1) "Personal automobile insurance" means motor vehicle insurance coverage for the ownership, maintenance, or use of a private passenger, utility, or miscellaneous type motor vehicle, including a motor home, trailer, or recreational vehicle, that is:

(A) owned or leased by one or more individuals;

and

(B) not used primarily for the delivery of goods, materials, or services, other than for use in farm or ranch operations.

(2) "Personal lines insurance" means an insurance policy or contract that is issued to an insurance consumer. The term includes:

(A) personal automobile insurance;

(B) residential property insurance;

1           (C) a whole life or term life insurance policy  
2 issued to an insurance consumer; and

3           (D) an individual health insurance policy.

4           (3) "Residential property insurance" means insurance  
5 coverage against loss to real or tangible personal property at a  
6 fixed location that is provided through:

7           (A) a homeowners policy, including a tenants  
8 policy;

9           (B) a condominium owners policy; or

10          (C) a residential fire and allied lines policy.

11          Sec. 561.002. APPLICABILITY. This chapter applies to each  
12 policy or contract of personal lines insurance that is delivered,  
13 issued for delivery, or renewed in this state.

14          Sec. 561.003. NOTIFICATION REGARDING CANCELLATION. (a)  
15 Notwithstanding any other law, an insurer that delivers, issues for  
16 delivery, or renews a policy or contract of personal lines  
17 insurance in this state shall notify the policyholder of  
18 cancellation of the policy or contract through a written statement  
19 delivered by certified mail. Any notice concerning cancellation of  
20 a personal lines insurance policy or contract required by any other  
21 provision of this code or commissioner rule must comply with this  
22 section.

23          (b) An insurer that violates Subsection (a) commits an  
24 unfair or deceptive act or practice in the business of insurance  
25 under Chapter 541.

26          Sec. 561.004. RULES. The commissioner shall adopt rules as  
27 necessary to implement this chapter.

1           SECTION 2. This Act applies only to an insurance policy or  
2 contract that is delivered, issued for delivery, or renewed on or  
3 after January 1, 2010. A policy or contract delivered, issued for  
4 delivery, or renewed before January 1, 2010, is governed by the law  
5 as it existed immediately before the effective date of this Act, and  
6 that law is continued in effect for that purpose.

7           SECTION 3. This Act takes effect September 1, 2009.