

AN ACT

relating to required notification before automatic premium payments may be increased.

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

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

(b) An insurer 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person to pay premiums on insurance coverage provided through that insurer, may not increase the amount of funds to be withdrawn from the account to pay premiums on that coverage unless[+]

~~[(1)]~~ 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 by mailing a notice through the United States Postal Service.

(b-1) The notice must include the insurer's toll-free telephone number, mailing address, and electronic mail address, if applicable, through which the [and provides the] person [a postage prepaid form that] may [be used to] object to the increase described by Subsection (b). An objection made by the policyholder through a telephone call, mail, or electronic mail constitutes a valid objection for purposes of this section.

1        (b-2) The insurer may increase the amount of funds to be  
2 withdrawn from the account only if ~~[, and~~

3                ~~[(2) neither]~~ the insurer does not receive a valid  
4 ~~[nor the financial institution receives written]~~ objection to the  
5 increase on or before the fifth day before the date on which the  
6 increase is scheduled to take ~~[takes]~~ effect.

7        SECTION 2. This Act takes effect immediately if it receives  
8 a vote of two-thirds of all the members elected to each house, as  
9 provided by Section 39, Article III, Texas Constitution. If this  
10 Act does not receive the vote necessary for immediate effect, this  
11 Act takes effect September 1, 2009.

H.B. No. 3221

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President of the Senate

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Speaker of the House

I certify that H.B. No. 3221 was passed by the House on May 12, 2009, by the following vote: Yeas 149, Nays 0, 1 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 3221 on May 29, 2009, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 3221 on May 31, 2009, by the following vote: Yeas 142, Nays 0, 1 present, not voting.

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Chief Clerk of the House

H.B. No. 3221

I certify that H.B. No. 3221 was passed by the Senate, with amendments, on May 27, 2009, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 3221 on May 31, 2009, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor