

By: Hancock

H.B. No. 3221

A BILL TO BE ENTITLED

AN ACT

relating to required notification by an insurer 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 Subsection (b-1) 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person to pay premiums on insurance coverage provided through that insurer, may not increase the amount of funds to be withdrawn from the account to pay premiums on that coverage unless[+]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:

(1) by mail, and provides the person a postage prepaid form that may be used to object to the increase;

(2) by posting information regarding the increase on the insurer's Internet website, with a link that allows the person to respond to the insurer and object to the increase; or

(3) by notifying the person that the insurer provides a toll-free telephone number that the person may use to object to the increase.

1 (b-1) The insurer may increase the amount of funds to be
2 withdrawn from the account if ~~and~~
3 ~~[(2)]~~ neither the insurer nor the financial
4 institution receives written objection to the increase on or before
5 the fifth day before the date on which the increase is scheduled to
6 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.