

1-1 By: Hancock (Senate Sponsor - Van de Putte) H.B. No. 3221
1-2 (In the Senate - Received from the House May 13, 2009;
1-3 May 14, 2009, read first time and referred to Committee on Business
1-4 and Commerce; May 23, 2009, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;
1-6 May 23, 2009, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 3221 By: Estes

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to certain required notifications regarding insurance
1-11 claims and premiums.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 542.056, Insurance Code, is amended by
1-14 adding Subsections (e), (f), and (g) to read as follows:

1-15 (e) If an insurer pays a claim not later than the 15th
1-16 business day after the date the insurer receives all items,
1-17 statements, and forms required by the insurer to secure final proof
1-18 of loss, or not later than the 30th day if the insurer has a
1-19 reasonable basis to believe that the loss that is the subject of the
1-20 claim resulted from arson, the payment of the claim constitutes
1-21 notice of acceptance and, notwithstanding Subsection (a), the
1-22 insurer is not required to provide any other notice under this
1-23 section.

1-24 (f) If an insurer makes a partial payment under this section
1-25 or rejects any portion of a claim, the insurer shall include a
1-26 written notice with the partial payment that states the reason for
1-27 the rejection.

1-28 (g) For purposes of Subsections (e) and (f), payment
1-29 includes an electronic funds transfer to an account identified by
1-30 the claimant.

1-31 SECTION 2. Section 550.002, Insurance Code, is amended by
1-32 amending Subsection (b) and adding Subsections (b-1) and (b-2) to
1-33 read as follows:

1-34 (b) An insurer receiving automatic premium payments through
1-35 withdrawal of funds from a person's account, including an escrow
1-36 account, as authorized by that person to pay premiums on insurance
1-37 coverage provided through that insurer, may not increase the amount
1-38 of funds to be withdrawn from the account to pay premiums on that
1-39 coverage unless ~~+~~

1-40 ~~[(1)]~~ the insurer, not later than the 30th day before
1-41 the effective date of the increase in the premium payment amount,
1-42 notifies the person of the increase by mailing a notice through the
1-43 United States Postal Service.

1-44 (b-1) The notice must include the insurer's toll-free
1-45 telephone number, mailing address, and electronic mail address, if
1-46 applicable, through which the ~~[and provides the]~~ person ~~[a postage~~
1-47 ~~prepaid form that]~~ may ~~[be used to]~~ object to the increase described
1-48 by Subsection (b). An objection made by the policyholder through a
1-49 telephone call, mail, or electronic mail constitutes a valid
1-50 objection for purposes of this section.

1-51 (b-2) The insurer may increase the amount of funds to be
1-52 withdrawn from the account only if ~~[, and~~

1-53 ~~[(2) neither]~~ the insurer does not receive a valid
1-54 ~~[nor the financial institution receives written]~~ objection to the
1-55 increase on or before the fifth day before the date on which the
1-56 increase is scheduled to take ~~[takes]~~ effect.

1-57 SECTION 3. This Act takes effect immediately if it receives
1-58 a vote of two-thirds of all the members elected to each house, as
1-59 provided by Section 39, Article III, Texas Constitution. If this
1-60 Act does not receive the vote necessary for immediate effect, this
1-61 Act takes effect September 1, 2009.

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