

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

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 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person to pay premiums on insurance coverage provided through that insurer, may not increase the amount of funds to be withdrawn from the account to pay premiums on that coverage unless[+]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 in writing.

(b-1) A [and provides the] person [a postage prepaid form that] may [be used to] object to the increase described by Subsection (b). The insurer may provide the following methods for a person to object to the increase:

(1) by mail, with a postage prepaid form provided by the insurer;

(2) by posting information regarding the increase on the insurer's Internet website, with a link that allows the person

1 to respond to the insurer;

2 (3) by a toll-free telephone number provided by the  
3 insurer; and

4 (4) by an e-mail address provided by the insurer.

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6 withdrawn from the account if [~~, and~~

7 [~~(2) neither~~] the insurer does not receive an [~~nor the~~  
8 ~~financial institution receives written~~] objection to the increase,  
9 in writing by an e-mail, fax, or letter, or by telephone, on or  
10 before the fifth day before the date on which the increase is  
11 scheduled to take [~~takes~~] effect.

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

# ADOPTED

MAY 27 2009

*Atty. Gen. Spaw*  
Secretary of the Senate

By: *Patricia VandePutte*

H.B. No. 3221

Substitute the following for H.B. No. 3221:

By: *Greg Estep*

C.S. H.B. No. 3221

## A BILL TO BE ENTITLED

### AN ACT

relating to certain required notifications regarding insurance claims and premiums.

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

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

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

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

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

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

1 read as follows:

2 (b) An insurer receiving automatic premium payments through  
3 withdrawal of funds from a person's account, including an escrow  
4 account, as authorized by that person to pay premiums on insurance  
5 coverage provided through that insurer, may not increase the amount  
6 of funds to be withdrawn from the account to pay premiums on that  
7 coverage unless[+]

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

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

19 (b-2) The insurer may increase the amount of funds to be  
20 withdrawn from the account only if [~~+~~and]

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

25 SECTION 3. This Act takes effect immediately if it receives  
26 a vote of two-thirds of all the members elected to each house, as  
27 provided by Section 39, Article III, Texas Constitution. If this

- 1 Act does not receive the vote necessary for immediate effect, this
- 2 Act takes effect September 1, 2009.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 27, 2009**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB3221** by Hancock (Relating to certain required notifications regarding insurance claims and premiums.), **As Passed 2nd House**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would amend the Insurance Code to require an insurer to notify the insured persons before automatic premium payments may be increased. The Texas Department of Insurance indicates that any costs associated with implementing the provisions of this bill could be absorbed within existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** JOB, SZ, JRO, KJG, CH

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 22, 2009**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB3221** by Hancock (Relating to certain required notifications regarding insurance claims and premiums.), **Committee Report 2nd House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would amend the Insurance Code to require an insurer to notify the insured persons before automatic premium payments may be increased. The Texas Department of Insurance indicates that any costs associated with implementing the provisions of this bill could be absorbed within existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** JOB, JRO, KJG, CH

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 20, 2009**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB3221** by Hancock (Relating to required notification by an insurer before automatic premium payments may be increased.), **As Engrossed**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would amend the Insurance Code to require an insurer to notify the insured persons before automatic premium payments may be increased. The Texas Department of Insurance indicates that any costs associated with implementing the provisions of this bill could be absorbed within existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** JOB, JRO, KJG, CH

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 1, 2009**

**TO:** Honorable John T. Smithee, Chair, House Committee on Insurance

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB3221** by Hancock (Relating to required notification by an insurer before automatic premium payments may be increased.), **Committee Report 1st House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would amend the Insurance Code to require an insurer to notify the insured persons before automatic premium payments may be increased. The Texas Department of Insurance indicates that any costs associated with implementing the provisions of this bill could be absorbed within existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** JOB, KJG, CH

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 10, 2009**

**TO:** Honorable John T. Smithee, Chair, House Committee on Insurance

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB3221** by Hancock (Relating to required notification by an insurer before automatic premium payments may be increased.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would amend the Insurance Code to require an insurer to notify the insured persons before automatic premium payments may be increased. The Texas Department of Insurance indicates that any costs associated with implementing the provisions of this bill could be absorbed within existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** JOB, KJG, CH