

Amend HB 1951 as follows:

SECTION \_\_\_\_\_. Section 551.107, Insurance Code, is amended by amending Subsections (b), (c), (d), and (e) and adding Subsections (d-1), (d-2), (h), and (i) to read as follows:

(b) A claim under this section does not include a claim [~~+~~  
[~~(1) resulting from a loss caused by natural causes,~~  
[~~(2)~~] that is filed but is not paid or payable under the policy[~~, or~~  
[~~(3) that an insurer is prohibited from using under Section 544.353~~].

(c) An insurer may, [assess a premium surcharge] at the time an insurance policy is renewed:

(1) assess a premium surcharge in an [if the insured has filed two or more claims in the preceding three policy years. The] amount that is [of the surcharge must be] based on sound actuarial principles; and

(2) require an increase in any applicable deductible under the policy.

(d) Subject to Subsections (d-1) and (d-2) [~~Subsection (e)~~], an insurer may not refuse to renew an insurance policy unless [~~if~~] the insured has filed two [~~three~~] or more claims under the policy in any three-year period.

(d-1) The total number of policies an insurer refuses in a calendar year to renew under Subsection (d) may not exceed:

(1) for the entire state, two percent of the total number of standard fire, homeowners, or farm or ranch owners insurance policies written by the insurer in this state in the immediately preceding calendar year; and

(2) except as provided by Subsection (d-2), for each county, two percent of the total number of standard fire, homeowners, or farm or ranch owners insurance policies written by the insurer in the county in the immediately preceding calendar year.

(d-2) An insurer may, in each calendar year, refuse to renew one policy in each county in which the insurer writes standard fire, homeowners, or farm or ranch owners insurance policies if the two percent limit described by Subsection (d-1)(2) is an amount that is

less than one.

(e) When an insured files a claim, an [An] insurer may notify the [an] insured, by electronic means or by mail, [who has filed two claims in a period of less than three years] that the insurer may refuse to renew the policy if the insured files a second [third] claim during a [the] three-year period. [If the insurer does not notify the insured in accordance with this subsection, the insurer may not refuse to renew the policy because of claims. The notice form must:

~~[(1) list the policyholder's claims; and~~

~~[(2) contain the sentence: "The filing by you of another claim, except for a claim resulting from a loss caused by natural causes, a claim filed but not paid or payable under the policy under which it was filed, or an appliance related claim that we are prohibited from using under Section 544.353, Texas Insurance Code, could cause us to refuse to renew your policy."]~~

(h) This section may not be construed to limit an insurer's right to refuse to renew an insurance policy for reasons other than the insured's claims history.

(i) Not later than January 31 of each calendar year, an insurer shall submit a report to the department containing the total number of policies that the insurer, under this section, refused to renew in this state, and in each county of this state, in the calendar year immediately preceding the year in which the report is submitted.

SECTION \_\_\_\_\_. Section 2006.052(c), Insurance Code, is amended to read as follows:

(c) A residential property insurance claim under this section does not include a claim:

(1) resulting from a loss caused by natural causes; or

(2) that is filed but is not paid or payable under the policy[~~, or~~

~~[(3) that an insurer is prohibited from using under Section 544.353].~~

SECTION \_\_\_\_\_. Subchapter H, Chapter 544, Insurance Code, is repealed.

SECTION \_\_\_\_\_. The change in law made by this Act applies

only to an insurance policy that is delivered, issued for delivery, renewed, or subject to nonrenewal on or after the effective date of this Act. An insurance policy that is delivered, issued for delivery, renewed, or subject to nonrenewal before the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION \_\_\_\_\_. This Act takes effect September 1, 2011.