

BILL ANALYSIS

H.B. 2655
By: Sheets
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Some observers report that insurers offering policy renewal to a customer that includes a reduction in coverage, such as a higher deductible due to claims frequency, often must non-renew the customer or threaten to non-renew the customer in order to obtain the customer's signed authority to institute the higher deductible or other reduced coverage so that the coverage will continue after the annual renewal date. As a result, possible confusion over what constitutes a reduction in coverage may result in some insurers introducing changes in coverage by using this method to be on the safe side. H.B. 2655 seeks to address this issue by allowing an insurer wishing to offer renewal with a reduction in coverage to send the customer a notice that clearly communicates the change in coverage by a specified date.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2655 amends the law to change the date by which an insurer, to be authorized to use an endorsement to a policy form to which certain provisions of law relating to property and casualty insurance apply that reduces coverage that would otherwise be provided under the policy, is required to provide a policyholder with a written explanation of the change made by the endorsement. The bill changes that date from the effective date of the change to not later than the 30th day before the date on which the policy expires. The bill establishes an exception to the requirement that an insurer renew an insurance policy at the request of the insured on the expiration of the policy for an insurer that mailed written notice of renewal with notice of change in coverage to the insured not later than the 30th day before the date on which the insurance policy expires. The bill makes a nonsubstantive change.

EFFECTIVE DATE

September 1, 2011.