

## **BILL ANALYSIS**

C.S.H.B. 3589  
By: Hancock  
Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Currently, insurance claim-handling deadlines can be extended by 15 days in the event of a weather-related catastrophe or major natural disaster. Such extensions are often necessary in the aftermath of a disaster because insureds and insurers can be separated from information necessary for the filing process and because insurers' workloads typically increase immediately after a catastrophe. Such an extension is granted at the discretion of the commissioner of insurance on an insurer's request. Interested parties have expressed concern that, because the commissioner has authority to grant certain requests and deny others, the current deadline extension process can lead to complications and miscommunication between the commissioner and insurers. Interested parties believe that clarifying the conditions under which such an extension is granted and providing for an additional extension under certain circumstances will help address these issues.

C.S.H.B. 3589 seeks to create a more objective threshold and process for granting a 15-day extension by defining the size of an event giving rise to an extension and creating a statutory process for determining whether the threshold has been reached. It also allows for a 15-day extension in the event of a major disaster in which the governor issues a disaster declaration. The anticipated result is more certainty and scale in claims handling requirements in the aftermath of a natural disaster.

### **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**

C.S.H.B. 3589 amends the Insurance Code to specify that the authorization for a 15-day extension of claim-handling deadlines in the event of a weather-related catastrophe or major natural disaster applies in such an event in which the commissioner of insurance estimates the amount of losses will total at least \$5 million and the number of claims will total at least 3,000 in the aggregate for all insurers, rather than in such an event as defined by the commissioner. The bill requires the Texas Department of Insurance (TDI), not later than the fifth day after the date the weather-related catastrophe or major natural disaster occurs, to issue a bulletin to notify insurers of such an extension. The bill authorizes TDI to request information from an insurer about the insurer's estimated amount of losses or total number of claims and makes information voluntarily provided by the insurer to TDI for purposes of deadline extensions confidential and not subject to disclosure under state public information law.

C.S.H.B. 3589 establishes that in the event that the governor issues a declaration of a state of disaster, a claim-handling deadline is extended for 15 days for a county specified in the declaration. The bill requires TDI to issue a bulletin to notify insurers of such an extension.

**EFFECTIVE DATE**

September 1, 2011.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 3589 omits a provision included in the original establishing that if both of the claim-handling deadline extensions resulting from the loss estimate made by the commissioner of insurance and the governor's issuance of a disaster declaration apply, the claim-handling deadlines are extended for a total of 30 days. The substitute omits a conforming change included in the original in the provision regarding the extension resulting from the governor's declaration.