

1-1 By: Vo (Senate Sponsor - Watson) H.B. No. 3117  
1-2 (In the Senate - Received from the House May 6, 2011;  
1-3 May 9, 2011, read first time and referred to Committee on Business  
1-4 and Commerce; May 21, 2011, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;  
1-6 May 21, 2011, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 3117 By: Watson

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

1-10 relating to the reporting of information to claims databases by  
1-11 insurers.

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

1-13 SECTION 1. Subtitle C, Title 5, Insurance Code, is amended  
1-14 by adding Chapter 561 to read as follows:

1-15 CHAPTER 561. PROHIBITED RATING PRACTICES

1-16 Sec. 561.001. DEFINITIONS. For the purposes of this  
1-17 chapter:

1-18 (1) "Customer inquiry" means a telephone call or other  
1-19 communication made to an insurer that does not result in an  
1-20 investigation or claim and that is in regard to the general terms or  
1-21 conditions of or coverage offered under an insurance policy. The  
1-22 term includes a question concerning the process for filing a claim  
1-23 and whether a policy will cover a loss unless the question concerns  
1-24 specific damage that has occurred and results in an investigation  
1-25 or claim.

1-26 (2) "Personal automobile insurance" has the meaning  
1-27 assigned by Section 38.002.

1-28 (3) "Residential property insurance" has the meaning  
1-29 assigned by Section 38.002.

1-30 (4) "Claims database" means a database used by  
1-31 insurers to share, among insurers, insureds' claims histories or  
1-32 damage reports concerning covered properties.

1-33 Sec. 561.002. APPLICABILITY. This chapter applies only to  
1-34 residential property insurance and personal automobile insurance,  
1-35 including an insurance policy written by a county mutual insurance  
1-36 company.

1-37 Sec. 561.003. CONSIDERATION OF CUSTOMER INQUIRIES  
1-38 PROHIBITED. An insurer may not base, wholly or partly, an adverse  
1-39 underwriting or rating decision on a customer inquiry or report  
1-40 such an inquiry to a claims database.

1-41 SECTION 2. This Act applies only to an insurance policy or  
1-42 contract that is delivered, issued for delivery, or renewed on or  
1-43 after January 1, 2012. An insurance policy or contract delivered,  
1-44 issued for delivery, or renewed before January 1, 2012, is governed  
1-45 by the law as it existed immediately before the effective date of  
1-46 this Act, and that law is continued in effect for that purpose.

1-47 SECTION 3. This Act takes effect September 1, 2011.

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