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S.B. No. 1655

A BILL TO BE ENTITLED

AN ACT

1
2 relating to transparency and propagation of information regarding
3 personal automobile and residential property insurance rates,
4 policies, and complaints.

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

6 SECTION 1. This Act shall be known as the Texas Insurance
7 Consumer Awareness and Affordability Act.

8 SECTION 2. Subchapter B, Chapter 32, Insurance Code, is
9 amended by adding Sections 32.024 and 32.025 to read as follows:

10 Sec. 32.024. TEXAS RESIDENTIAL PROPERTY INSURANCE STUDY.

11 (a) In this section, "residential property insurance" means
12 insurance against loss to real or tangible personal property at a
13 fixed location that is provided through a homeowners insurance
14 policy or residential fire and allied lines insurance policy.

15 (b) The department and the office of public insurance
16 counsel shall study:

17 (1) residential property insurance rates in this
18 state;

19 (2) regulatory changes with the potential to lower
20 residential property insurance rates over time in a sustainable
21 manner;

22 (3) practices by individual companies that have the
23 effect of lowering residential property insurance rates or
24 increasing customer satisfaction over time in a sustainable manner;

1 (4) other states' laws that have the effect of lowering
2 residential property insurance rates over time in a sustainable
3 manner;

4 (5) the impact of weather events on residential
5 property insurance rates in this state;

6 (6) in an effort to identify practices that lower
7 insurance rates, the similarities and differences between the
8 residential property insurance market and the commercial property
9 insurance market in this state;

10 (7) industry practices and regulatory changes that
11 encourage policyholders to learn more about the insurance market
12 and to actively shop for insurance alternatives, and that overcome
13 technological barriers facing certain consumers or groups of
14 consumers;

15 (8) industry practices and regulatory changes that
16 encourage mid-level and small-level carriers to compete for
17 increased market share and that attract new carriers to Texas;

18 (9) the role of general economic factors such as
19 inflation and changes in the costs of certain products and services
20 in the setting of insurance rates;

21 (10) the effects of fraud on insurance rates and
22 strategies to reduce fraud in this state;

23 (11) practices that increase efficiency and decrease
24 administrative costs in the requests for information and data by
25 the department and the conveyance of information and data by
26 companies; and

27 (12) the effect of the market cycle by which insurance

1 costs and underwriting criteria change due to economic factors on
2 the affordability and availability of insurance.

3 (c) Not later than September 1, 2012, the department and the
4 office of public insurance counsel shall submit to the governor,
5 the lieutenant governor, the speaker of the house of
6 representatives, and the appropriate standing committees of the
7 legislature a report regarding the results of the study conducted
8 under Subsection (b), together with any recommendations for
9 legislation. If joint recommendations cannot be made, the
10 department and the office shall list their recommendations
11 separately.

12 (d) This section expires January 1, 2013.

13 Sec. 32.025. TEXAS PERSONAL AUTOMOBILE INSURANCE STUDY.

14 (a) In this section, "personal automobile insurance" means motor
15 vehicle insurance coverage for the ownership, maintenance, or use
16 of a private passenger, utility, or miscellaneous type motor
17 vehicle, including a motor home, mobile home, trailer, or
18 recreational vehicle, that is:

19 (1) owned or leased by one or more individuals; and

20 (2) not primarily used for the delivery of goods,
21 materials, or services, other than for use in farm or ranch
22 operations.

23 (b) The department and the office of public insurance
24 counsel shall study:

25 (1) personal automobile insurance rates in this state;

26 (2) regulatory changes with the potential to lower
27 personal automobile insurance rates over time in a sustainable

1 manner;

2 (3) practices by individual companies that have the
3 effect of lowering personal automobile insurance rates or
4 increasing customer satisfaction over time in a sustainable manner;

5 (4) other states' laws that have the effect of lowering
6 personal automobile insurance rates over time in a sustainable
7 manner;

8 (5) in an effort to identify practices that lower
9 insurance rates, the similarities and differences between the
10 personal automobile insurance market and the commercial automobile
11 insurance market in this state;

12 (6) industry practices and regulatory changes that
13 encourage policyholders to learn more about the insurance market
14 and to actively shop for insurance alternatives, and that overcome
15 technological barriers facing certain consumers or groups of
16 consumers;

17 (7) industry practices and regulatory changes that
18 encourage mid-level and small-level carriers to compete for
19 increased market share and that attract new carriers to Texas;

20 (8) the role of general economic factors such as
21 inflation and changes in the costs of certain products and services
22 in the setting of personal automobile insurance rates;

23 (9) the effects of fraud on insurance rates and
24 strategies to reduce fraud in this state;

25 (10) the number of uninsured drivers in this state,
26 the effects they have on personal automobile insurance rates, and
27 strategies for reducing the number of uninsured drivers;

1 (11) practices that increase efficiency and decrease
2 administrative costs in the requests for information and data by
3 the department and the conveyance of information and data by
4 companies; and

5 (12) the effect of the market cycle by which insurance
6 costs and underwriting criteria change due to economic factors on
7 the affordability and availability of insurance.

8 (c) Not later than September 1, 2012, the department and the
9 office of public insurance counsel shall submit to the governor,
10 the lieutenant governor, the speaker of the house of
11 representatives, and the appropriate standing committees of the
12 legislature a report regarding the results of the study conducted
13 under Subsection (b), together with any recommendations for
14 legislation. If joint recommendations cannot be made, the
15 department and the office shall list their recommendations
16 separately.

17 (d) This section expires January 1, 2013.

18 SECTION 3. Section 32.103, Insurance Code, is amended to
19 read as follows:

20 Sec. 32.103. PUBLIC INFORMATION CONCERNING INTERNET
21 WEBSITE. The department and the office of public insurance counsel
22 shall publicize the existence of the Internet website required by
23 this subchapter in a conspicuous manner on any websites,
24 correspondence, or publications created by the department or the
25 office, as part of the program to facilitate resolution of
26 policyholder complaints as provided by Section 521.002.

27 SECTION 4. Section 32.104, Insurance Code, is amended by

1 amending Subsection (b) and adding Subsections (c) and (d) to read
2 as follows:

3 (b) An insurer shall provide in a conspicuous manner with
4 each residential property insurance or personal automobile
5 insurance policy issued in this state, and on any correspondence
6 sent from the insurer to an insured, notice of the Internet website
7 required by this subchapter. An insurer is not required to provide
8 the notice on a separate document if the notice is included on the
9 policy or correspondence. The commissioner shall determine the
10 form and content of the notice. An insurer that transacts business
11 electronically and provides conspicuous notice of the Internet
12 website required by this chapter on the insurer's website is not
13 required to comply with this subsection.

14 (c) To the extent possible, an insurance agent who sells a
15 residential property insurance or personal automobile insurance
16 policy must, at the time of the initial sale, advise the customer
17 verbally, electronically, or in writing of the Internet website
18 maintained under this subchapter.

19 (d) A renewal of a residential property insurance or
20 personal automobile insurance policy must include the location of
21 the department's Internet website prominently displayed on the
22 declarations page of the renewal policy.

23 SECTION 5. Section 521.052, Insurance Code, is amended to
24 read as follows:

25 Sec. 521.052. INFORMATION PROVIDED. (a) The department
26 shall provide to the public through the department's toll-free
27 telephone number only the following information:

1 (1) information collected or maintained by the
2 department relating to the number and disposition of complaints
3 received against an insurer that are justified, verified as
4 accurate, and documented as valid, expressed as a percentage of the
5 total number of insurance policies written by the insurer and in
6 force on December 31 of the preceding year;

7 (2) the rating of an insurer, if any, as published by a
8 nationally recognized rating organization;

9 (3) the kinds of coverage available to a consumer
10 through any insurer writing insurance in this state;

11 (4) an insurer's admitted assets-to-liabilities
12 ratio; and

13 (5) other appropriate information collected and
14 maintained by the department.

15 (b) The department shall make the information described by
16 Subsection (a)(1) available to the public through the department's
17 Internet website.

18 SECTION 6. Section 551.054, Insurance Code, is amended by
19 adding Subsections (d) and (e) to read as follows:

20 (d) An insurer that refuses to renew a residential property
21 insurance policy or a personal automobile insurance policy but
22 offers a different policy in the place of that policy shall provide
23 to the insured:

24 (1) a table that clearly lists the premium charged
25 under the original policy, the premium charged under the new
26 policy, and the percentage change, if any, between those amounts;

27 (2) an explanation, in plain language, of any changes

1 in the coverage under the new policy; and

2 (3) notice of the department's Internet website that
3 is designated by the department to help consumers compare premiums
4 and coverages of different insurers' policies.

5 (e) The commissioner shall adopt appropriate wording for
6 notice under Subsection (d).

7 SECTION 7. Subchapter B, Chapter 2301, Insurance Code, is
8 amended by adding Sections 2301.0535, 2301.0536, and 2301.0537 to
9 read as follows:

10 Sec. 2301.0535. REQUIRED INFORMATION IN RENEWAL POLICY.

11 (a) At the time a residential property insurance policy or a
12 personal automobile insurance policy is renewed, the insurer shall
13 provide to the insured:

14 (1) a table that conspicuously and clearly lists the
15 premium charged under the policy before renewal, the new premium
16 charged under the renewal policy, and the percentage change, if
17 any, between those amounts; and

18 (2) notice of the department's Internet website
19 designated by the department to help consumers compare premiums and
20 coverages of different insurers' policies.

21 (b) The commissioner shall adopt appropriate wording for
22 notice under this section.

23 Sec. 2301.0536. UPDATED POLICY REQUIRED. At any time there
24 is a change in the coverage of a residential property insurance
25 policy or personal automobile insurance policy, the insurer, on
26 request from the consumer, shall provide the consumer with an
27 updated declarations page and the policy form that was changed. The

1 insurer shall inform the insured of the insured's right to request
2 an updated copy of the policy that identifies the changes.

3 Sec. 2301.0537. STATEMENT OF DEDUCTIBLE. (a) A
4 residential property insurance policy, personal automobile
5 insurance policy, or other document that expresses a deductible as
6 a percentage of the coverage amount must state the actual dollar
7 amount of the deductible next to the percentage.

8 (b) If a residential property insurance policy or personal
9 automobile insurance policy includes an endorsement or other
10 provision that includes a variable deductible or a deductible with
11 an escalator clause, the policy or document must explain how the
12 deductible will be calculated and provide an example of how the
13 deductible will be calculated, stating the actual dollar cost for
14 the example.

15 SECTION 8. Subsection (d), Section 32.104, Subsection (d),
16 Section 551.054, and Sections 2301.0535, 2301.0536, and 2301.0537,
17 Insurance Code, as added by this Act, apply only to an insurance
18 policy or contract that is delivered, issued for delivery, or
19 renewed on or after January 1, 2012. An insurance policy or
20 contract delivered, issued for delivery, or renewed before January
21 1, 2012, is governed by the law as it existed immediately before the
22 effective date of this Act, and that law is continued in effect for
23 that purpose.

24 SECTION 9. This Act takes effect September 1, 2011.