

By: Watson

S.B. No. 1655

A BILL TO BE ENTITLED

AN ACT

relating to the transparency and propagation of information regarding personal automobile and residential property insurance rates, policies, and complaints.

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

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

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

Sec. 32.024. TEXAS RESIDENTIAL PROPERTY INSURANCE STUDY.

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

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

(1) residential property insurance rates in this state;

(2) regulatory changes with the potential to lower residential property insurance rates;

(3) practices by individual companies that have the effect of lowering residential property insurance rates or increasing customer satisfaction;

1 (4) other states' laws that have the effect of lowering
2 residential property insurance rates;

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

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

9 (7) practices that encourage policyholders to shop the
10 market;

11 (8) practices that encourage mid-level and small
12 carriers to increase their market share;

13 (9) the role of general economic factors such as
14 inflation and changes in the costs of certain products and services
15 in the setting of insurance rates;

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

18 (11) practices that increase efficiency and decrease
19 administrative costs in the requests for information and data by
20 the department and the conveyance of information and data by
21 companies.

22 (c) Not later than December 1, 2012, the department and the
23 office of public insurance counsel shall submit to the governor,
24 the lieutenant governor, the speaker of the house of
25 representatives, and the appropriate standing committees of the
26 legislature a report regarding the results of the study conducted
27 under Subsection (b), together with any recommendations for

1 legislation. If joint recommendations cannot be made, the
2 department and the office shall list their recommendations
3 separately.

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

5 Sec. 32.025. TEXAS PERSONAL AUTOMOBILE INSURANCE STUDY.

6 (a) In this section, "personal automobile insurance" means motor
7 vehicle insurance coverage for the ownership, maintenance, or use
8 of a private passenger, utility, or miscellaneous type motor
9 vehicle, including a motor home, mobile home, trailer, or
10 recreational vehicle, that is:

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

12 (2) not primarily used for the delivery of goods,
13 materials, or services, other than for use in farm or ranch
14 operations.

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

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

18 (2) regulatory changes with the potential to lower
19 personal automobile insurance rates;

20 (3) practices by individual companies that have the
21 effect of lowering personal automobile insurance rates;

22 (4) other states' laws that have the effect of lowering
23 personal automobile insurance rates;

24 (5) in an effort to identify practices that lower
25 rates, the similarities and differences between the personal
26 automobile insurance market and the commercial automobile
27 insurance market in this state;

1 (6) practices that encourage policyholders to shop the
2 market;

3 (7) practices that encourage mid-level and small
4 carriers to increase their market share;

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

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

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

13 (11) practices that increase efficiency and decrease
14 administrative costs in the requests for information and data by
15 the department and conveyance of information and data by companies.

16 (c) Not later than December 1, 2012, the department and the
17 office of public insurance counsel shall submit to the governor,
18 the lieutenant governor, the speaker of the house of
19 representatives, and the appropriate standing committees of the
20 legislature a report regarding the results of the study conducted
21 under Subsection (b), together with any recommendations for
22 legislation. If joint recommendations cannot be made, the
23 department and the office shall list their recommendations
24 separately.

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

26 SECTION 3. Section 32.102, Insurance Code, is amended by
27 adding Subsection (d) to read as follows:

1 (d) The commissioner by rule shall establish procedures for
2 an insurer to dispute the accuracy of rate information shown for the
3 insurer on the Internet website established under this section and
4 to promptly identify and correct inaccurate information disputed
5 through those procedures.

6 SECTION 4. Section 32.104, Insurance Code, is amended by
7 amending Subsection (b) and adding Subsections (c) and (d) to read
8 as follows:

9 (b) An insurer shall provide in a conspicuous manner with
10 each residential property insurance or personal automobile
11 insurance policy issued in this state and on any correspondence
12 sent from the insurer to an insured notice of the Internet website
13 required by this subchapter. The commissioner shall determine the
14 form and content of the notice.

15 (c) To the extent possible, an insurance agent who sells a
16 residential property insurance or personal automobile insurance
17 policy in person must, before the policy is sold, have the customer
18 view from the agent's computer the Internet website maintained
19 under this subchapter and the relevant complaint data related to
20 residential property insurance and personal automobile insurance
21 maintained on the department's website.

22 (d) To the extent possible, an insurance agent who sells a
23 residential property insurance or personal automobile insurance
24 policy over the telephone must, before the policy is sold, notify
25 the customer of the website and give the customer the website
26 address.

27 SECTION 5. Section 521.052, Insurance Code, is amended to

1 read as follows:

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

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

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

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

15 (4) an insurer's admitted assets-to-liabilities
16 ratio; and

17 (5) other appropriate information collected and
18 maintained by the department.

19 (b) The department shall make the information described by
20 Subsection (a)(1) available to the public through the department's
21 Internet website.

22 SECTION 6. Subchapter B, Chapter 2301, Insurance Code, is
23 amended by adding Sections 2301.0535, 2301.0536, and 2301.0537 to
24 read as follows:

25 Sec. 2301.0535. REQUIRED INFORMATION IN RENEWAL POLICY.

26 (a) At the time a residential property insurance policy or a
27 personal automobile insurance policy is renewed, the insurer shall

1 provide a copy of the renewal policy to the insured. The policy
2 must contain on the first page:

3 (1) a table that clearly lists the premium charged
4 under the policy before renewal, the new premium charged under the
5 renewal policy, and the percentage change, if any, between those
6 amounts; and

7 (2) an explanation, in plain language, of any changes
8 in the coverage under the renewal policy.

9 (b) If there is an increase in the premium or change in the
10 coverage under the renewal policy, the first page of the renewal
11 policy must contain a statement advising the consumer of the
12 department's Internet website that is designated by the department
13 to help consumers compare premiums and coverages of different
14 insurers' policies.

15 (c) The commissioner shall adopt appropriate wording for
16 notices under this section.

17 Sec. 2301.0536. UPDATED POLICY REQUIRED. At any time there
18 is a change in the coverage of a residential property insurance
19 policy or personal automobile insurance policy, the insurer shall
20 provide the insured with an updated copy of the policy that marks
21 the changes.

22 Sec. 2301.0537. STATEMENT OF DEDUCTIBLE. A residential
23 property insurance policy, personal automobile insurance policy,
24 or other document that expresses a deductible as a percentage of the
25 coverage amount must state the actual dollar amount of the
26 deductible next to the percentage.

27 SECTION 7. Chapter 561, Insurance Code, as added by this

1 Act, and Sections 2301.0535, 2301.0536, and 2301.0537, Insurance
2 Code, as added by this Act, apply only to an insurance policy or
3 contract that is delivered, issued for delivery, or renewed on or
4 after January 1, 2012. An insurance policy or contract delivered,
5 issued for delivery, or renewed before January 1, 2012, is governed
6 by the law as it existed immediately before the effective date of
7 this Act, and that law is continued in effect for that purpose.

8 SECTION 8. This Act takes effect September 1, 2011.