

By: Watson

S.B. No. 1656

A BILL TO BE ENTITLED

AN ACT

relating to a prohibition on certain underwriting and rating actions based on consumer inquiries.

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

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

CHAPTER 561. PROHIBITED RATING PRACTICES

Sec. 561.001. DEFINITIONS. For the purposes of this chapter:

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

(2) "Personal automobile insurance" has the meaning assigned by Section 38.002.

(3) "Residential property insurance" has the meaning assigned by Section 38.002.

Sec. 561.002. APPLICABILITY. This chapter applies only to residential property insurance and personal automobile insurance, including an insurance policy written by a county mutual insurance

1 company.

2 Sec. 561.003. CONSIDERATION OF CUSTOMER INQUIRIES
3 PROHIBITED. An insurer may not base, wholly or partly, an adverse
4 underwriting or rating decision on a customer inquiry.

5 SECTION 2. This Act applies only to an insurance policy or
6 contract that is delivered, issued for delivery, or renewed on or
7 after January 1, 2012. An insurance policy or contract delivered,
8 issued for delivery, or renewed before January 1, 2012, is governed
9 by the law as it existed immediately before the effective date of
10 this Act, and that law is continued in effect for that purpose.

11 SECTION 3. This Act takes effect September 1, 2011.