

1-1 By: Watson S.B. No. 1656
1-2 (In the Senate - Filed March 11, 2011; March 23, 2011, read
1-3 first time and referred to Committee on Business and Commerce;
1-4 April 18, 2011, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 18, 2011,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1656 By: Lucio

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

1-10 relating to a prohibition on certain underwriting and rating
1-11 actions based on consumer inquiries.

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 Sec. 561.002. APPLICABILITY. This chapter applies only to
1-31 residential property insurance and personal automobile insurance,
1-32 including an insurance policy written by a county mutual insurance
1-33 company.

1-34 Sec. 561.003. CONSIDERATION OF CUSTOMER INQUIRIES
1-35 PROHIBITED. An insurer may not base, wholly or partly, an adverse
1-36 underwriting or rating decision on a customer inquiry.

1-37 SECTION 2. This Act applies only to an insurance policy or
1-38 contract that is delivered, issued for delivery, or renewed on or
1-39 after January 1, 2012. An insurance policy or contract delivered,
1-40 issued for delivery, or renewed before January 1, 2012, is governed
1-41 by the law as it existed immediately before the effective date of
1-42 this Act, and that law is continued in effect for that purpose.

1-43 SECTION 3. This Act takes effect September 1, 2011.

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