

## **BILL ANALYSIS**

H.B. 1902  
By: Eiland  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Current law requires an insurer to promptly refund unearned premiums owed to a policyholder upon the cancellation of a policy but does not specify what constitutes a prompt refund. Interested parties contend that the Texas Department of Insurance (TDI) receives hundreds of consumer complaints annually regarding the length of time it takes insurers to refund an unearned premium following a policy cancellation, often resulting in TDI having to step in to resolve the complaints. H.B. 1902 seeks to address such complaints by setting a specific deadline for certain unearned premium refunds.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 1902 amends the Insurance Code to require an insurer to refund the appropriate portion of any unearned premium to the policyholder not later than the 15th business day after the effective date of cancellation or termination of a policy of personal automobile or residential property insurance. The bill applies only to an insurance policy delivered, issued for delivery, or renewed on or after September 1, 2013.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.