

BILL ANALYSIS

Senate Research Center
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S.B. 698
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Business & Commerce
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Section 558.002 (Applicability of Chapter; Refund of Unearned Premium), Insurance Code, requires insurance carriers to promptly refund premium owed to policyholders upon the cancellation of a policy. The returned money is referred to as "unearned premium." However, because the term "promptly refund" is not clearly defined in code, nor is a timeline within which insurers must return the unearned premium stated, policyholders do not always receive unearned premium in a timely manner.

S.B. 698 requires an insurer to refund unearned premium to a policyholder within 15 business days of the effective date of cancellation or termination of a personal automobile or residential property insurance policy.

As proposed, S.B. 698 amends current law relating to the refund of unearned premium for a personal automobile or residential property insurance policy.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 558.002, Insurance Code, by adding Subsections (d) and (e), as follows:

(d) Requires 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, as those terms are defined by Section 2301.051 (Definitions).

(e) Defines, for purposes of this section, "business day."

SECTION 2. Makes application of this Act prospective to September 1, 2013.

SECTION 3. Effective date: upon passage or September 1, 2013.