

## **BILL ANALYSIS**

S.B. 736  
By: Watson  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Current law prohibits an insurer from considering a customer inquiry as a basis for declination of insurance but does not address the use of that information in rating and other underwriting decisions. Interested parties contend that information collected by an insurance company when one of its policyholders makes a policy-related inquiry may be used against the policyholder in setting rates, premiums, or deductibles. S.B. 736 seeks to prohibit certain insurers from basing rating or other underwriting decisions solely on consumer inquiries

### **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**

S.B. 736 amends the Insurance Code to prohibit an insurer that writes a standard fire, homeowners, or farm and ranch owners insurance policy from using an underwriting guideline based solely on whether a consumer inquiry has been made by or on behalf of the applicant or insured, from charging a rate that is different from the rate charged to other individuals for the same coverage or increasing a rate charged to an insured based solely on whether a consumer inquiry has been made by or on behalf of the applicant or insured, or from considering a customer inquiry as a basis for nonrenewal or cancellation of an insurance policy.

### **EFFECTIVE DATE**

September 1, 2013.