

BILL ANALYSIS

S.B. 852
By: Taylor
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties assert that an insurer, with the consent of an insured, is currently authorized to deliver an insured's policy electronically but that state law does not explicitly prescribe the form of such a policy or how the policy is delivered. Interested parties note that, at present, many property and casualty insurers make insurance policies available by mailing the policy to the insured, resulting in costs to the insurer for mailing, printing, and paper. These parties assert that such costs could be reduced by permitting a property and casualty insurer to make a policy available by posting certain specimen policies on the insurer's website. Also, such posting would allow consumers to review policy forms of other insurers and to have more information available when comparison shopping for insurance. S.B. 852 seeks to establish such an option for insurers by providing for the electronic availability of certain specimen policies.

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. 852 amends the Insurance Code to authorize an insurer to elect to make a personal automobile, commercial automobile, inland marine, or residential property insurance policy available to an insured by posting a specimen policy on the insurer's Internet website instead of other authorized means. The bill requires an insurer making the election to comply with the bill's provisions governing notice of the availability of certain forms. The bill defines "specimen policy" as a standardized form, including an insurance policy form or endorsement, used by an insurer to write personal automobile, commercial automobile, inland marine, or residential property insurance in Texas that does not contain personally identifiable information about an insured. The bill requires an insurer to provide to an insured, on request of and at no cost to the insured, a copy of a specimen policy applicable to the insured that is posted on the insurer's Internet website.

S.B. 852 requires an insurer that posts a specimen policy on the insurer's Internet website, on issuance or renewal of a policy incorporating the specimen policy, to disclose on the declarations page of the insured's policy that the specimen policy is available on the insurer's Internet website; to clearly identify on the declarations page of the insured's policy each posted specimen policy from the insurer; to explain that an insured, on request and at no charge, may obtain a copy of the specimen policy from the insurer and how the insured may obtain such a copy; and to provide to the Texas Department of Insurance (TDI) and the office of public insurance counsel an electronic copy of the specimen policy that may be posted on the Internet website of TDI or the office of public insurance counsel.

S.B. 852 requires an insurer that during an insured's policy period posts a specimen policy or amends a posted specimen policy incorporated into an insured's policy, on the date the specimen policy is posted or amended, to notify the insured that the specimen policy is available on the

insurer's Internet website; to clearly identify each added or amended specimen policy incorporated into the insured's policy; and to explain that the insured, on request and at no charge, may obtain a copy of the specimen policy from the insurer and how the insured may obtain such a copy. The bill requires the insurer to provide such information in writing and in the insurer's customary manner of communicating with the insured.

S.B. 852 requires a specimen policy posted on the insurer's Internet website to be easily accessible on the website and provided in a format readily capable of being saved or printed using a widely available and free computer application or program until no policy incorporating the specimen policy is in force. The bill requires an insurer that posts a specimen policy on the insurer's Internet website to both preserve an electronic copy of the specimen policy and make a printed or electronic copy of the specimen policy available on request at no cost for at least five years after the latest date a policy incorporating the specimen policy is in force.

EFFECTIVE DATE

September 1, 2013.