

By: Farias

H.B. No. 2563

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from homeowners insurance rate increases for certain persons.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 2006, Insurance Code, is amended by adding Subchapter C to read as follows:

SUBCHAPTER C. PREMIUM RATE INCREASE EXEMPTION FOR CERTAIN PERSONS

Sec. 2006.101. DEFINITIONS. In this subchapter, "insurer" and "residential property insurance" have the meanings assigned by Section 2006.051.

Sec. 2006.102. PREMIUM INCREASE EXEMPTION. On written request from a policyholder of a residential property insurance policy, the insurer must provide the policyholder an exemption from an increase in premiums that is greater than a percentage amount to be determined by rule by the commissioner for a policy that covers the insured's primary residence in effect on or after the date the policyholder requests the exemption if:

(1) the increase in premiums is due to a change in the insurer's rates, rating classifications, or underwriting rules; and

(2) the policyholder:

(A) is at least 65 years of age;

(B) has a yearly income of not more than an amount to be determined by rule by the commissioner; and

1 (C) has a residence insured for not more than an
2 amount to be determined by rule by the commissioner.

3 Sec. 2006.103. VERIFICATION OF ELIGIBILITY. The insurer
4 may require reasonable written and independently verifiable
5 documentation before granting an exemption.

6 Sec. 2006.104. RENEWAL OF EXEMPTION. The policyholder must
7 renew the request for a premium increase exemption under this
8 subchapter:

9 (1) annually; or

10 (2) at the time the policyholder changes residence.

11 Sec. 2006.105. INAPPLICABILITY OF SUBCHAPTER. This
12 subchapter does not apply if the premium increase is due to:

13 (1) a request by the policyholder for additional
14 coverage, including an increase in coverage limits or a change in
15 deductible;

16 (2) an increase in hazard due to the action of the
17 policyholder; or

18 (3) a premium increase or surcharge required by
19 statute or department rule.

20 Sec. 2006.106. CANCELLATION OR NONRENEWAL NOT AUTHORIZED.
21 An insurer may not cancel or nonrenew a policy solely because a
22 policyholder requests an exemption under this subchapter.

23 Sec. 2006.107. COMPLIANCE DOES NOT VIOLATE LAW. An
24 insurer's compliance with this subchapter does not violate any law
25 or rule relating to underwriting, rating, or rate filing when
26 granting an exemption under this subchapter.

27 SECTION 2. The change in law made by this Act applies only

1 to a rate for a policy delivered, issued for delivery, or renewed on
2 or after the effective date of this Act. A rate for a policy
3 delivered, issued for delivery, or renewed before the effective
4 date of this Act is governed by the law in effect immediately before
5 the effective date of this Act, and that law is continued in effect
6 for that purpose.

7 SECTION 3. This Act takes effect September 1, 2013.