

A BILL TO BE ENTITLED

AN ACT

relating to insurance rating and underwriting practices and declinations based on certain consumer inquiries.

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

SECTION 1. Chapter 544, Insurance Code, is amended by adding Subchapter L to read as follows:

SUBCHAPTER L. CONSUMER INQUIRY

Sec. 544.551. DEFINITION. In this subchapter, "consumer inquiry" has the meaning assigned by Section 551.113 for "customer inquiry."

Sec. 544.552. APPLICABILITY. This subchapter applies only to a standard fire, homeowners, or farm and ranch owners insurance policy.

Sec. 544.553. PROHIBITION OF UNDERWRITING AND RATING DECISIONS BASED ON CONSUMER INQUIRY. An insurer may not:

(1) use an underwriting guideline based solely on whether a consumer inquiry has been made by or on behalf of the applicant or insured; or

(2) charge a rate that is different from the rate charged to other individuals for the same coverage or increase 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.

SECTION 2. The heading to Section 551.113, Insurance Code, is amended to read as follows:

1           Sec. 551.113. DECLINATION, NONRENEWAL, OR CANCELLATION  
2 PROHIBITED; CONSIDERATION OF CONSUMER INQUIRY [~~CERTAIN CLAIMS~~].

3           SECTION 3. Section 551.113, Insurance Code, is amended by  
4 adding Subsection (b-1) to read as follows:

5           (b-1) An insurer may not consider a customer inquiry as a  
6 basis for nonrenewal or cancellation of an insurance policy.

7           SECTION 4. This Act applies only to an insurance policy that  
8 is delivered, issued for delivery, or renewed on or after the  
9 effective date of this Act. A policy delivered, issued for  
10 delivery, or renewed before the effective date of this Act is  
11 governed by the law as it existed immediately before the effective  
12 date of this Act, and that law is continued in effect for that  
13 purpose.

14           SECTION 5. This Act takes effect September 1, 2013.