

By: Gutierrez

H.B. No. 773

A BILL TO BE ENTITLED

AN ACT

relating to the use by certain insurers of forms that are not approved by the Texas Department of Insurance.

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

SECTION 1. Section 1701.056, Insurance Code, is amended to read as follows:

Sec. 1701.056. USE OF CERTAIN FORMS [~~DISAPPROVED FORM~~] PROHIBITED. (a) An insurer may not use a form, and shall immediately stop using a form, if:

(1) the form is not:

(A) approved by the commissioner under Section 1701.054; or

(B) being used in accordance with Section 1701.052;

(2) the insurer [who] receives written notice that the commissioner has:

(A) [a form filed by the insurer has been] disapproved the form;

(B) withdrawn approval of the form; or

(C) withdrawn, with respect to the form, an exemption from the approval requirements under this chapter; or

(3) the insurer receives written notice that the commissioner has conditionally approved the form but the insurer has not satisfied the conditions imposed [by the commissioner shall

1 ~~immediately stop using the form]~~.

2 (b) An insurer may not use any language contained in a form
3 the use of which is prohibited by Subsection (a) to deny, delay, or
4 limit coverage.

5 SECTION 2. Section 1701.101, Insurance Code, is amended by
6 adding Subsection (a-1) to read as follows:

7 (a-1) The commissioner may order an insurer to make complete
8 restitution to each insured of this state who is financially
9 damaged by the insurer's use of a form in violation of Section
10 1701.056.

11 SECTION 3. Section 2301.007, Insurance Code, is amended by
12 amending Subsection (e) and adding Subsection (f) to read as
13 follows:

14 (e) An insurer may not use a form in this state, and shall
15 immediately stop using a form, if:

16 (1) the form is not approved by the commissioner or
17 considered approved under Section 2301.006; or

18 (2) the insurer receives written notice that the
19 commissioner has:

20 (A) disapproved the form; or

21 (B) withdrawn ~~[after the commissioner~~
22 ~~disapproves the form or withdraws]~~ approval of the form.

23 (f) An insurer may not use any language contained in a form
24 the use of which is prohibited by Subsection (e) to deny, delay, or
25 limit coverage.

26 SECTION 4. The change in law made by this Act applies only
27 to a form used to write a document, including a policy, contract, or

1 certificate, on or after the effective date of this Act. A form
2 used before the effective date of this Act is governed by the law as
3 it existed immediately before that date, and that law is continued
4 in effect for that purpose.

5 SECTION 5. This Act takes effect immediately if it receives
6 a vote of two-thirds of all the members elected to each house, as
7 provided by Section 39, Article III, Texas Constitution. If this
8 Act does not receive the vote necessary for immediate effect, this
9 Act takes effect September 1, 2015.