

By: Huberty

H.B. No. 1206

A BILL TO BE ENTITLED

AN ACT

relating to the disclosure of certain information under a consolidated insurance program.

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

SECTION 1. Subchapter A, Chapter 151, Insurance Code, is amended by adding Section 151.003 to read as follows:

Sec. 151.003. REQUIRED DISCLOSURE. (a) An insurer or the insurer's agent shall timely provide information to a contractor or potential contractor of a construction project that is covered under or that may be covered under an insurance policy under a consolidated insurance program.

(b) The commissioner shall adopt rules establishing requirements governing the provision of information under Subsection (a). The rules must require an insurer or the insurer's agent to provide:

(1) within a reasonable time, sufficient information to a potential bidder for a contract on a construction project to meaningfully compare the bidder's own insurance program with the coverages, exclusions, limits, deductibles, credits, and costs of the coverage provided under the consolidated insurance program;

(2) before the construction contract is entered into, and with sufficient time for a prudent businesslike analysis, detailed information to a successful bidder on:

(A) the conditions, insuring agreement,

1 coverages, exclusions, deductibles, and limits of each policy
2 issued or to be issued under the consolidated insurance program;

3 (B) the claims processing procedures and other
4 administrative policies or procedures under the consolidated
5 insurance program; and

6 (C) the methods to be used in calculating costs,
7 deductibles, and credits under the consolidated insurance program;
8 and

9 (3) on the contractor's enrollment in the consolidated
10 insurance program, a copy to each contractor of:

11 (A) each policy under the consolidated insurance
12 program, including any renewal or replacement policy; or

13 (B) if the insurer has not issued the policy, a
14 copy of an insurance binder and all related endorsements.

15 SECTION 2. Section 151.003, Insurance Code, as added by
16 this Act, applies only to a construction contract that is entered
17 into on or after January 1, 2016. A construction contract that is
18 entered into before January 1, 2016, is governed by the law as it
19 existed immediately before the effective date of this Act, and that
20 law is continued in effect for that purpose.

21 SECTION 3. This Act takes effect September 1, 2015.