

By: Watson

S.B. No. 417

A BILL TO BE ENTITLED

AN ACT

relating to notice to policyholders and agents of certain changes to property and casualty insurance policies.

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

SECTION 1. Subchapter C, Chapter 551, Insurance Code, is amended by adding Section 551.1055 to read as follows:

Sec. 551.1055. CHANGES TO POLICY ON RENEWAL. (a)

Notwithstanding Section 551.103, a change to a policy provision on renewal is not a nonrenewal or cancellation under this subchapter if the insurer provides the insured with written notice in accordance with this section of any difference between each form of the policy offered to the insured on renewal and the form of the policy held immediately before renewal.

(b) Notice provided under Subsection (a) must:

(1) appear in a conspicuous place in the renewal notice;

(2) clearly indicate each change to the policy being made on renewal;

(3) be written in plain language; and

(4) be provided to the insured not later than the 30th day before the renewal date.

(c) If an insurer elects to change a policy form on renewal, not later than the 30th day before the earliest renewal date on which the new policy form is used, the insurer shall provide written

1 notice to each agent of the insurer that clearly indicates each  
2 change being made to the policy.

3 SECTION 2. Section 2002.001, Insurance Code, is amended to  
4 read as follows:

5 Sec. 2002.001. ENDORSEMENTS REDUCING AMOUNT OF COVERAGE.

6 (a) An insurer may not use an endorsement to a policy form to which  
7 Article 5.35, Subchapter B of this chapter, or Subchapter B,  
8 Chapter 2301, applies that reduces coverage that would otherwise be  
9 provided under the policy unless:

10 (1) the insured requests the endorsement; or

11 (2) the insurer provides the policyholder in a written  
12 notice an [~~with a written~~] explanation of [~~the change made by~~] the  
13 endorsement that:

14 (A) appears in a conspicuous place on the notice  
15 of the endorsement;

16 (B) clearly indicates each change to the policy  
17 made by the endorsement;

18 (C) is written in plain language; and

19 (D) is provided to the insured not later than the  
20 30th day before the date on which the policy expires.

21 (b) Notice required by Subsection (a) may be provided to the  
22 insured in a renewal notice.

23 (c) If an insurer elects to use an endorsement described by  
24 Subsection (a), not later than the 30th day before the earliest date  
25 on which the endorsement is used, the insurer shall provide written  
26 notice to each agent of the insurer that clearly indicates each  
27 change made to the policy form by the endorsement.

1 SECTION 3. The heading to Subchapter C, Chapter 2002,  
2 Insurance Code, is amended to read as follows:

3 SUBCHAPTER C. ITEMS PROVIDED [~~TO POLICYHOLDER~~] IN CONNECTION WITH  
4 INSURANCE POLICY

5 SECTION 4. Section 2002.102, Insurance Code, is amended to  
6 read as follows:

7 Sec. 2002.102. NOTICE OF RENEWAL. (a) An insurer,  
8 including a farm mutual insurance company, county mutual insurance  
9 company, Lloyd's plan, or reciprocal or interinsurance exchange,  
10 that renews a homeowners insurance policy, fire and residential  
11 allied lines insurance policy, farm and ranch owners insurance  
12 policy, or farm and ranch insurance policy must provide the  
13 policyholder with written notice in accordance with this section of  
14 any difference between each form of the policy offered to the  
15 policyholder on renewal and the form of the policy held immediately  
16 before renewal.

17 (b) A notice provided under this section must:

18 (1) appear in a conspicuous place in the renewal  
19 notice;

20 (2) clearly indicate each change to the policy being  
21 made on renewal;

22 (3) be written in plain language; and

23 (4) be provided to the policyholder not later than the  
24 30th day before the renewal date.

25 (c) If an insurer elects to change a policy form on renewal,  
26 not later than the 30th day before the renewal date, the insurer  
27 shall provide written notice to each agent of the insurer that

1 clearly indicates each change being made to the policy.

2        (d) The commissioner may adopt rules as necessary to  
3 implement this section.

4        SECTION 5. The change in law made by this Act applies only  
5 to an insurance policy delivered, issued for delivery, or renewed  
6 on or after January 1, 2018. A policy delivered, issued for  
7 delivery, or renewed before that date is governed by the law as it  
8 existed immediately before the effective date of this Act, and that  
9 law is continued in effect for that purpose.

10        SECTION 6. This Act takes effect September 1, 2017.