**BILL ANALYSIS**

S.B. 590

By: Watson

Insurance

Committee Report (Unamended)

**BACKGROUND AND PURPOSE**

Concerns have been raised regarding the clarity with which changes to certain commercial

insurance policies are communicated to policyholders and agents. S.B. 590 seeks to

address these concerns by revising notification requirements for certain changes to commercial

insurance policies.

**CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase

the punishment for an existing criminal offense or category of offenses, or change the eligibility

of a person for community supervision, parole, or mandatory supervision.

**RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking

authority to a state officer, department, agency, or institution.

**ANALYSIS**

S.B. 590 amends the Insurance Code to make applicable to a commercial property

insurance policy the provisions governing the cancellation and nonrenewal of certain liability

insurance policies and to revise those provisions accordingly. The bill establishes that a change

to a liability insurance or commercial property insurance policy provision on renewal is not a

nonrenewal or cancellation if the insurer provides the insured with written notice of any material

change in each form of the policy offered to the insured on renewal from the form of the policy

held immediately before renewal. The bill requires such notice to appear in a conspicuous place

in the notice of renewal, clearly indicate each material change to the policy being made on

renewal, be written in plain language, and be provided to the insured not later than the 30th day

before the renewal date. The bill requires an insurer, if the insurer elects to make a material

change to a policy form on renewal, to provide written notice, not later than the 30th day before

the earliest renewal date on which the new policy form is used, to each agent of the insurer that

clearly indicates each material change being made to the policy form in addition to the notice to

the insured under the bill's provisions. The bill authorizes an insurer to provide the notice to the

agents in a single notice given to each agent of the insurer that summarizes substantially similar

material changes to more than one policy form. The bill defines "material change" as a change to

a policy that, with respect to a previous or existing policy, reduces coverage, changes conditions

of coverage, or changes the duties of the insured.

S.B. 590 exempts an insurer from the bill's provisions relating to the written notice if the

policy form meets at least one of the conditions for exemptions for large risks before and after

renewal of the policy or, before the renewal date, the insured requests the change or the insured

and the insurer agree to the change. The bill applies only to an insurance policy delivered, issued

for delivery, or renewed on or after January 1, 2020.

**EFFECTIVE DATE**

September 1, 2019.