

BILL ANALYSIS

C.S.H.B. 1411
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Concerns have been raised regarding the clarity with which changes to certain commercial insurance policies are communicated to policyholders and agents. C.S.H.B. 1411 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

C.S.H.B. 1411 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.

C.S.H.B. 1411 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.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1411 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes an exemption to the bill's provisions under certain circumstances.