

BILL ANALYSIS

C.S.H.B. 1555
By: Smithee
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been suggested that consumers would benefit from personal automobile insurance or residential property insurance coverage explanations that use layman's terms rather than legally specific language, but that the lack of precision in language might leave the document susceptible to litigation based on differences between the actual policy and the summary. C.S.H.B. 1555 seeks to incentivize development of plain language explanatory documents by establishing that such summaries are not part of an insurance policy, do not change the terms of the insurance contract, and are not admissible as evidence of policy coverage.

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. 1555 amends the Insurance Code to establish that a document providing a summary of a policy of personal automobile insurance or residential property insurance or a summary of an endorsement to such a policy or other ancillary material, including an advertisement for the policy or endorsement, is not part of the policy or endorsement form. Such a summary does not modify the provisions of the insurance policy for which the summary was provided and is not admissible as evidence of the coverage provided by the insurance policy for which the summary is provided.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1555 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 does not include the specification that a summary is not admissible as evidence in any court or in any other legal or administrative proceeding, but the substitute includes a specification that a summary is not admissible as evidence of policy coverage.