

BILL ANALYSIS

Senate Research Center
87R5929 RDS-F

H.B. 2920
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

This is a Texas Windstorm Insurance Association (TWIA) biennial report recommendation.

TWIA is required to collect partial or full payment of the premium prior to the effective date in order to renew without a lapse in coverage.

If a premium payment is sent by regular mail, TWIA must use the date payment is received by TWIA to determine the effective date of the policy, unless payment is sent by one of the approved mailing methods outlined in the plan of operation.

TWIA recently implemented a new automatic renewal process as a result of legislation passed by the 86th Legislature. As renewal offers are now mailed directly to policyholders and mortgagees for the first time, some agents have expressed concerns that policyholders' lack of familiarity with the approved mailing methods may result in lapses in coverage due to unforeseen and unavoidable circumstances that delay mail delivery until after the effective date.

H.B. 2920 requires the commissioner of insurance, in consultation with TWIA, to establish a grace period of not more than 10 days for the payment of premiums for policy renewals.

H.B. 2920 amends current law relating to a grace period for payment of premiums on insurance policies renewed by the Texas Windstorm Insurance Association.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 2210.203, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2210.203, Insurance Code, by adding Subsection (c-1), as follows:

(c-1) Requires the commissioner of insurance (commissioner), with the advice of the Texas Windstorm Insurance Association (TWIA), to adopt rules establishing a grace period of not more than 10 days after the due date for the receipt of payment of premium for the renewal of a policy.

SECTION 2. Requires the commissioner, with the advice of TWIA, not later than June 1, 2022, to adopt rules as required by Section 2210.203(c-1), Insurance Code, as added by this Act.

SECTION 3. Effective date: September 1, 2021.