

BILL ANALYSIS

Senate Research Center
76R6256 DB-D

H.B. 2284
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Economic Development
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Engrossed

DIGEST

Currently, an insurance company is required to give a 30-day advance notice of a proposed increase in premiums if the insurer withdraws the premiums from a traditional bank account. An insurer is required to provide consumers of traditional accounts with a prepaid postage form with which the consumer may dispute the increase. The consumer must provide the insurer with any disputes within five days of the effective date of the proposed premium increase. Alternatively, premiums withdrawn from escrow accounts are subject to a 60-day notification from the insurer, and escrow account holders are required to dispute a premium increase within 30 days of the effective date. This bill would subject escrow accounts to the same timetable as a traditional bank account regarding insurer notification and consumer disputes for proposed premium increases.

PURPOSE

As proposed, H.B. 2284 subjects escrow accounts to the same timetable as a traditional bank account regarding insurer notification and consumer disputes for proposed premium increases.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 21.57(b), Insurance Code, to prohibit any insurer receiving automatic premium payments through withdrawal of funds from a person's escrow account from increasing those premium payments to be withdrawn from such an account for paying premiums on such insurance coverage, unless certain conditions exist.

SECTION 2. Repealer: Article 21.57(d), Insurance Code (Withdrawals from Premium Payments, Prohibited Practices).

SECTION 3. Effective date: September 1, 1999.

SECTION 4. Emergency clause.