

BILL ANALYSIS

Senate Research Center

S.B. 984
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Economic Development
4/5/1999
As Filed

DIGEST

Currently, an insurer must provide an insured person or applicant, at their request, a written statement of the reasons for a cancellation or for nonrenewal of an insurance policy. However, the statements may be general and may not provide enough information to the affected person. S.B. 984 would require insurers to fully explain a decision adversely affecting an applicant or policyholder.

PURPOSE

As proposed, S.B. 984 requires an insurer's written denial to contain certain specific information.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 (Article 21.49-2E(b), Chapter 21, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 21, Insurance Code, by adding Article 21.49-2E, as follows:

Art. 21.49-2E. REQUIREMENTS FOR WRITTEN STATEMENT OF REASON FOR CANCELLATION, DECLINATION, OR NONRENEWAL. Requires an insurer's written statement that explains a cancellation, declination, or renewal of an insurance policy required by Articles 21.49-2, 21.49-2A, 21.49-2B, Insurance Code, to fully explain a decision which adversely affects an applicant or policyholder by denying the applicant or policyholder coverage or continued coverage, and to contain certain specific information regarding the denial. Authorizes and directs the commissioner of insurance to issue rules necessary to implement this article.

SECTION 2. Effective date: September 1, 1999.
Makes application of this Act prospective to January 1, 2000.

SECTION 3. Emergency clause.