

## **BILL ANALYSIS**

Senate Research Center  
78R1313 AJA-D

S.B. 113  
By: Van de Putte  
Business & Commerce  
4/23/2003  
As Filed

### **DIGEST AND PURPOSE**

Currently, there are no statutorily required premium discounts for homeowners who have been continuously insured by the same insurer for at least three years and who have not filed any homeowners insurance claims during that period. As proposed, S.B. 113 requires residential property insurers to give such homeowners a three percent premium discount. This bill also provides for additional discounts of one percent for each subsequent year that the policyholder remains with the insurer or an affiliate and has not filed a residential property insurance claim. An insurer is not required to provide a premium discount that exceeds 10 percent of the premiums that would otherwise be charged for the insurance policy.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Article 5.43, Subchapter C, Chapter 5, Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter C, Chapter 5, Insurance Code, by adding Article 5.43 as follows:

Article 5.43. PREMIUM DISCOUNT FOR CERTAIN RESIDENTIAL PROPERTY INSURANCE POLICIES. (a) Defines “affiliate,” “insurer,” and “residential property insurance.”

(b) Requires an insurer who issues a residential property insurance policy to provide a three percent discount to a residential property insurance policyholder who has continuously been with that insurer or an affiliate of that insurer and has not filed a claim during the three years preceding the effective date of the policy. Provides that the discount will increase by one percent for each subsequent year that the policyholder does not file a claim.

(c) Provides that an insurer is not required to provide a discount exceeding ten percent of the premiums that would otherwise be charged.

(d) Provides that the application of this article applies without regard to whether the policies that continuously covered the policyholder were of a different type of residential property insurance policy from the policy eligible for the discount.

(e) Requires the commissioner of insurance to adopt rules as necessary to implement this article.

SECTION 2. Makes application of this Act prospective to the 30th day after the effective date of this Act.

SECTION 3. Effective date: upon passage or September 1, 2003.