

BILL ANALYSIS

Senate Research Center
83R9191 PMO-F

S.B. 736
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Business & Commerce
3/15/2013
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Section 551.113 (Declination Prohibited; Consideration of Certain Claims), Insurance Code, prohibits an insurer from considering a customer inquiry as a basis for declination of insurance but does not address the use of that information in rating and other underwriting decisions. Concern has been raised that information collected by an insurance company when one of its policyholders makes an inquiry relating to the policyholder's policy may be used against the policyholder in setting rates, premiums, or deductibles.

S.B. 736 as filed prohibits underwriting and rating decisions to be based on consumer inquiries for standard fire, homeowners, farm and ranch, or personal automobile insurance policies.

As proposed, S.B. 736 amends current law relating to insurance rating and underwriting practices and declinations based on certain consumer inquiries.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 544, Insurance Code, by adding Subchapter L, as follows:

SUBCHAPTER L. CONSUMER INQUIRY

Sec. 544.551. DEFINITION. Defines, in this subchapter, "consumer inquiry."

Sec. 544.552. APPLICABILITY. Provides that this subchapter applies only to a standard fire, homeowners, or farm or ranch owner's insurance policy, or a personal automobile insurance policy.

Sec. 544.553. PROHIBITION OF UNDERWRITING AND RATING DECISIONS BASED ON CONSUMER INQUIRY. Prohibits an insurer from using an underwriting guideline based on whether a consumer inquiry has been made by or on behalf of the applicant or insured, or charge a rate that is different from the rate charged to other individuals for the same coverage based on whether a consumer inquiry has been made by or on behalf of the applicant or insured.

SECTION 2. Amends Section 551.113(a), Insurance Code, to provide that this section (Declination Prohibited; Consideration of Certain Claims) applies only to a standard fire, homeowners, or farm and ranch owners insurance policy, or a personal automobile insurance policy.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2013.