

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 3041  
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Economic Development  
5/13/1999  
Committee Report (Substituted)

### **DIGEST**

Currently, an insurer must comply with Insurance Code regulation in responding to a claimant. H.B. 3041 would change the time period in which an eligible surplus lines insurer is required to acknowledge the receipt of a claim, commence investigation of a claim, and request specified information from the claimant. The bill also requires insurers to mail a copy of a claimant's policy to the claimant within certain time frames if certain conditions are met and allows an insurer that receives a nonwritten notice of a claim to notify the claimant that written notice is required, as long as the notice is given on or before the third business day after the date the insurer receives the unwritten notice. C.S.H.B. 3041 would also remove exemptions granted to certain types of insurance and bonds and would provide damages and penalties for an insurer's noncompliance.

### **PURPOSE**

As proposed, C.S.H.B. 3041 amends regulations regarding prompt payment of insurance claims.

### **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 Section 1(4), Article 21.55, Insurance Code, to redefine "insurer."

SECTION 2. Amends Section 2, Article 21.55, Insurance Code, as follows:

Sec. 2. New heading: NOTICE OF CLAIM; INSURER REQUIREMENTS. Requires each insurer to mail to the claimant a complete copy of the insurance policy if required to do so, and to request from and a third party all statements and other items the insurer reasonably believes will be required from a third party, by a certain date. Requires the insurer to mail a complete copy of the applicable insurance policy under Subsection (a) if, in the notice of the claim, the claimant requests a copy and notifies the insurer of a loss covered by the policy that is the result of a fire, flood, natural disaster, or other circumstance in which it is reasonable to assume that the claimant's copy of the policy has been lost or destroyed. Authorizes the insurer to make additional requests for information from the claimant, and to advise the claimant that written notice is required, if the insurer receives a claim and determinates that the request is reasonable and necessary. Provides that an insurer who does not request written notice is subject to each requirement applicable to a written notice of claim, beginning on the date the insurer receives the nonwritten notice of claim. Requires an insurer who requests a written notice of claim from a claimant under this subsection to respond to that written notice, if received by the insurer, as required by this article. Makes conforming changes.

SECTION 3. Amends Sections 3(a) and (b), Article 21.55, Insurance Code, to require an insurer to notify a claimant of the claim after the date the insurer receives all forms reasonably required by the insurer from the claimant or a third party, in order to secure final proof of loss. Makes conforming changes.

SECTION 4. Amends Section 6, Article 21.55, Insurance Code, to prohibit, rather than authorize, certain insurers from denying liability for the claim and is liable to pay the holder of the policy. Provides that the damages begin to accrue on the date of violation and end on the date the claim is paid in full.

SECTION 5. Effective date: September 1, 1999.

Makes application of this Act prospective.

SECTION 6. Emergency clause.