

## **BILL ANALYSIS**

Senate Research Center

H.B. 3300  
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Business & Commerce  
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Engrossed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Many Texans pay for their automobile insurance monthly. Under current law, if a policy is cancelled because of failure to pay on time, coverage can only be restored by the issuance of a new policy, including a new application and new signatures for rejection of personal injury protection and/or uninsured/underinsured motorist coverage, or reinstatement of the policy with no lapse in coverage, exposing the insurer to claims during the period when no coverage was in effect.

H.B. 3300 allows insurers to reinstate the policy, with a gap in coverage, but without the necessity of securing a new application and any applicable rejections of coverage.

### **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 the heading of Section 551.106, Insurance Code, to read as follows:

Sec. 551.106. RENEWAL AND REINSTATEMENT OF PERSONAL AUTOMOBILE INSURANCE POLICIES.

SECTION 2. Amends Section 551.106, Insurance Code, by adding Subsection (c), to authorize an insurer to reinstate a personal automobile insurance policy canceled for nonpayment of premium if the premium owed is paid not later than the 60th day after date of cancellation. Provides that coverage under the policy lapses on the date of cancellation and is not again effective until the date the payment is received by the insurer. Provides that premium is not owed for any period in which the policy is not in effect.

SECTION 3. Amends Section (1), Article 5.06-1, Insurance Code, to make conforming changes.

SECTION 4. Amends Article 5.06-3(a), Insurance Code, to make conforming changes.

SECTION 5. Makes application of this Act prospective.

SECTION 6. Effective date: upon passage or September 1, 2005.