

## **BILL ANALYSIS**

Senate Research Center

H.B. 2382  
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Business & Commerce  
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Engrossed

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

Under current law, an insurer is obligated to continue covering a risk if it fails to send the insured written notice of nonrenewal at least 30 days before the date on which the policy expires. This requirement is not waived if the insured later obtains coverage from a different insurer. Thus, in a situation where an insurance company refused to renew a policy without giving proper notice and the insured obtained a new policy from a new company, the old company would have to continue to cover the risk. In other words, the property would receive double coverage by operation of law.

This bill provides that an insurer's legal obligation to continue covering risks for which improper notice of non-renewal was given expires if the insured obtains coverage under a new policy. The old policy terminates on the effective date of the new policy.

H.B. 2382 amends current law relating to notice required upon nonrenewal of property and casualty insurance policies.

### **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 Section 551.105, Insurance Code, as follows:

Sec. 551.105. NONRENEWAL OF POLICIES; NOTICE REQUIRED. Requires that the policy, notwithstanding the failure of an insurer to comply with this section, terminate on the effective date of any replacement or succeeding insurance policy with another carrier with respect to the insured (a) personal automobile, (b) home, farm, ranch, dwelling, duplex, or apartment, or (c) other real or personal property.

SECTION 2. Effective date: September 1, 2011.