

# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5/29/09  
Date

Honorable David Dewhurst  
President of the Senate

Honorable Joe Straus  
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 3221 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

VandePutte  
VandePutte

Averitt  
Harris  
Harris

Hegar  
Watson  
Watson On the part of the Senate

Rep. Hancock, Chair  
Craig Eiland  
Rep. Hancock  
Smith  
Rep. Smith  
Rep. Martinez Fisher  
Rep. Taylor  
On the part of the House  
Rep. Taylor

### Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

# CONFERENCE COMMITTEE REPORT

3<sup>rd</sup> Printing

H.B. No. 3221

A BILL TO BE ENTITLED

1 AN ACT

2 relating to required notification before automatic premium  
3 payments may be increased.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 550.002, Insurance Code, is amended by  
6 amending Subsection (b) and adding Subsections (b-1) and (b-2) to  
7 read as follows:

8 (b) An insurer receiving automatic premium payments through  
9 withdrawal of funds from a person's account, including an escrow  
10 account, as authorized by that person to pay premiums on insurance  
11 coverage provided through that insurer, may not increase the amount  
12 of funds to be withdrawn from the account to pay premiums on that  
13 coverage unless[+

14 [~~+~~] the insurer, not later than the 30th day before  
15 the effective date of the increase in the premium payment amount,  
16 notifies the person of the increase by mailing a notice through the  
17 United States Postal Service.

18 (b-1) The notice must include the insurer's toll-free  
19 telephone number, mailing address, and electronic mail address, if  
20 applicable, through which the [~~and provides the~~] person [~~a postage~~  
21 ~~prepaid form that~~] may [~~be used to~~] object to the increase described  
22 by Subsection (b). An objection made by the policyholder through a  
23 telephone call, mail, or electronic mail constitutes a valid  
24 objection for purposes of this section.

1           (b-2) The insurer may increase the amount of funds to be  
2 withdrawn from the account only if [~~+~~ and  
3           ~~[(2) neither]~~ the insurer does not receive a valid  
4 ~~[nor the financial institution receives written]~~ objection to the  
5 increase on or before the fifth day before the date on which the  
6 increase is scheduled to take [~~takes~~] effect.

7           SECTION 2. This Act takes effect immediately if it receives  
8 a vote of two-thirds of all the members elected to each house, as  
9 provided by Section 39, Article III, Texas Constitution. If this  
10 Act does not receive the vote necessary for immediate effect, this  
11 Act takes effect September 1, 2009.

**House Bill 3221**  
Conference Committee Report  
Section-by-Section Analysis

HOUSE VERSION

No equivalent provision.

SENATE VERSION

SECTION 1. Section 542.056, Insurance Code, is amended by adding Subsections (e), (f), and (g) to read as follows:

(e) If an insurer pays a claim not later than the 15th business day after the date the insurer receives all items, statements, and forms required by the insurer to secure final proof of loss, or not later than the 30th day if the insurer has a reasonable basis to believe that the loss that is the subject of the claim resulted from arson, the payment of the claim constitutes notice of acceptance and, notwithstanding Subsection (a), the insurer is not required to provide any other notice under this section.

(f) If an insurer makes a partial payment under this section or rejects any portion of a claim, the insurer shall include a written notice with the partial payment that states the reason for the rejection.

(g) For purposes of Subsections (e) and (f), payment includes an electronic funds transfer to an account identified by the claimant.

SECTION 1. Section 550.002, Insurance Code, is amended by amending Subsection (b) and adding Subsections (b-1) and (b-2) to read as follows:

(b) An insurer receiving automatic premium payments through withdrawal of funds from a person's account, including an escrow account, as authorized by that person to pay premiums on insurance coverage provided through that insurer, may not increase the amount of

SECTION 2. Section 550.002, Insurance Code, is amended by amending Subsection (b) and adding Subsections (b-1) and (b-2) to read as follows:

(b) An insurer receiving automatic premium payments through withdrawal of funds from a person's account, including an escrow account, as authorized by that person to pay premiums on insurance coverage provided through that insurer, may not increase the amount of

CONFERENCE

Same as House version.

SECTION 1. Same as Senate version.

House Bill 3221  
Conference Committee Report  
Section-by-Section Analysis

HOUSE VERSION

funds to be withdrawn from the account to pay premiums on that coverage unless[=

~~(1)~~ the insurer, not later than the 30th day before the effective date of the increase in the premium payment amount, notifies the person of the increase in writing.

(b-1) A ~~[and provides the]~~ person ~~[a postage prepaid form that]~~ may ~~[be used to]~~ object to the increase described by Subsection (b). The insurer may provide the following methods for a person to object to the increase:

(1) by mail, with a postage prepaid form provided by the insurer;

(2) by posting information regarding the increase on the insurer's Internet website, with a link that allows the person to respond to the insurer;

(3) by a toll-free telephone number provided by the insurer; and

(4) by an e-mail address provided by the insurer.

(b-2) The insurer may increase the amount of funds to be withdrawn from the account if ~~[=and~~ ~~(2) neither]~~ the insurer does not receive an ~~[nor the financial institution receives written]~~ objection to the increase, in writing by an e-mail, fax, or letter, or by telephone, on or before the fifth day before the date on which the increase is scheduled to take ~~[takes]~~ effect.

SENATE VERSION

funds to be withdrawn from the account to pay premiums on that coverage unless[=

~~(1)~~ the insurer, not later than the 30th day before the effective date of the increase in the premium payment amount, notifies the person of the increase by mailing a notice through the United States Postal Service.

(b-1) The notice must include the insurer's toll-free telephone number, mailing address, and electronic mail address, if applicable, through which the ~~[and provides the]~~ person ~~[a postage prepaid form that]~~ may ~~[be used to]~~ object to the increase described by Subsection (b).

An objection made by the policyholder through a telephone call, mail, or electronic mail constitutes a valid objection for purposes of this section.

(b-2) The insurer may increase the amount of funds to be withdrawn from the account only if ~~[=and~~ ~~(2) neither]~~ the insurer does not receive a valid ~~[nor the financial institution receives written]~~ objection to the increase on or before the fifth day before the date on which the increase is scheduled to take ~~[takes]~~ effect.

CONFERENCE

**House Bill 3221**  
Conference Committee Report  
Section-by-Section Analysis

HOUSE VERSION

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.

SENATE VERSION

SECTION 3. Same as House version.

CONFERENCE

SECTION 2. Same as House version.

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 30, 2009**

**TO: Honorable David Dewhurst , Lieutenant Governor, Senate  
Honorable Joe Straus, Speaker of the House, House of Representatives**

**FROM: John S. O'Brien, Director, Legislative Budget Board**

**IN RE: HB3221 by Hancock (Relating to required notification before automatic premium payments may be increased. ), Conference Committee Report**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Insurance Code to require an insurer to notify the insured persons before automatic premium payments may be increased. The Texas Department of Insurance indicates that any costs associated with implementing the provisions of this bill could be absorbed within existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

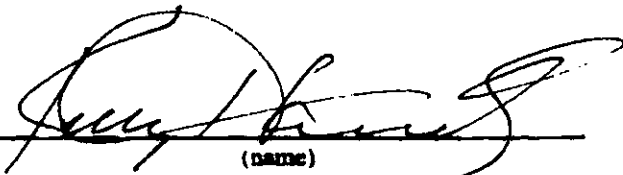
**Source Agencies: 454 Department of Insurance**

**LBB Staff: JOB, SZ, JRO, KJG, CH**

## Certification of Compliance with Rule 13, Section 6(b), House Rules of Procedure

Rule 13, Section 6(b), House Rules of Procedure, requires that a copy of a conference committee report signed by a majority of each committee of the conference must be furnished to each member of the committee in person or if unable to deliver in person by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Section 10(a) of this rule. The paper copies of the report submitted to the chief clerk under Section 10(b) of this rule must contain a certificate that the requirement of this subsection has been satisfied, and that certificate must be attached to the printed copy of the report furnished to each member under Section 10(d) of this rule. Failure to comply with this subsection is not a sustainable point of order under this rule.

I certify that a copy of the conference committee report on H. B. 3224 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Section 10(b), Rule 13, House Rules of Procedure.

  
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(name)

5.30.09  
\_\_\_\_\_  
(date)