

## CHAPTER 528

## H.B. No. 373

An Act relating to notice of increases in premium rates for certain group insurance policies and in subscriber charges and service fees charged to health maintenance organization members.

*Be it enacted by the Legislature of the State of Texas:*

**SECTION 1.** Chapter 3, Insurance Code, is amended by adding Article 3.51-10 to read as follows:

*Art. 3.51-10. NOTICE OF PREMIUM RATE INCREASE. Not less than 30 days before the date on which a premium rate increase takes effect on a group policy of life, health, and accident and health or a group policy of life, health, and accident insurance delivered or issued for delivery in this state by a life, accident, health or casualty insurance company, mutual life insurance company, mutual insurance company other than life, mutual or natural premium life insurance company, general casualty company, Lloyds, reciprocal or interinsurance exchange, fraternal benefit society, group hospitalization service insurer, or local mutual aid association, the insurer shall give written notice of the premium rate increase to the policyholder or in the instance of a multiple employer trust to the trustee or group policyholder of the amount of such increase and the date on which the increase is to take effect. Such notice is also required for increases in subscriber charges and service fees under group policies or contracts or coverage provided by health maintenance organizations. Notice shall be based upon coverages in effect on the date of the notice and nothing contained herein shall be construed to prevent the insurer or health maintenance organization from negotiating changes in benefits and/or rates at the request of the policyholder after the required notice has been delivered.*

**SECTION 2.** Article 3.51-10, Insurance Code, as added by this Act, applies only to premium rate increases and increases in subscriber charges or service that take effect on or after January 1, 1986.

**SECTION 3.** This Act takes effect on September 1, 1985.

**SECTION 4.** The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on April 3, 1985, by a non-record vote; passed by the Senate on May 21, 1985, by the following vote: Yeas 31, Nays 0.

Approved: June 12, 1985

Effective: September 1, 1985