

CHAPTER 829

H.B. No. 1018

AN ACT

relating to the notice period for cancellation or nonrenewal of workers' compensation insurance policies.

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

SECTION 1. Section 20a, Article 8308, Revised Statutes, is amended to read as follows:

Sec. 20a. (a) If the association cancels a policy or does not renew it on its anniversary date, the association shall send notice of the cancellation or nonrenewal to the subscriber by certified mail [~~at least 10 days~~] prior to the effective date of cancellation or nonrenewal and to the board by certified mail or in person on or before the date of cancellation or nonrenewal.

(b) *The association must send the notice to the subscriber not later than the 30th day before the date on which the cancellation or nonrenewal becomes effective, except that the association may send the notice to the subscriber not later than the 10th day before the date on which the cancellation or nonrenewal becomes effective if the association cancels or does not renew because of:*

(1) *fraud in obtaining coverage;*

(2) *failure to pay a premium when payment is due;*

(3) *an increase in the hazard for which the insured seeks coverage that results from an action or omission of the subscriber and that would produce an increase in the rate, including an increase because of a failure to comply with reasonable recommendations for loss control or to comply within a reasonable period with recommendations designed to reduce a hazard that is under the subscriber's control;*
or

(4) *a determination made by the commissioner of insurance that the continuation of the policy would place the insurer in violation of the law, or would be hazardous to the interests of subscribers, creditors, or the general public.*

(c) Failure of the association to give the notice as required by this section shall extend the policy until the required notice is given to the subscriber and to the Industrial Accident Board, or until a subsequent notice is filed under the provisions of Section 18a of this article, at which time the subsequent insurance company shall be deemed to be the only insurance company liable under the provisions of this Act from and after the effective date of such subsequent policy of insurance.

SECTION 2. This Act takes effect September 1, 1987, and applies only to the cancellation or nonrenewal of a workers' compensation insurance policy delivered or issued for delivery on or after that date. Section 20a, Article 8308, Revised Statutes, as in effect immediately before the effective date of this Act, is continued in effect as it relates to the cancellation or nonrenewal of a policy delivered or issued for delivery before that date.

SECTION 3. 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 27, 1987, by a non-record vote. Passed by the Senate on May 25, 1987, by the following vote: Yeas 30, Nays 0.

Approved June 18, 1987.

Effective Sept. 1, 1987.