

Contact

For Immediate Release

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New Insurance Laws Taking Effect

New insurance legislation affecting the use of credit scores, water damage claims and the regulation of public adjusters is being put into place for 2004.

Beginning January 1, legislation found in SB 14 allows consumers to avoid negative credit scores by notifying their insurance company of catastrophic events in their lives. Consumers must write to their insurer notifying them of a serious illness or injury, a death of a spouse, child, or parent, or temporary loss of employment, by divorce or by identity theft. In each case, insurers may consider only credit information not affected by the event or assign the policyholder a neutral credit score.

SB 14 also prohibits insurance companies from denying, canceling or nonrenewing a residential or auto insurance policy solely on the basis of credit scoring.

Public adjusters will need a state-issued license to conduct business beginning next year. Public adjusters act on behalf of an insured in negotiating the settlement of a claim, with their payment a percentage of that claim.

SB 127 requires public adjusters to successfully pass an examination, comply with financial responsibility requirements and provide fingerprints to the Texas Department of Insurance (TDI) to become fully licensed.

TDI will be responsible for investigating any complaints or violations involving public adjusters. The legislation also capped the commission fee of public adjusters at ten percent for any insurance claim settlement.

SB 127 places restrictions on the use of claims history for water damage. The law says homeowners cannot be charged higher rates or be nonrenewed if they have had less than three appliance-related water claims within a three-year period and have had the damage properly repaired and inspected.

Beginning April 1, mold remediators, who perform mold-related activities affecting indoor air quality, will be required to take a statewide examination, register and obtain a license from the Texas Department of Health (TDH). HB 329 calls for TDH to investigate any complaints regarding mold remediators and mold-related activities.

Many other provisions of SB 14, which carried most of the major insurance reform legislation, will become effective December 1, 2004. Those provisions include moving both residential homeowners and auto insurance from the benchmark rating system to a file and use system.

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The Insurance Council of Texas is the largest insurance trade association in the state consisting of more than 500 property and casualty insurers writing business in Texas.