

David Kettler

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Sent: Sunday, June 14, 2009 12:06 PM
Subject: insurance code

David - here's the insurance code section you asked about. Note the rules in subsections (c), (d) and (e) do not apply for losses caused by "natural causes," thanks to (b) (1).

Thanks.

Paul

Sec. 551.107. RENEWAL OF CERTAIN POLICIES; PREMIUM SURCHARGE AUTHORIZED; NOTICE. (a) This section applies only to a standard fire, homeowners, or farm or ranch owners insurance policy.

(b) A claim under this section does not include a claim:

- (1) resulting from a loss caused by natural causes;
- (2) that is filed but is not paid or payable under the

policy; or

(3) that an insurer is prohibited from using under Section 544.353.

(c) An insurer may assess a premium surcharge at the time an insurance policy is renewed if the insured has filed two or more claims in the preceding three policy years. The amount of the surcharge must be based on sound actuarial principles.

(d) Subject to Subsection (e), an insurer may refuse to renew an insurance policy if the insured has filed three or more claims under the policy in any three-year period.

(e) An insurer may notify an insured who has filed two claims in a period of less than three years that the insurer may refuse to renew the policy if the insured files a third claim during the three-year period. If the insurer does not notify the insured in accordance with this subsection, the insurer may not refuse to renew the policy because of claims. The notice form must:

- (1) list the policyholder's claims; and
- (2) contain the sentence: "The filing by you of another

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claim, except for a claim resulting from a loss caused by natural causes, a claim filed but not paid or payable under the policy under which it was filed, or an appliance-related claim that we are prohibited from using under Section 544.353, Texas Insurance Code, could cause us to refuse to renew your policy."

(f) In this section, "premium surcharge" means an additional amount that is added to the base rate. The term does not include a reduction or elimination of a discount previously received by an insured, reassignment of an insured from one rating tier to another, re-rating an insured, or re-underwriting an insured by using multiple affiliates.

(g) The commissioner shall adopt rules as necessary to implement this section.