

House Bill 4029

Sponsor: Rep. Andrew Richner
Committee: Insurance and Financial
Services

Complete to 3-19-01

A SUMMARY OF HOUSE BILL 4029 AS INTRODUCED 1-25-01

Chapter 21 of the Insurance Code limits the underwriting rules that companies writing homeowner's insurance can use in order to refuse to insure, refuse to renew, or limit the coverage available to a customer. For the purposes of nonrenewal, an insurance company can consider the claim history of a policy, excluding liability claims, if there have been three paid claims within the immediately preceding three-year period totaling a certain dollar amount, exclusive of weather-related claims, and totaling a larger dollar amount when including weather-related claims. The amounts placed in the code in 1979 were \$750 and \$1,000, respectively. (The code calls for the amounts to be adjusted biennially "based upon an appropriate index relating to the cost of claims" under rules promulgated by the insurance commissioner, but reportedly the figures have not been adjusted.)

House Bill 4029 would raise the dollar amounts to \$1,500 and \$2,000, respectively, and require them to be adjusted annually to reflect the annual average percentage change in the consumer price index. (The term "consumer price index" would mean the index for all urban consumers in the U.S. city average, as most recently reported by the United States Department of Labor, Bureau of Labor Statistics, and as certified by the commissioner of the Office of Financial and Insurance Services.) The bill would take effect January 1, 2002.

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House Bill 4029 (3-19-01)

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