

HB 1051 -- Property and Casualty Insurance

Sponsor: Luetkemeyer

This bill makes a variety of changes in the laws governing insurance and amends several provisions of the Property and Casualty Insurance Guaranty Association Act. The bill:

- (1) Expands the guaranty association's obligations for claims arising from bodily injury, sickness, or disease so as to include damages for pain and suffering;
- (2) Adds several provisions establishing the guaranty association's obligations for insurance products that have been created during the past several years; and
- (3) Clarifies several provisions regarding the administration of the guaranty fund so as to comply with the recommendations of the National Conference on Insurance Guaranty Funds.

In other provisions governing insurance, the bill:

- (1) Repeals the sunset clause on a section of law governing the liquidation of insurance companies. This provision is currently set to expire on December 31, 2005. The provision allows an estimation of contingent liabilities to be used to fix creditors' claims during the liquidation process. It also requires a reinsurer's payment to be made directly to the liquidator, except where the contract specifically provides for another payee or where another insurer assumes the ceding insurer's policy obligations;
- (2) Changes the definition of "renewal" as it applies to automobile insurance. Any automobile insurance policy with a term of less than six months or with no fixed expiration date will be considered a six-month policy. Under current law, the default term is 12 months; and
- (3) Repeals the bond requirement for acquiring a license to sell surplus lines of insurance.