

HOUSE RESEARCH

Bill Summary

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Overview

This bill involves nonrenewal of the physical damage portion of automobile insurance. This portion of an auto insurance policy covers damage to or theft of the insured vehicle and consists of collision and comprehensive coverage. This bill amends a statute that gives the commissioner of commerce authority to adopt rules specifying when insurance companies can decline to renew coverage. The commissioner's rules, adopted in 1984, permit an insurance company to nonrenew the physical damage portion of a policy if the insurance company has made three payments for physical damage claims on the policy within a three-year period. If the policy covers more than one vehicle, the insurance company may nonrenew if it made four such payments. This bill would change that rule where the policy insures multiple vehicles to require three claims payments times the number of vehicles covered by the policy.

- 1 Rulemaking.** Provides that the physical damage portion (collision and comprehensive) of an auto insurance policy may be nonrenewed by the insurance company only if the number of claims payments within a three-year period equals three times the number of vehicles insured under the policy.
- 2 Effective date; application.** Makes section 1 effective August 1, 1999, and applies to losses occurring on or after that date.