

BILL ANALYSIS

C.S.H.B. 3433
By: Smithee
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Many consumers are aware that insurance companies use social media and other avenues for their own marketing, but may not be aware that some insurers review policyholders' social media accounts for information about these individuals. Reports from insurance industry professionals note that the impact of social media on the insurance industry is just beginning to be felt and suggest that this information is likely to become part of underwriting in the future. Given that insurance products are critical to protecting property and health, it is in the public interest to ensure that consumers are protected from discriminatory practices contrary to the foundational values of our democracy. C.S.H.B. 3433 seeks to prohibit insurers from discriminating against individuals on the basis of their political affiliation or expression.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3433 amends the Insurance Code to prohibit a person from taking any of the following actions because of an individual's political affiliation or expression:

- refusing to insure or provide coverage to the individual;
- refusing to continue to insure or provide coverage to the individual;
- limiting the amount, extent, or kind of coverage available for the individual; or
- charging the individual a rate that is different from the rate charged to other individuals for the same coverage.

A person does not violate this prohibition if the refusal, limitation, or charge is based on sound underwriting or actuarial principles reasonably related to actual or anticipated loss experience or is required or authorized by law or a regulatory mandate.

C.S.H.B. 3433 clarifies that its provisions apply to a health maintenance organization (HMO) and any legal entity engaged in the business of insurance in Texas. The bill subjects an HMO or entity that is found to be in violation of or to have failed to comply with the bill's provisions to sanctions or administrative penalties. In addition, the commissioner of insurance may use the cease and desist procedures authorized under state law.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3433 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision not in the original specifying that a person does not violate the prohibition on discrimination on the basis of an individual's political affiliation or expression if the applicable action is based on sound underwriting or actuarial principles reasonably related to actual or anticipated loss experience or is required or authorized by law or a regulatory mandate.