**BILL ANALYSIS**

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| Senate Research Center | S.B. 833 |
| 88R4366 KBB-D | By: King |
|  | Business & Commerce |
|  | 4/28/2023 |
|  | As Filed |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Some insurance companies are being pressured to refuse to insure the fossil fuel industry, and several energy companies report that it is becoming increasingly difficult to obtain insurance. Others report that they are being denied insurance coverage based on their political beliefs. Insurance companies are highly skilled in evaluating risk, and these external pressures on their ability to make business decisions may negatively affect both insurance companies and those seeking coverage. S.B. 833 seeks to combat this issue by prohibiting any insurance company doing business in Texas from using environmental, social, or governance factors as a basis for ratemaking or in making a coverage decision.

As proposed, S.B. 833 amends current law relating to consideration by insurers of certain criteria for ratemaking.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle C, Title 5, Insurance Code, by adding Chapter 565, as follows:

CHAPTER 565. PROHIBITED RATEMAKING CRITERIA

Sec. 565.001. DEFINITION. Defines "insurer."

Sec. 565.002. PROHIBITED CRITERIA. Prohibits an insurer, when establishing insurance rates, from considering a customer's environmental, social, and governance score that is based on measuring a customer's exposure to long-term environmental, social, and governance risks, or a customer's consideration of diversity, equity, and inclusion factors.

SECTION 2. Makes application of Section 565.002, Insurance Code, as added by this Act, prospective to January 1, 2024.

SECTION 3. Effective date: September 1, 2023.