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| BILL ANALYSIS |

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| C.S.H.B. 2067 |
| By: Paul |
| Insurance |
| Committee Report (Substituted) |

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| **BACKGROUND AND PURPOSE**  Under current law, insurers must provide notice to policyholders or applicants for insurance on request as to the reason why policies were declined, canceled, or not renewed, as applicable. However, other state law requires an insurer of certain liability and commercial property insurance policies to provide the reason for a cancellation of or refusal to renew a policy but does not require such insurers to explain why a policy was declined. C.S.H.B. 2067 seeks to address this inconsistency by requiring insurers to provide policyholders and applicants for insurance with a written statement explaining the reason for the declination of a policy application or the cancellation of or refusal to renew an existing policy. |
| **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 rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 of this bill. |
| **ANALYSIS**  C.S.H.B. 2067 amends the Insurance Code to include among the rules the commissioner of insurance may adopt and enforce reasonable rules, including notice requirements, relating to the declination of any insurance policy regulated by the Texas Department of Insurance (TDI), other than a workers' compensation insurance policy, under the Insurance Code provisions for which the commissioner may also adopt and enforce rules relating to a cancellation and nonrenewal of a TDI-regulated insurance policy.  C.S.H.B. 2067 revises the requirement that the commissioner require an insurer that declines, cancels, or refuses to renew an insurance policy issued under those Insurance Code provisions to provide a written statement of the reasons for the declination, cancellation, or nonrenewal of the policy on request by the applicant for insurance or the policyholder, as applicable, as follows:   * makes that written statement requirement inapplicable to a workers' compensation insurance policy; * removes the condition that the applicant or policyholder request the statement; and * for the applicant or policyholder who uses a licensed property and casualty agent that is not a captive agent, requires the insurer to provide the statement to the agent instead of to the applicant or policyholder.   The bill requires such an agent used by an applicant for or policyholder of an applicable insurance policy to provide the following to the applicant or policyholder:   * a written disclosure that any such statement will be sent to the agent; and * a declination, cancellation, or nonrenewal statement for the applicant's or policyholder's insurance policy that was provided to the agent.   The bill requires the commissioner to require an insurer that writes workers' compensation insurance, on request by an applicant for workers' compensation insurance or a policyholder, to provide to the applicant or policyholder a written statement of the reasons for the declination, cancellation, or nonrenewal of a workers' compensation insurance policy.  C.S.H.B. 2067 requires an insurer to provide to TDI at least once each quarter a written report summarizing the insurer's written statements of reasons for declination, cancellation, or nonrenewal provided to applicants for insurance or policyholders as required by provisions governing practices relating to declination, cancellation, and nonrenewal of insurance policies. The bill requires the report to be in the form and manner prescribed by the commissioner and organized by the zip code of the applicant or policyholder that received the statement. These bill provisions relating to the required report expressly do not apply to written statements of reasons for declination, cancellation, or nonrenewal provided to applicants for or policyholders of workers' compensation insurance policies.  C.S.H.B. 2067 requires an insurer that declines an application for a liability insurance or commercial property insurance policy to deliver or mail written notice of the declination to the applicant. The bill requires an insurer to state the reason for the declination in such a notice and subjects this requirement to the same statement requirements applicable to an insurer providing notice of the reason for the cancellation of or refusal to renew certain liability and commercial property insurance policies.  C.S.H.B. 2067, with respect to the requirement that an insurer of certain property and casualty policies provide a written statement to an applicant for insurance or an insured of the reason for a declination, cancellation, or nonrenewal of an insurance policy, removes the condition that the applicant or insured request the statement.  C.S.H.B. 2067 applies only to an application for insurance that is made or an insurance policy that is delivered, issued for delivery, or renewed on or after March 1, 2026. An application made or policy delivered, issued for delivery, or renewed before that date is governed by the law as it existed immediately before March 1, 2026, and that law is continued in effect for that purpose. This provision does not apply to the bill's provisions providing for report requirements. |
| **EFFECTIVE DATE**  September 1, 2025. |
| **COMPARISON OF INTRODUCED AND SUBSTITUTE**  While C.S.H.B. 2067 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.  Both the introduced and the substitute include among the rules the commissioner may adopt and enforce reasonable rules, including notice requirements, relating to the declination of any TDI-regulated insurance policy. However, the substitute includes a specification absent from the introduced making this authority inapplicable to a workers' compensation insurance policy.  With respect to the requirement for the commissioner to require an insurer that declines, cancels, or refuses to renew an applicable insurance policy to provide to the applicant for insurance or policyholder a written statement of the reasons for the declination, cancellation, or nonrenewal, both the introduced and the substitute remove the condition that the applicant or policyholder request the statement. However, the substitute also makes the following revisions, which were absent from the introduced:   * makes that written statement requirement inapplicable to a workers' compensation insurance policy; and * for an applicant or policyholder who uses a licensed property and casualty agent that is not a captive agent, changes the recipient of the statement from the applicant or policyholder to the applicant's or policyholder's agent.   The substitute includes the following requirements that were absent from the introduced:   * requires such an agent to provide to the applicant or policyholder a written disclosure that any such statement will be sent to the agent and the declination, cancellation, or nonrenewal statement that was provided to the agent; * requires the commissioner to require an insurer that writes workers' compensation insurance to provide to an applicant or policyholder, on the applicant's or policyholder's request, a written statement of the reasons for the declination, cancellation, or nonrenewal of a workers' compensation insurance policy; and * requires an insurer to provide to TDI at least once each quarter a written report summarizing the insurer's written statements of reasons for declination, cancellation, or nonrenewal provided to applicants for insurance or policyholders, except for written statements regarding workers' compensation insurance policies, in the manner provided by the substitute.   The substitute revises the provision of the introduced establishing that the bill applies only to an application for insurance that is made or an insurance policy that is delivered, issued for delivery, or renewed on or after a certain date in the following manner:   * changes the applicability of the provision from applications made or policies delivered, issued for delivery, or renewed on or after the bill's effective date, as in the introduced, to those applications made or policies delivered, issued for delivery, or renewed on or after March 1, 2026; and * includes a provision absent from the introduced establishing that this provision does not apply to the bill's provisions providing for report requirements. |
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