

## **BILL ANALYSIS**

Senate Research Center

H.B. 2067  
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Engrossed

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

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.

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.

H.B. 2067 amends current law relating to declination, cancellation, or nonrenewal of insurance policies.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the commissioner of insurance is modified in SECTION 1 (Section 551.001, Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 551.001(a), Insurance Code, as follows:

(a) Authorizes the commissioner of insurance (commissioner), as necessary, to adopt and enforce reasonable rules, including notice requirements, relating to:

(1) the cancellation and nonrenewal of any insurance policy regulated by the Texas Department of Insurance (TDI) under certain provisions of the Insurance Code; and

(2) the declination of a completed and submitted application for any insurance policy regulated by TDI under a provision of this code listed in Subdivision (1) other than a workers' compensation insurance policy.

Makes nonsubstantive changes to this subsection.

SECTION 2. Amends Section 551.002, Insurance Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Requires the commissioner to require an insurer that declines a completed and submitted application for or cancels or refuses to renew an insurance policy to which Section 551.001 (Rules) applies, other than a workers' compensation insurance policy, to provide to the applicant or policyholder a written statement of the reasons for the declination, cancellation, or nonrenewal of the policy. Deletes existing text requiring the commissioner to require an insurer on request by an applicant for insurance or a policyholder, to provide to the applicant or policyholder a written statement of the reasons for the declination, cancellation, or nonrenewal of an insurance policy to which Section 551.001 applies.

(a-1) 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 of a completed and submitted application for a workers' compensation insurance policy or the cancellation or nonrenewal of a workers' compensation insurance policy.

SECTION 3. Amends Subchapter A, Chapter 551, Insurance Code, by adding Section 551.006, as follows:

Sec. 551.006. REPORT REQUIRED. (a) Requires an insurer to provide to TDI at least once each quarter a written report summarizing the insurer's reasons for declination, cancellation, or nonrenewal provided to applicants for insurance or policyholders as required by Chapter 551 (Practices Relating to Declination, Cancellation, and Nonrenewal of Insurance Policies). Requires that the report be in the form and manner prescribed by the commissioner and organized by the zip codes of the applicants and policyholders, as applicable, that received the statement.

(b) Requires TDI to post an aggregated summary of the reports provided under this section on TDI's Internet website. Provides that the aggregated summary is required to be organized by the zip codes of the applicants and policyholders, as applicable, and prohibited from identifying, directly or indirectly, any insurer.

(c) Provides that this section does not apply to reasons for declination, cancellation, or nonrenewal provided to applicants for or policyholders of workers' compensation insurance policies.

SECTION 4. Amends Subchapter A, Chapter 551, Insurance Code, by adding Section 551.007, as follows:

Sec. 551.007. ELECTRONIC DELIVERY. Authorizes an insurer, notwithstanding any other law, to deliver notice or a written statement of a declination required by this chapter by electronic means.

SECTION 5. Amends the heading to Subchapter B, Chapter 551, Insurance Code, to read as follows:

**SUBCHAPTER B. DECLINATION, CANCELLATION, AND NONRENEWAL OF CERTAIN LIABILITY AND COMMERCIAL PROPERTY INSURANCE POLICIES**

SECTION 6. Amends Subchapter B, Chapter 551, Insurance Code, by adding Section 551.0521, as follows:

Sec. 551.0521. WRITTEN NOTICE OF DECLINATION REQUIRED. Requires an insurer that declines a completed and submitted application for a liability insurance or commercial property insurance policy to deliver or mail written notice of the declination to the applicant.

SECTION 7. Amends Section 551.055, Insurance Code, as follows:

Sec. 551.055. New heading: REASON FOR DECLINATION, CANCELLATION, OR NONRENEWAL REQUIRED. Requires an insurer, in a notice to an applicant or insured relating to declination, cancellation, or refusal to renew, to state the reason for the declination, cancellation, or nonrenewal.

SECTION 8. Amends Section 551.109, Insurance Code, as follows:

Sec. 551.109. INSURER STATEMENT. Requires an insurer to provide a written statement of the reason for a declination of a completed and submitted application for an

insurance policy or a cancellation or nonrenewal of an insurance policy. Deletes existing text requiring an insurer, at the request of an applicant for insurance or an insured, provide a written statement of the reason for a declination, cancellation, or nonrenewal of an insurance policy.

SECTION 9. (a) Makes application of this Act, except as provided by Subsection (b) of this section, prospective.

(b) Provides that Subsection (a) of this section does not apply to Section 551.006, Insurance Code, as added by this Act.

SECTION 10. Effective date: March 1, 2026.