

## **BILL ANALYSIS**

Senate Research Center  
89R31869 SCR-D

C.S.H.B. 2067  
By: Paul; Capriglione (Middleton)  
Business & Commerce  
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Committee Report (Substituted)

### **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.

(Original Author's/Sponsor's Statement of Intent)

C.S.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 the declination of a completed and submitted application for or the cancellation or nonrenewal of any insurance policy regulated by the Texas Department of Insurance (TDI) under certain provisions of the Insurance Code. Makes a nonsubstantive change.

SECTION 2. Amends Section 551.002(a), Insurance Code, 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, to provide to the applicant or policyholder or the applicant's agent in accordance with Section 551.007, as applicable, 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.

SECTION 3. Amends Subchapter A, Chapter 551, Insurance Code, by adding Sections 551.006, 551.007, and 551.008, as follows:

Sec. 551.006. QUARTERLY REPORT. (a) Requires an insurer to provide to TDI 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 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 code of the applicant or policyholder that received the statement.

(b) Requires TDI to post a report provided under this section on TDI's Internet website.

Sec. 551.007. NOTICE OF DECLINATION FOR COMMERCIAL LINES OF INSURANCE. (a) Requires an insurer to deliver a notice of a declination required by this chapter for a completed and submitted application for a commercial line of insurance to the applicant's agent.

(b) Requires an agent, on receiving a notice described by Subsection (a), to disclose the declination to the applicant and make the notice available for the applicant to review.

Sec. 551.008. ELECTRONIC DELIVERY. Authorizes an insurer to deliver notice or a written statement of a declination, cancellation, or nonrenewal required by this chapter electronically in accordance with Chapter 35 (Electronic Transactions).

SECTION 4. 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 5. 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 or the applicant's agent in accordance with Section 551.007, as applicable.

SECTION 6. 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 7. 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, cancellation, or nonrenewal of an insurance policy. Deletes existing text requiring an insurer, at the request of an applicant for insurance or an insured, to provide a written statement of the reason for a declination, cancellation, or nonrenewal of an insurance policy.

SECTION 8. Makes application of this Act prospective.

SECTION 9. Effective date: September 1, 2025.