

## **BILL ANALYSIS**

Senate Research Center  
89R22697 DNC-F

H.B. 3388  
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Business & Commerce  
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Engrossed

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

Currently, Texas only permits an insurer to write commercial group property insurance for a group of businesses that constitutes a large risk. The bill author has informed the committee that the statute governing such insurance does not expressly allow for group casualty, does not allow for personal lines, and lacks clarity in relation to other existing state statutes allowing personal lines that are limited in scope. Furthermore, the statute lacks clarity on its applicability to surplus lines insurers according to the Texas Department of Insurance.

H.B. 3388 seeks to expand and clarify the regulations surrounding group property and casualty insurance policies in Texas. The bill allows for both casualty and liability coverage incidental to property risks, establishes clearer definitions and conditions for permitted groups, and sets explicit standards for surplus lines agents regarding diligent effort and reporting requirements. It ensures consumer protection by prohibiting shared claim limits among policyholders, applying individual insurance laws to group policy certificates, and mandating timely disclosures to policyholders.

H.B. 3388 amends current law relating to group property and casualty insurance policies.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 2 (Section 2171.009, Insurance Code) and SECTION 3 (Section 2172.010, Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2171.001, Insurance Code, as follows:

Sec. 2171.001. New heading: DEFINITIONS. Defines "member."

SECTION 2. Amends Chapter 2171, Insurance Code, by adding Sections 2171.006, 2171.007, 2171.008, and 2171.009, as follows:

Sec. 2171.006. DISCLOSURES REQUIRED. (a) Requires an insurer, during an application for an insurance policy issued under Section 2171.002 (Authorization for Issuance), to provide to each applicant a written disclosure of whether the policy has a shared aggregate limit and, if applicable, the amount of the limit.

(b) Requires the insurer, not later than the 30th day after the date an insurer issues, delivers, or renews an insurance policy under Section 2171.002, to deliver certain documents to each member covered by the policy, including a copy of the certificate of insurance and a copy of the policy.

Sec. 2171.007. INCIDENTAL CASUALTY AND LIABILITY COVERAGE. Authorizes an insurance policy issued under Section 2171.002 to contain casualty and liability coverage that is incidental to the property risk covered under the policy.

Sec. 2171.008. **APPLICABILITY TO SURPLUS LINES.** (a) Provides that eligible surplus lines insurers are subject to Chapter 2171 (Commercial Group Property Insurance), other than certain sections.

(b) Provides that a surplus lines agent is required to make a diligent effort, as described by Section 981.004(a)(1) (relating to authorizing an eligible surplus lines insurer to provide surplus lines insurance if the full amount of required insurance cannot be obtained, after a diligent effort, from an insurer authorized to write and actually writing that kind and class of insurance in this state), only with respect to a group policy issued under Section 2171.002 and only on an annual basis, rather than individually for each group member added during the policy period.

(c) Provides that, notwithstanding Section 981.213 (Filing Contract with Stamping Office), a surplus lines agent is required to report to and file with the Surplus Lines Stamping Office of Texas only the group policy issued under Section 2171.002, rather than each certificate or evidence of insurance issued to the group members.

Sec. 2171.009. **RULES.** Authorizes the commissioner of insurance (commissioner) to adopt rules to implement and administer this chapter.

SECTION 3. Amends Subtitle G, Title 10, Insurance Code, by adding Chapter 2172, as follows:

#### CHAPTER 2172. PERSONAL LINES GROUP PROPERTY AND CASUALTY INSURANCE

Sec. 2172.001. **DEFINITION.** Defines "permitted group."

Sec. 2172.002. **APPLICABILITY OF CHAPTER.** (a) Provides that this chapter, other than Section 2172.005, applies to an eligible surplus lines insurer.

(b) Provides that this chapter does not apply to an insurance policy issued under and in accordance with certain provisions of the Insurance Code.

Sec. 2172.003. **GROUP INSURANCE.** (a) Authorizes an insurer to provide a personal lines property and casualty insurance policy to a permitted group, on a group basis, provided that the issuance of the policy results in economies of scale in administrative, marketing, or brokerage costs, the benefits provided under the policy are reasonable to the premiums charged, and the policy does not contain a shared aggregate limit.

(b) Prohibits an insurance policy that provides group coverage under this chapter from including a provision under which the payment of a certificate holder's claims is limited by the claims or losses incurred by another certificate holder.

(c) Prohibits an insurer from renewing an insurance policy that provides group coverage under this chapter to a group that includes fewer than 10 certificate holders as part of the group at the time of renewal.

Sec. 2172.004. **APPLICABILITY OF INSURANCE LAWS.** (a) Provides that, except as otherwise provided by this chapter, a provision of this code applies to each certificate issued under a group policy issued under Section 2172.003 as if the certificate is an insurance policy and the certificate holder is an insured, if the provision would apply to the policy if the policy was issued on an individual basis.

(b) Provides that insurance laws applicable under Subsection (a) include certain sections of the Insurance Code.

Sec. 2172.005. RATE AND FORM FILINGS. Requires an insurer to comply with all applicable rate and form filing requirements of this title for an insurance policy issued under Section 2172.003.

Sec. 2172.006. INCIDENTAL LIABILITY COVERAGE. Authorizes an insurance policy issued under Section 2172.003 to contain liability coverage that is incidental to the property risk covered under the policy.

Sec. 2172.007. SURPLUS LINES REQUIREMENTS. (a) Provides that a surplus lines agent is required to make a diligent effort, as described by Section 981.004(a)(1), only with respect to a group policy issued under Section 2172.003 and only on an annual basis, rather than individually for each group member added during the policy period.

(b) Provides that, notwithstanding Section 981.213, a surplus lines agent is required to report to and file with the Surplus Lines Stamping Office of Texas only the group policy issued under Section 2172.003, rather than each certificate or evidence of insurance issued to the group members.

Sec. 2172.008. DISCLOSURES REQUIRED. Requires the insurer, not later than the 30th day after the date an insurer issues, delivers, or renews an insurance policy under Section 2172.003, to deliver certain documents to each member covered by the policy, including a copy of the certificate of insurance and a copy of the policy.

Sec. 2172.009. GROUP ENROLLER EXEMPTION. Provides that, notwithstanding the requirements of Chapter 4001 (Agent Licensing in General), a person who secures and furnishes information for the purpose of enrolling entities or individuals under an insurance policy issued under Section 2172.003, issues certificates or evidences of insurance under the policy, or otherwise assists in administering the policy, including by collecting and remitting premiums, is not required to be licensed as an insurance agent under Chapter 4001, provided that the person does not receive a commission with respect to the sale of the policy or any related enrollments.

Sec. 2172.010. RULES. Authorizes the commissioner to adopt rules to implement and administer this chapter.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: upon passage or September 1, 2025.