

BILL ANALYSIS

H.B. 3569
By: Barry
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill author has informed the committee that property and casualty insurance companies currently discriminate on an agent-to-agent basis based on the size of their books of business, issue contracts based on a certain amount of premium that they expect an agent to sell, and terminate their contracts if agents do not hit their premium expectations, or even worse, due to claims volume. The bill author has informed the committee that this can lead to customers losing coverage, forcing agencies to move customers to another insurance policy from a different company, which may have major differences in price or coverage. H.B. 3569 seeks to address this issue by prohibiting a property and casualty insurer from refusing to enter into a contract with certain state-licensed property and casualty agents and from terminating, suspending, or refusing to enter into or renew a contract with an agent under certain conditions.

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

ANALYSIS

H.B. 3569 amends the Insurance Code to prohibit an insurer authorized to engage in the business of property and casualty insurance in Texas from refusing to enter into a contract with a state-licensed property and casualty agent whose license authorizes the agent to write a line of insurance that is the subject of the contract. The bill excepts from this prohibition an agent who previously contracted with or was appointed by the insurer and the insurer terminated, suspended, or refused to renew the contract or appointment as follows:

- in accordance with provisions relating to the termination or suspension of agent contracts by property and casualty insurers; and
- on the basis of a requirement or other reason not described by the bill's provisions.

The bill prohibits an insurer from terminating, suspending, or refusing to enter into or renew a contract with an agent on the basis of direct written premium or the amount of loss that is incurred by the insurer and associated with an insurance policy written or sold by the agent. The bill makes its provisions inapplicable to a captive agent.

H.B. 3569 applies only to the termination or suspension of, or refusal to renew, an appointment or contract that is entered into on or after the bill's effective date.

EFFECTIVE DATE

September 1, 2025.