

BILL ANALYSIS

C.S.S.B. 213
By: West
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee that, in the fall of 2024, North Texas consumers of a particular insurance company were subjected to a forced bundling scheme in which consumers who held policies from this insurance company for homeowners coverage were advised, in writing, that if they did not bundle their auto insurance with the same carrier, their homeowners coverage would be dropped. This practice of forced bundling is currently not illegal in Texas. Although a proposed Texas Department of Insurance rule will address this practice, it will not statutorily prohibit the practice, and the rule could be rescinded by a future commissioner of insurance. C.S.S.B. 213 establishes that the practice of forced bundling is an unfair method of competition or an unfair or deceptive act or practice in the business of insurance.

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

C.S.S.B. 213 establishes that it is an unfair method of competition or an unfair or deceptive act or practice in the business of insurance to do the following:

- make the issuance, delivery, or renewal of a residential property insurance policy contingent on the purchase of a personal automobile insurance policy from the same insurer or an affiliated insurer; or
- make the issuance, delivery, or renewal of a personal automobile insurance policy contingent on the purchase of a residential property insurance policy from the same insurer or an affiliated insurer.

The bill prohibits a person from bringing a private action against an insurer or an agent or representative of an insurer for a method, act, or practice described by the bill's provisions. This prohibition does not limit the authority of the attorney general to bring an action as provided by statutory provisions relating to enforcement and class actions by the attorney general with respect to unfair methods of competition and unfair or deceptive acts or practices under the Insurance Code. The bill defines "personal automobile insurance" and "residential property insurance" by reference to statutory provisions relating to the filing of underwriting guidelines by insurers engaged in the business of such insurance.

C.S.S.B. 213 applies to an authorized insurer writing property and casualty insurance in Texas, including the following:

- a county mutual insurance company;
- a Lloyd's plan;
- a reciprocal or interinsurance exchange;
- a farm mutual insurance company; and
- a fire or casualty insurance company.

The bill exempts the following from its provisions:

- an insurance policy delivered, issued for delivery, or renewed by the Texas Windstorm Insurance Association;
- a flood insurance policy delivered, issued for delivery, or renewed under the National Flood Insurance Program; or
- a personal umbrella insurance policy.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 213 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

The engrossed established that it is an unfair method of competition or an unfair or deceptive act or practice in the business of insurance to make the issuance, delivery, or renewal of a residential property insurance policy or personal automobile insurance policy contingent on the purchase of the other type of policy from the same insurer or an affiliated insurer or agent. The substitute omits the reference to an affiliated agent from that provision.

The substitute includes a fire or casualty insurance company among the insurers to which the bill's provisions apply, whereas the engrossed did not.

The substitute revises the engrossed version's list of policies exempted from the bill's provisions as follows:

- replaces a windstorm and hail insurance policy with an insurance policy delivered, issued for delivery, or renewed by the Texas Windstorm Insurance Association; and
- specifies that the exempted flood insurance policies are those delivered, issued for delivery, or renewed under the National Flood Insurance Program.