

BILL ANALYSIS

Senate Research Center
89R17424 SCR-D

C.S.S.B. 1006
By: Middleton
Business & Commerce
3/10/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, in order for a policyholder or applicant to receive a written statement regarding the reason for a declination, cancellation, or nonrenewal of an insurance policy, the policyholder must submit a request to the insurer. The Texas Department of Insurance (TDI) then requires the insurer to respond with certain justifications. Current law places the burden of this request on the policyholder and they are often left unaware of the reason that an insurer makes a decision to decline, cancel, or not renew a policy. Additionally, current law provides for notice requirements for cancellation or nonrenewal of liability or commercial property insurance policies, but not declination.

S.B. 1006 seeks to address this issue by requiring insurers to provide written notice and reasons for policy declination, cancellation, or nonrenewal to applicants or insured individuals, ensuring transparency in the decision-making process. S.B. 1006 also mandates that insurers deliver written notification if they decline an application for liability or commercial property insurance. These provisions were recommended by TDI in its biennial report.

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

C.S.S.B. 1006 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, to authorize the commissioner of insurance (commissioner) to adopt rules relating to the declination of any insurance policy regulated by the Texas Department of Insurance (TDI) under certain statutes.

SECTION 2. Amends Section 551.002(a), Insurance Code, as follows:

(a) Requires the commissioner to require an insurer that declines, cancels, or refuses to renew an insurance policy to which Section 551.001 (Rules) applies, rather than 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 the policy. Makes nonsubstantive changes.

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

Sec. 551.006. QUARTERLY REPORT. 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.

SECTION 4. 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 an application for a liability insurance or commercial property insurance policy to deliver or mail written notice of the declination to the applicant.

SECTION 5. Amends Section 551.055, Insurance Code, as follows:

Sec. 551.005. 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 6. Amends Section 551.109, Insurance Code, as follows:

Sec. 551.109. INSURER STATEMENT. Requires an insurer, rather than 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 7. Makes application of this Act prospective.

SECTION 8. Effective date: September 1, 2025.