

BILL ANALYSIS

Senate Research Center

S.B. 1644
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Business & Commerce
6/11/2025
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Credit scoring can play a significant role in insurance rating for companies that utilize it. By analyzing this data, insurers categorize applicants into different tiers, which influence their ratings and determine the premiums they will pay.

Carriers are not required to update an insured's credit score and policy rating after the initial assessment, unless there was a proven error in credit information. Additionally, current law does not provide for insureds to receive notice from carriers if they are re-rated based on an updated credit score.

S.B. 1644 requires insurance companies that use credit scoring when rating policyholders to review and update their credit report every three years, using the most updated score. It also mandates that insurers provide written notice of any changes to an insured's policy ratings.

S.B. 1644 amends current law relating to the use of a consumer's credit score in the underwriting or rating of certain personal lines property and casualty insurance policies.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 559.054(a), Insurance Code, as follows:

(a) Requires an insurer, if, based in whole or in part on information contained in a credit report, the insurer takes an action resulting in an adverse effect with respect to an applicant for insurance coverage or insured, to provide to the applicant or insured within 30 days certain information, including, if applicable, written or electronic notice of the insured's right to request the insurer re-underwrite and re-rate the insured's insurance policy under Section 559.058(b)(1). Makes nonsubstantive changes.

SECTION 2. Amends Subchapter B, Chapter 559, Insurance Code, by adding Section 559.058, as follows:

Sec. 559.058. POLICY RE-RATING BASED ON UPDATED CREDIT SCORE. (a) Requires an insurer that uses credit scoring in the underwriting or rating of insurance subject to Chapter 559 (Credit Scoring and Credit Information) to:

(1) use a consumer's credit report issued not more than 90 days before the date the policy is first issued or renewed if the insurer uses the report information to take an action that results in an adverse effect with respect to the insured;

(2) review and update the credit report of an insured not less than every 36 months; and

(3) reassess the insured's policy rating and adjust premiums based on the updated credit score.

(b) Provides that, on renewal of an insurance policy, the insurer is:

(1) required, on request of an insured or the insured's agent, to re-underwrite and re-rate the policy based upon a current credit report or insurance score, not exceeding once each 12-month period; and

(2) authorized to obtain an insured's credit score in accordance with the insurer's underwriting guidelines, regardless of whether the renewal occurs before the expiration of the 36-month period described by Subsection (a)(2).

(c) Provides that an insurer is not required to update an insured's credit score and policy rating under this section in certain circumstances.

SECTION 3. Makes application of Subchapter B (Use of Credit Scoring and Credit Information), Chapter 559, Insurance Code, as amended by this Act, prospective to January 1, 2026.

SECTION 4. Effective date: September 1, 2025.