

BILL ANALYSIS

S.B. 1644
By: Schwertner
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Department of Insurance currently mandates that insurers disclose how often they update policyholders' credit scores for underwriting and rating purposes; however, there are currently no explicitly established guidelines or regulations for these practices. The Office of Public Insurance Counsel (OPIC) 2025 Recommendations to the 89th Texas Legislature recommended amending the Insurance Code to require insurers in Texas who use credit scoring in the underwriting or rating of insurance to update credit scores and ratings at least every three years, aligning with the standards set by the National Council of Insurance Legislators. This recommendation was made based on OPIC's understanding that an individual's credit score generally increases over their lifetime, and using outdated credit scores will likely not accurately reflect the appropriate level of risk associated with the policy. S.B. 1644 seeks to ensure that premiums paid by insured individuals accurately reflect their current risk profile by requiring certain insurers to update credit scores and ratings at least every three years.

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

S.B. 1644 amends the Insurance Code to set out provisions applicable to an insurer that uses credit scoring in the underwriting or rating of personal insurance, defined in statute as a personal automobile insurance policy, a residential property insurance policy, a residential fire and allied lines insurance policy, or a noncommercial insurance policy covering a boat, personal watercraft, snowmobile, or recreational vehicle. The bill requires such an insurer to do the following:

- 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;
- review and update the credit report of an insured not less than every 36 months; and
- reassess the insured's policy rating and adjust premiums based on the updated credit score.

S.B. 1644 sets out the following provisions that apply on renewal of an insurance policy:

- a requirement for the insurer, 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

- an authorization for the insurer 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 review and update period under the bill's provisions.

S.B. 1644 establishes that an insurer is not required to update an insured's credit score and policy rating under the bill's provisions if any of the following conditions apply:

- the insured is in the most favorably priced tier of the insurer within a group of affiliated insurers;
- credit scoring is not used in the underwriting or rating of the insurance policy; or
- the insured's insurance product or type of coverage does not rely on credit scoring as a factor.

S.B. 1644 includes among the information an insurer must provide within 30 days to an insured, 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 the insured, written or electronic notice of the insured's right to request the insurer re-underwrite and re-rate the insured's insurance policy under the bill's provisions, if applicable.

S.B. 1644 applies only to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2026. An insurance policy delivered, issued for delivery, or renewed before that date, is governed by the law as it existed immediately before the bill's effective date, and that law is continued in effect for those purposes.

EFFECTIVE DATE

September 1, 2025.