By:  Martinez Fischer H.B. No. 5519

A BILL TO BE ENTITLED

AN ACT

relating to rates for residential property insurance and personal automobile insurance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Section 2251.003, Insurance Code, is amended by amending Subsection (b) and adding Subsection (d) to read as follows:

(b)  Except as provided by Section 2251.0031, this subchapter and Subchapters B, C, and D apply to all lines of the following kinds of insurance written under an insurance policy or contract issued by an insurer authorized to engage in the business of insurance in this state:

(1)  general liability insurance;

(2)  [~~residential and~~] commercial property insurance, including farm and ranch insurance and farm and ranch owners insurance;

(3)  personal and commercial casualty insurance, except as provided by Section 2251.004;

(4)  medical professional liability insurance;

(5)  fidelity, guaranty, and surety bonds other than criminal court appearance bonds;

(6)  personal umbrella insurance;

(7)  personal liability insurance;

(8)  guaranteed auto protection (GAP) insurance;

(9)  involuntary unemployment insurance;

(10)  financial guaranty insurance;

(11)  inland marine insurance;

(12)  rain insurance;

(13)  hail insurance on farm crops;

(14)  [~~personal and~~] commercial automobile insurance;

(15)  multi-peril insurance; and

(16)  identity theft insurance issued under Chapter 706.

(d)  This subchapter and Subchapters B and C-1 apply to all lines of residential property insurance and personal automobile insurance written under an insurance policy or contract issued by an insurer authorized to engage in the business of insurance in this state, including a Lloyd's plan, reciprocal or interinsurance exchange, or county mutual insurance company.

SECTION 2.  Chapter 2251, Insurance Code, is amended by adding Subchapter C-1 to read as follows:

SUBCHAPTER C-1. PRIOR APPROVAL FOR RESIDENTIAL PROPERTY AND PERSONAL AUTOMOBILE INSURANCE

Sec. 2251.131.  RATE FILINGS AND SUPPORTING INFORMATION; USE OF FILED RATE. (a) For residential property and personal automobile insurance policies written in this state, each insurer shall file with the department all rates, applicable rating manuals, supplementary rating information, and additional information as required by the commissioner, if the insurer's rate increased or decreased by more than 5% from the insurer's previously filed rate that is in effect on the date of the filing.

(b)  Rules adopted by the commissioner under Section 2251.101(b) apply with respect to rate filing under this section.

(c)  From the date of the filing of the rate with the department to the effective date of the new rate, the insurer's previously filed rate that is in effect on the date of the filing remains in effect.

(d)  For purposes of this section, a rate is filed with the department on the date the department receives the rate filing.

Sec. 2251.133.  COMMISSIONER APPROVAL OF RATE INCREASE OR DECREASE. (a) Not later than the 90th day after the date a rate is filed with the department under Section 2251.131, the commissioner shall approve or disapprove the rate after determining whether the rate complies with the requirements of this subchapter.

(b)  The commissioner may approve a rate that increased or decreased by more than 5% from the insurer's previously filed rate under Section 2251.131 only if:

(1)  the commissioner finds the resulting premiums will be just, adequate, reasonable, not excessive, and not unfairly discriminatory, taking into consideration:

(A)  the financial condition of the insurer;

(B)  the method of operation and expenses of the insurer;

(C)  the actual paid and incurred loss experience of the insurer;

(D)  earnings of the insurer from investments together with a projection of prospective earnings from investments during the period for which the rates will be in effect; and

(E)  the composite effect of the factors described by Paragraphs (B), (C), and (D); and

(2)  the application meets the conditions, limitations, and restrictions considered necessary by the commissioner.

(c)  For good cause, the commissioner may, on the expiration of the 90-day period described by Subsection (a), extend the period for approval or disapproval of a rate for one additional 90-day period. The commissioner and the insurer may not by agreement extend the 90-day period described by Subsection (a) or this subsection.

(d)  If the commissioner disapproves a rate under this section, the commissioner shall issue an order specifying in what respects the rate fails to meet the requirements of this chapter.

(e)  An insurer that files a rate that is disapproved under this section is entitled to a hearing on written request made to the commissioner not later than the 30th day after the date the order disapproving the rate takes effect.

(f)  The department shall track, compile, and routinely analyze the factors that contribute to the disapproval of rates under this section.

Sec. 2251.134.  AMENDMENT, SUSPENSION, OR REVOCATION OF APPROVED RATE. (a) An insurer whose rate is approved under Section 2251.133 may:

(1)  apply for an amendment to the rate; or

(2)  by notice to the commissioner withdraw the rate.

(b)  The commissioner may, after notice and a hearing:

(1)  suspend or revoke approval for a rate considered approved under Section 2251.133(b) if the commissioner determines that the rate filing:

(A)  contains false or erroneous information; or

(B)  does not meet the requirements of this subchapter; or

(2)  suspend or revoke approval for a rate approved if the commissioner determines after examination or otherwise that:

(A)  the insurer has had a change in the insurer's financial condition since the application was approved;

(B)  the actual paid and incurred losses of the insurer have materially changed since the application was approved;

(C)  there has been a material increase in expenses of the insurer since the application was approved;

(D)  there has been a material reduction in earning from investments by the insurer since the application was approved; or

(E)  the insurer has failed or refused to provide information required by the commissioner.

SECTION 3.  The changes in law made by this Act apply only to rates for an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2026. Rates for an insurance policy that is delivered, issued for delivery, or renewed before January 1, 2026, are governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 4.  This Act takes effect September 1, 2025.