By: Paul

H.B. No. 3388

A BILL TO BE ENTITLED

1   AN ACT

2 relating to group property and casualty insurance policies.

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

4   SECTION 1.   Section 2171.001, Insurance Code, is amended to

5 read as follows:

6   Sec. 2171.001. DEFINITIONS [DEFINITION]. In this chapter:

7   (1)   "Large [, "large] risk" means an insured described

8 by Section 2301.004.

9   (2)   "Member" means an owner or person with an

10 insurable interest in a property covered under a policy issued

11 under Section 2171.002.

12   SECTION 2. Chapter 2171, Insurance Code, is amended by

13 adding Sections 2171.006, 2171.007, 2171.008, and 2171.009 to read

14 as follows:

15   Sec. 2171.006. DISCLOSURES REQUIRED.   (a)   During an

16 application for an insurance policy issued under Section 2171.002,

17 an insurer must provide to each applicant a written disclosure of

18 whether the policy has a shared aggregate limit and, if applicable,

19 the amount of the limit.

20   (b)   Not later than the 30th day after the date an insurer

21 issues, delivers, or renews an insurance policy under Section

22 2171.002, the insurer must deliver the following documents to each

23 member covered by the policy:

24   (1) a copy of the certificate of insurance; and

1   (2) a copy of the policy.

2   Sec. 2171.007. INCIDENTAL CASUALTY COVERAGE. An insurance

3 policy issued under Section 2171.002 may contain casualty coverage

4 that is incidental to the property risk covered under the policy.

5   Sec. 2171.008. APPLICABILITY TO SURPLUS LINES. Eligible

6 surplus lines insurers are subject to this chapter, other than

7 Sections 2171.003, 2171.004, and 2171.005.

8   Sec. 2171.009. RULES. The commissioner may adopt rules to

9 implement and administer this chapter.

10   SECTION 3. Subtitle G, Title 10, Insurance Code, is amended

11 by adding Chapter 2172 to read as follows:

12 CHAPTER 2172. PERSONAL LINES GROUP PROPERTY AND CASUALTY INSURANCE

13   Sec. 2172.001. DEFINITION. In this chapter, "permitted

14 group" means a group of 10 or more insureds who have a preexisting

15 relationship to each other through:

16   (1) a common trade;

17   (2) an association;

18   (3) an affiliation; or

19   (4) any other relationship that is separate and

20 distinct from any group insurance arrangement of the group.

21   Sec. 2172.002. APPLICABILITY OF CHAPTER. (a) This

22 chapter, other than Section 2172.004, applies to an eligible

23 surplus lines insurer.

24   (b) This chapter does not apply to an insurance policy

25 issued under and in accordance with:

26   (1) Chapter 2153, 2171, or 2201; or

27   (2) Section 706.002, 2152.003, or 4055.154.

1   Sec. 2172.003. GROUP INSURANCE. (a) An insurer may provide

2 a personal lines property and casualty insurance policy to a

3 permitted group, on a group basis, provided that:

4   (1) the issuance of the policy results in economies of

5 scale in administrative, marketing, or brokerage costs;

6   (2) the benefits provided under the policy are

7 reasonable to the premiums charged; and

8   (3) the policy does not contain a shared aggregate

9 limit.

10   (b) An insurer may not renew an insurance policy that

11 provides group coverage under this chapter to a group that includes

12 fewer than 10 insureds as part of the group at the time of renewal.

13   Sec. 2172.004. RATE AND FORM FILINGS. An insurer shall

14 comply with all applicable rate and form filing requirements of

15 this title for an insurance policy issued under Section 2172.003.

16   Sec. 2172.005. RULES. The commissioner may adopt rules to

17 implement and administer this chapter.

18   SECTION 4. The changes in law made by this Act apply only to

19 an insurance policy delivered, issued for delivery, or renewed on

20 or after the effective date of this Act.

21   SECTION 5. This Act takes effect immediately if it receives

22 a vote of two-thirds of all the members elected to each house, as

23 provided by Section 39, Article III, Texas Constitution. If this

24 Act does not receive the vote necessary for immediate effect, this

25 Act takes effect September 1, 2025.