

1-1 By: Paul, et al. (Senate Sponsor - Middleton) H.B. No. 3388  
1-2 (In the Senate - Received from the House May 12, 2025;  
1-3 May 13, 2025, read first time and referred to Committee on Business  
1-4 & Commerce; May 25, 2025, reported favorably by the following vote:  
1-5 Yeas 11, Nays 0; May 25, 2025, sent to printer.)

1-6	COMMITTEE VOTE				
1-7		Yea	Nay	Absent	PNV
1-8	Schwertner	X			
1-9	King	X			
1-10	Blanco	X			
1-11	Campbell	X			
1-12	Creighton	X			
1-13	Johnson	X			
1-14	Kolkhorst	X			
1-15	Menéndez	X			
1-16	Middleton	X			
1-17	Nichols	X			
1-18	Zaffirini	X			

1-19 A BILL TO BE ENTITLED  
1-20 AN ACT

1-21 relating to group property and casualty insurance policies.  
1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
1-23 SECTION 1. Section 2171.001, Insurance Code, is amended to  
1-24 read as follows:  
1-25 Sec. 2171.001. DEFINITIONS [DEFINITION]. In this chapter:  
1-26 (1) "Large [,"large] risk" means an insured described  
1-27 by Section 2301.004.  
1-28 (2) "Member" means an owner or person with an  
1-29 insurable interest in a property covered under a policy issued  
1-30 under Section 2171.002.  
1-31 SECTION 2. Chapter 2171, Insurance Code, is amended by  
1-32 adding Sections 2171.006, 2171.007, 2171.008, and 2171.009 to read  
1-33 as follows:  
1-34 Sec. 2171.006. DISCLOSURES REQUIRED. (a) During an  
1-35 application for an insurance policy issued under Section 2171.002,  
1-36 an insurer must provide to each applicant a written disclosure of  
1-37 whether the policy has a shared aggregate limit and, if applicable,  
1-38 the amount of the limit.  
1-39 (b) Not later than the 30th day after the date an insurer  
1-40 issues, delivers, or renews an insurance policy under Section  
1-41 2171.002, the insurer must deliver the following documents to each  
1-42 member covered by the policy:  
1-43 (1) a copy of the certificate of insurance; and  
1-44 (2) a copy of the policy.  
1-45 Sec. 2171.007. INCIDENTAL CASUALTY AND LIABILITY COVERAGE.  
1-46 An insurance policy issued under Section 2171.002 may contain  
1-47 casualty and liability coverage that is incidental to the property  
1-48 risk covered under the policy.  
1-49 Sec. 2171.008. APPLICABILITY TO SURPLUS LINES. (a)  
1-50 Eligible surplus lines insurers are subject to this chapter, other  
1-51 than Sections 2171.003, 2171.004, and 2171.005.  
1-52 (b) A surplus lines agent is required to make a diligent  
1-53 effort, as described by Section 981.004(a)(1), only with respect to  
1-54 a group policy issued under Section 2171.002 and only on an annual  
1-55 basis, rather than individually for each group member added during  
1-56 the policy period.  
1-57 (c) Notwithstanding Section 981.213, a surplus lines agent  
1-58 is required to report to and file with the Surplus Lines Stamping  
1-59 Office of Texas only the group policy issued under Section  
1-60 2171.002, rather than each certificate or evidence of insurance  
1-61 issued to the group members.

2-1 Sec. 2171.009. RULES. The commissioner may adopt rules to  
 2-2 implement and administer this chapter.

2-3 SECTION 3. Subtitle G, Title 10, Insurance Code, is amended  
 2-4 by adding Chapter 2172 to read as follows:

2-5 CHAPTER 2172. PERSONAL LINES GROUP PROPERTY AND CASUALTY INSURANCE

2-6 Sec. 2172.001. DEFINITION. In this chapter, "permitted  
 2-7 group" means a group of 10 or more certificate holders who have a  
 2-8 preexisting relationship to each other through:

- 2-9 (1) a common trade;
- 2-10 (2) an association;
- 2-11 (3) an affiliation; or
- 2-12 (4) any other relationship that is separate and  
 2-13 distinct from any group insurance arrangement of the group.

2-14 Sec. 2172.002. APPLICABILITY OF CHAPTER. (a) This  
 2-15 chapter, other than Section 2172.005, applies to an eligible  
 2-16 surplus lines insurer.

2-17 (b) This chapter does not apply to an insurance policy  
 2-18 issued under and in accordance with:

- 2-19 (1) Chapter 2153, 2171, or 2201; or
- 2-20 (2) Section 706.002, 2152.003, or 4055.154.

2-21 Sec. 2172.003. GROUP INSURANCE. (a) An insurer may provide  
 2-22 a personal lines property and casualty insurance policy to a  
 2-23 permitted group, on a group basis, provided that:

- 2-24 (1) the issuance of the policy results in economies of  
 2-25 scale in administrative, marketing, or brokerage costs;
- 2-26 (2) the benefits provided under the policy are  
 2-27 reasonable to the premiums charged; and
- 2-28 (3) the policy does not contain a shared aggregate  
 2-29 limit.

2-30 (b) An insurance policy that provides group coverage under  
 2-31 this chapter may not include a provision under which the payment of  
 2-32 a certificate holder's claims is limited by the claims or losses  
 2-33 incurred by another certificate holder.

2-34 (c) An insurer may not renew an insurance policy that  
 2-35 provides group coverage under this chapter to a group that includes  
 2-36 fewer than 10 certificate holders as part of the group at the time  
 2-37 of renewal.

2-38 Sec. 2172.004. APPLICABILITY OF INSURANCE LAWS. (a)  
 2-39 Except as otherwise provided by this chapter, a provision of this  
 2-40 code applies to each certificate issued under a group policy issued  
 2-41 under Section 2172.003 as if the certificate is an insurance policy  
 2-42 and the certificate holder is an insured, if the provision would  
 2-43 apply to the policy if the policy was issued on an individual basis.

2-44 (b) Insurance laws applicable under Subsection (a) include:

- 2-45 (1) Section 525.002;
- 2-46 (2) Section 542.003;
- 2-47 (3) Section 542.059;
- 2-48 (4) Section 551.002;
- 2-49 (5) Section 551.107;
- 2-50 (6) Section 558.002;
- 2-51 (7) Section 2002.001;
- 2-52 (8) Section 2002.102;
- 2-53 (9) Section 2251.005; and
- 2-54 (10) Section 2254.003.

2-55 Sec. 2172.005. RATE AND FORM FILINGS. An insurer shall  
 2-56 comply with all applicable rate and form filing requirements of  
 2-57 this title for an insurance policy issued under Section 2172.003.

2-58 Sec. 2172.006. INCIDENTAL LIABILITY COVERAGE. An insurance  
 2-59 policy issued under Section 2172.003 may contain liability coverage  
 2-60 that is incidental to the property risk covered under the policy.

2-61 Sec. 2172.007. SURPLUS LINES REQUIREMENTS. (a) A surplus  
 2-62 lines agent is required to make a diligent effort, as described by  
 2-63 Section 981.004(a)(1), only with respect to a group policy issued  
 2-64 under Section 2172.003 and only on an annual basis, rather than  
 2-65 individually for each group member added during the policy period.

2-66 (b) Notwithstanding Section 981.213, a surplus lines agent  
 2-67 is required to report to and file with the Surplus Lines Stamping  
 2-68 Office of Texas only the group policy issued under Section  
 2-69 2172.003, rather than each certificate or evidence of insurance

issued to the group members.

Sec. 2172.008. DISCLOSURES REQUIRED. Not later than the 30th day after the date an insurer issues, delivers, or renews an insurance policy under Section 2172.003, the insurer must deliver the following documents to each member covered by the policy:

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

(2) a copy of the policy.

Sec. 2172.009. GROUP ENROLLER EXEMPTION. Notwithstanding the requirements of Chapter 4001, a person who secures and furnishes information for the purpose of enrolling entities or individuals under an insurance policy issued under Section 2172.003, issues certificates or evidences of insurance under the policy, or otherwise assists in administering the policy, including by collecting and remitting premiums, is not required to be licensed as an insurance agent under Chapter 4001, provided that the person does not receive a commission with respect to the sale of the policy or any related enrollments.

Sec. 2172.010. RULES. The commissioner may adopt rules to implement and administer this chapter.

SECTION 4. The changes in law made by this Act apply only to an insurance policy delivered, issued for delivery, or renewed on or after the effective date of this Act.

SECTION 5. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2025.

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