

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;

- 1 (9) involuntary unemployment insurance;
2 (10) financial guaranty insurance;
3 (11) inland marine insurance;
4 (12) rain insurance;
5 (13) hail insurance on farm crops;
6 (14) [~~personal and~~] commercial automobile insurance;
7 (15) multi-peril insurance; and
8 (16) identity theft insurance issued under Chapter
9 706.

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

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

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

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

1 (b) Rules adopted by the commissioner under Section
2 2251.101(b) apply with respect to rate filing under this section.

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

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

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

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

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

20 (A) the financial condition of the insurer;

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

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

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

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

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

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

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

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

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

22 Sec. 2251.134. AMENDMENT, SUSPENSION, OR REVOCATION OF
23 APPROVED RATE. (a) An insurer whose rate is approved under Section
24 2251.133 may:

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

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

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

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

4 (A) contains false or erroneous information; or
5 (B) does not meet the requirements of this
6 subchapter; or

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

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

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

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

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

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

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

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