

By: Middleton, et al.

S.B. No. 1006

A BILL TO BE ENTITLED

AN ACT

relating to declination, cancellation, or nonrenewal of insurance policies.

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

SECTION 1. Section 551.001(a), Insurance Code, is amended to read as follows:

(a) The commissioner may, as necessary, adopt and enforce reasonable rules, including notice requirements, relating to the declination, cancellation, and nonrenewal of any insurance policy regulated by the department under:

(1) Chapter 5;

(2) Chapter 1804, 1805, 2171, or 2301; or

(3) Subtitle C, D, E, or F, Title 10.

SECTION 2. Section 551.002(a), Insurance Code, is amended to read as follows:

(a) The commissioner shall require an insurer that declines, cancels, or refuses to renew an insurance policy to which Section 551.001 applies~~[, on request by an applicant for insurance or a policyholder,]~~ to provide to the applicant or policyholder a written statement of the reasons for the declination, cancellation, or nonrenewal of the ~~[an insurance]~~ policy ~~[to which Section 551.001 applies]~~.

SECTION 3. Subchapter A, Chapter 551, Insurance Code, is amended by adding Section 551.006 to read as follows:

1 Sec. 551.006. QUARTERLY REPORT. (a) An insurer shall
2 provide to the department each quarter a written report summarizing
3 the insurer's written statements of reasons for declination,
4 cancellation, or nonrenewal provided to applicants for insurance or
5 policyholders as required by this chapter. The report must be:

6 (1) in the form and manner prescribed by the
7 commissioner; and

8 (2) organized by the zip code of the applicant or
9 policyholder that received the statement.

10 (b) A report under this section must disclose any decision
11 to decline to issue, cancel, or refuse to renew an insurance policy
12 that was based on:

13 (1) a score that is based on measuring exposure to
14 long-term environmental, social, or governance risks; or

15 (2) diversity, equity, and inclusion factors.

16 (c) The department shall post reports provided under this
17 section on the department's Internet website.

18 SECTION 4. Subchapter B, Chapter 551, Insurance Code, is
19 amended by adding Section 551.0521 to read as follows:

20 Sec. 551.0521. WRITTEN NOTICE OF DECLINATION REQUIRED. An
21 insurer that declines an application for a liability insurance or
22 commercial property insurance policy shall deliver or mail written
23 notice of the declination to the applicant.

24 SECTION 5. Section 551.055, Insurance Code, is amended to
25 read as follows:

26 Sec. 551.055. REASON FOR DECLINATION, CANCELLATION, OR
27 NONRENEWAL REQUIRED. In a notice to an applicant or insured

1 relating to declination, cancellation, or refusal to renew, an
2 insurer must state the reason for the declination, cancellation, or
3 nonrenewal. The statement must comply with:

4 (1) Sections 551.002(b) and (c); and

5 (2) rules adopted under Section 551.002(d).

6 SECTION 6. Section 551.109, Insurance Code, is amended to
7 read as follows:

8 Sec. 551.109. INSURER STATEMENT. An insurer shall~~[, at the~~
9 ~~request of an applicant for insurance or an insured,~~ provide a
10 written statement of the reason for a declination, cancellation, or
11 nonrenewal of an insurance policy. The statement must comply with:

12 (1) Sections 551.002(b) and (c); and

13 (2) rules adopted under Section 551.002(d).

14 SECTION 7. The change in law made by this Act applies only
15 to an application for insurance that is made or an insurance policy
16 that is delivered, issued for delivery, or renewed on or after the
17 effective date of this Act. An application made or policy
18 delivered, issued for delivery, or renewed before the effective
19 date of this Act is governed by the law as it existed immediately
20 before the effective date of this Act, and that law is continued in
21 effect for that purpose.

22 SECTION 8. This Act takes effect September 1, 2025.