

By: Schwertner  
(Smithee)

S.B. No. 1644

A BILL TO BE ENTITLED

AN ACT

relating to the use of a consumer's credit score in the underwriting or rating of certain personal lines property and casualty insurance policies.

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

SECTION 1. Section 559.054(a), Insurance Code, is amended to read as follows:

(a) If, based in whole or in part on information contained in a credit report, an insurer takes an action resulting in an adverse effect with respect to an applicant for insurance coverage or insured, the insurer shall provide to the applicant or insured within 30 days:

(1) written or electronic notice of the action resulting in an adverse effect and the reasons for that action;

(2) the name, address, and telephone number of the consumer reporting agency, including a toll-free number established by the agency and the agency's Internet website, if applicable;

(3) written or electronic notice that the consumer reporting agency did not make the decision to take the action resulting in an adverse effect and will be unable to provide the applicant or insured the specific reasons why the action was taken;  
[and]

(4) written or electronic notice of the applicant's or

insured's right to:

(A) obtain a free copy of the consumer's credit report from the consumer reporting agency during the 60-day period after the date of the notice; and

(B) dispute with the consumer reporting agency the accuracy or completeness of any information in the consumer's credit report furnished by the agency; and

(5) if applicable, written or electronic notice of the insured's right to request the insurer re-underwrite and re-rate the insured's insurance policy under Section 559.058(b)(1).

SECTION 2. Subchapter B, Chapter 559, Insurance Code, is amended by adding Section 559.058 to read as follows:

Sec. 559.058. POLICY RE-RATING BASED ON UPDATED CREDIT SCORE. (a) An insurer that uses credit scoring in the underwriting or rating of insurance subject to this chapter shall:

(1) use a consumer's credit report issued not more than 90 days before the date the policy is first issued or renewed if the insurer uses the report information to take an action that results in an adverse effect with respect to the insured;

(2) review and update the credit report of an insured not less than every 36 months; and

(3) reassess the insured's policy rating and adjust premiums based on the updated credit score.

(b) On renewal of an insurance policy, the insurer:

(1) shall, on request of an insured or the insured's agent, re-underwrite and re-rate the policy based upon a current credit report or insurance score, not exceeding once each 12-month

1 period; and

2 (2) may obtain an insured's credit score in accordance  
3 with the insurer's underwriting guidelines, regardless of whether  
4 the renewal occurs before the expiration of the 36-month period  
5 described by Subsection (a)(2).

6 (c) An insurer is not required to update an insured's credit  
7 score and policy rating under this section if:

8 (1) the insured is in the most favorably priced tier of  
9 the insurer within a group of affiliated insurers;

10 (2) credit scoring is not used in the underwriting or  
11 rating of the insurance policy; or

12 (3) the insured's insurance product or type of  
13 coverage does not rely on credit scoring as a factor.

14 SECTION 3. Subchapter B, Chapter 559, Insurance Code, as  
15 amended by this Act, applies only to an insurance policy that is  
16 delivered, issued for delivery, or renewed on or after January 1,  
17 2026. An insurance policy delivered, issued for delivery, or  
18 renewed before January 1, 2026, is governed by the law as it existed  
19 immediately before the effective date of this Act, and that law is  
20 continued in effect for that purpose.

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