

## **BILL ANALYSIS**

C.S.H.B. 3228  
By: Muñoz, Jr.  
Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

There are concerns that consumers have no way to effectively participate in the title insurance rate-setting process and that only title insurance companies, agents, associations, and government regulators have input in the rate-setting hearings. C.S.H.B. 3228 seeks to address these concerns by authorizing an interested person to request a public hearing to consider changing a title insurance premium rate and by providing for related requirements, including the admission of an interested person as a party to periodic hearings considering a change or adoption of such rates.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3228 amends the Insurance Code to authorize an interested person to request in writing to the commissioner of insurance a public hearing to consider changing a premium rate, including fixing a new premium rate. The bill defines "interested person" as

- a state resident;
- a business entity doing business in Texas;
- a political subdivision located in Texas; or
- a public or private organization, other than a state agency, that is located in Texas.

The bill requires the commissioner, not later than the 60th day after the date the request is submitted, to deny the request in writing, stating the reasons for the denial, or to initiate the requested hearing.

C.S.H.B. 3228 revises provisions relating to the request to have a public hearing on a premium rate previously fixed by the commissioner or a public hearing held under the commissioner's authority to hold hearings as necessary be conducted as a contested case hearing under certain Administrative Procedure Act provisions to include a request in the form of a petition by interested parties and to require the petition to state the grounds for the petitioner's request. The bill requires the commissioner, not later than the 30th day after the date the commissioner receives such a petition, to hold a public hearing to determine whether the petition is made in good faith and whether the grounds stated in the petition otherwise justify conducting the proceeding as a contested case hearing. The bill requires the commissioner, not later than the

60th day after the date the petition is submitted, to deny the petition in writing, stating the reasons for the denial, or grant the petition to initiate a hearing as a contested hearing. The bill changes from not later than the 30th day after the date the commissioner receives a petition for a public hearing to not later than the 30th day after the commissioner rules on a petition to hold the hearing as a contested case hearing the deadline by which the commissioner is required to issue a notice of call for items to be considered at the hearing.

C.S.H.B. 3228 expands the persons, associations, and entities required to be admitted as parties to a contested case hearing for a change in premium rate, the periodic hearing to consider adoption of premium rates and other matters relating to regulating the business of title insurance, and any hearing held under commissioner authority as necessary to include interested parties and Department of Insurance staff. The bill changes the grounds on which a party to any portion of the periodic hearing relating to ratemaking may request that the commissioner remove any other party from the other party not having a substantial interest in title insurance to the party not having a substantial interest in the subject matter of the hearing.

#### **EFFECTIVE DATE**

September 1, 2019.

#### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3228 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include a provision requiring a title insurance premium rate fixed by the commissioner to be not excessive or unfairly discriminatory as to the public.

The substitute revises and expands provisions relating to procedures by which and parties who may petition the commissioner to order a public hearing to consider changing a title insurance premium.

The substitute specifies that a petition for certain public hearings to be conducted as contested case hearings must state the grounds for the petitioner's request and includes provisions setting out procedures for responding to such a petition.

The substitute revises a provision relating to the hearings to which certain persons may be admitted as parties to a contested case hearing.

The substitute includes a definition of "interested person" for purposes of the bill's provisions.