

## **BILL ANALYSIS**

C.S.H.B. 2111  
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Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under current state law, certain personal automobile and residential property insurance providers with low market shares are exempt from rate filing and approval requirements that would otherwise require them to provide actuarial support for their rates. The Texas Department of Insurance has identified this as an area of concern as these exemptions can make it easier for these insurers, which usually have most of their business in underserved markets, to charge excessive or discriminatory rates. C.S.H.B. 2111 seeks to address this issue by repealing the exemption for the low market share auto insurers and subjecting otherwise exempt residential property insurers to rate filing and approval if they increase their rates above eight percent on average for three consecutive years.

### **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. 2111 amends the Insurance Code to require an insurer exempted from rate filing and approval requirements due to its low market share that increases the premium rates charged policyholders for a residential property insurance product by an annual average amount of eight percent or greater for three consecutive calendar years to file its proposed rates in the calendar year following the three consecutive years and, if applicable, obtain approval of the proposed rates. In calculating the three consecutive calendar years' average premium increases, an insurer is not required to consider a year in which there is a weather-related catastrophe or other major natural disaster that requires the commissioner of insurance to extend the claim-handling deadlines.

C.S.H.B. 2111 repeals provisions limiting the low market share personal automobile insurers to which rate filing requirements apply. The bill's changes in law apply only to a rate for an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2022.

C.S.H.B. 2111 repeals Section 2251.1025, Insurance Code.

### **EFFECTIVE DATE**

September 1, 2021.

## **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 2111 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 repeal Subchapter F, Chapter 2251, Insurance Code, which provides exemptions from rate filing and approval requirements for certain insurers with a low market share.

The substitute instead subjects an applicable insurer to rate filing and approval requirements if the insurer has increased rates for residential property insurance by an annual average amount of eight percent or greater for three consecutive calendar years while providing for the exclusion of a calendar year in which a weather-related catastrophe or other natural disaster occurs.