

SUBJECT: Allowing Texans to request and attend title insurance rate-setting hearings

COMMITTEE: Insurance — committee substitute recommended

VOTE: 8 ayes — Lucio, Oliverson, G. Bonnen, Julie Johnson, Lambert, Paul, C. Turner, Vo

0 nays

1 absent — S. Davis

WITNESSES: For — Rod Bordelon, Texans for Free Enterprise; Aaron Day, Texas Land Title Association; (*Registered, but did not testify*: Randy Lee, Stewart Title Guaranty Company, First American Title Insurance Company; Justin Keener, Texans for Free Enterprise, Americans for Prosperity, Doug Deason, Libre Initiative, Concerned Veterans for America; Sandy Hoy, Texas Apartment Association; Frank Fuentes, U.S. Hispanic Contractors Association)

Against — (*Registered, but did not testify*: Nora Del Bosque, Titledata Inc.)

On — (*Registered, but did not testify*: Marianne Baker, Texas Department of Insurance)

BACKGROUND: Insurance Code sec. 2703.202(a) prohibits changes to a title insurance premium rate previously fixed by the commissioner of insurance before the commissioner holds a public hearing. Sec. 2703.202(b) requires the commissioner to order a public hearing to consider changing a premium rate, including fixing a new premium rate, in response to a written request of a title insurance company, an association of title insurance agents, or the Office of Public Insurance Counsel.

Concerns have been raised that consumers have no way to effectively participate in the title insurance rate-setting process.

**DIGEST:** CSHB 3228 would expand the list of entities allowed to submit to the commissioner of insurance a written request for a public hearing to consider changing a title insurance premium rate. The list would include any resident, business, political subdivision, and public or private organization other than a state agency in Texas.

The commissioner would be required to respond to a request for a public hearing by an entity listed above within 60 days by either initiating a hearing, or denying the request in writing and stating the reasons for denial.

The bill also would add the above entities to those allowed to petition the commissioner that a public hearing to consider a rate change be conducted by the commissioner as a contested case hearing. The petition would have to state the grounds for such a request. The commissioner would have to hold a public hearing within 30 days after the petition was received to determine whether the petition was made in good faith and the petition's stated grounds justified conducting the proceeding as a contested case hearing.

The commissioner would be required to respond to a petition for a contested case hearing within 60 days after the date a petition was submitted by either granting the petition, or denying the petition in writing and stating the reasons for denial.

If the commissioner ruled for a contested case hearing, the commissioner would need to issue a notice of call for items to be considered at the contested hearing within 30 days.

CSHB 3228 would require that a resident, business, political subdivision, and public or private organization other than a state agency as well as Department of Insurance staff be admitted to hearings for a change in premium rate, the periodic hearing to consider the adoption of premium rates, and any hearing held under commissioner authority as necessary. It also would allow a party to any portion of a periodic hearing related to ratemaking to request that the commissioner remove any other party on

the grounds that the party did not have a substantial interest in the subject matter of the hearing.

The bill would take effect September 1, 2019.