

SUBJECT: Expanding conditions under which insurers can do business electronically

COMMITTEE: Insurance — committee substitute recommended

VOTE: 7 ayes — Oliverson, Vo, J. González, Hull, Israel, Middleton, Sanford

1 nay — Romero

1 absent — Paul

WITNESSES: For — John Marlow, Chubb; Jon Schnautz, National Association of Mutual Insurance Companies; (*Registered, but did not testify*: Jay Thompson, AFACT; Joe Woods, American Property and Casualty Insurance Association; Jamaal Smith, City of Houston, Office of the Mayor Sylvester Turner; Lee Loftis, Independent Insurance Agents of Texas; Jennifer Cawley, Texas Association of Life and Health Insurers; Beaman Floyd, Texas Coalition for Affordable Insurance Solutions)

Against — None

On — (*Registered, but did not testify*: Kimberly Donovan, Office of Public Insurance Counsel; Luke Bellsnyder, Texas Department of Insurance)

BACKGROUND: Insurance Code sec. 35.003 allows an entity regulated by the Texas Department of Insurance (TDI) to conduct business electronically to the same extent that the entity is authorized to conduct business otherwise if each party to the business consents to conduct the business electronically.

It has been suggested that the current requirement that entities regulated by the TDI must provide specific long-form documents to obtain affirmative consent from consumers in order to conduct business electronically is overly burdensome for both insurers and consumers.

DIGEST: CSHB 4210 would allow an entity regulated by the Texas Department of Insurance to conduct business electronically without receiving affirmative

consent from other parties to the business if each other party had been given notice by the entity that the business would be conducted electronically and had not requested that the business be conducted in a nonelectronic form.

In cases in which the entity did not seek affirmative consent to the electronic conducting of business, the entity could deliver a written communication electronically to another party if that party had not requested that communication be delivered in paper or another non-electronic form.

Before receiving written communication electronically, the party would have to be provided a clear and conspicuous statement including notice of:

- the party's right to request written communication in nonelectronic form and any conditions or consequences imposed by such a request;
- whether the party's request or lack thereof applied only to a specific transaction or to identified categories of written communication;
- the procedure for making such a request; and
- other applicable notice requirements under current statute.

The bill would take effect September 1, 2021, and would apply only to business conducted on or after that date.