

SUBJECT: Extending the date for renewal or nonrenewal of certain insurance policies

COMMITTEE: Insurance — favorable, without amendment

VOTE: 9 ayes — Oliverson, A. Johnson, Cain, Cortez, Caroline Harris, Hull, Julie Johnson, Paul, Perez

0 nays

WITNESSES: For — Ware Wendell, Texas Watch (*Registered, but did not testify*: Tim Morstad, AARP; Drew Campbell, Associa; Regan Ellmer, Independent Insurance Agents of Texas; Sandy Hoy, Texas Apartment Association)

Against — Jay Thompson, Afact; Scot Kibbe, American Property Casualty Insurance Association; Jon Schnautz, National Association of Mutual Insurance Companies; Beaman Floyd, Texas Coalition for Affordable Insurance Solutions (*Registered, but did not testify*: Susan Ross, State Farm Insurance)

On — (*Registered, but did not testify*: David Bolduc, Office of Public Insurance Counsel; Marianne Baker, Texas Department of Insurance)

DIGEST: HB 1900 would extend the notification period for when an insurer must mail written notice related to a renewal or nonrenewal of certain insurance policy changes from 30 days prior to the date the policy expires to 60 days prior to the date the policy expires. Insurance policies impacted would include:

- personal automobile insurance;
- homeowner, farm-owner and ranch-owner insurance;
- single-family dwelling or duplex fire insurance;
- fire insurance for property or contents in a single-family dwelling, duplex or apartment; and
- property and casualty insurance for government entities.

The bill would take effect September 1, 2023 and would apply only to policies delivered, issued for delivery, or renewed on or after January 1, 2024.

**SUPPORTERS
SAY:**

HB 1900 would provide the support Texans need to find the insurance coverage that best meets their needs. Homeowner and auto insurers are currently required to provide only 30 days notices to a consumer when they will be nonrenewing a policy. With the variety of choices a consumer has, this is often not enough time to thoroughly review options and make fully informed decisions. HB 1900 would extend the notification period an additional 30 days, giving consumers more time to research and find replacement coverage that works for them.

Texas already has a 60-day notice requirement for commercial insurance, but, unlike commercial entities, individual consumers do not always have access to insurance agents or other resources to help them explore options. HB 1900 would align individual insurance with the commercial market and support consumers that must independently research policy options.

Homeowner and auto insurance policies are key coverages for consumers, and the loss of either could be catastrophic. Many insurers help make these coverages more affordable by bundling and selling the policies together. It is essential that the renewal dates for both types of policies are consistent and that the availability of bundled coverage is preserved.

Insurers already have established computer programming and rate filing processes for commercial policies with required 60-day renewal notifications. Although it may be temporarily inconvenient, any potential cost would be far outweighed by the benefits to consumers.

**CRITICS
SAY:**

HB 1900 is unnecessary as there are numerous online tools consumers can use to compare policies, especially for auto coverage. Consumers are savvy and able to locate the information they need to select new coverage.

Requiring renewal notifications 60 days prior to a policy renewal date could require an insurer to make a termination decision prematurely. For

instance, a policyholder would not have the benefit of an additional 30 days to make home repairs necessary to retain a policy which might otherwise be terminated. This could increase the number of policies that ended in termination rather than renewal.

A 60-day notification period for auto insurance could subject an insurer to undue risk in situations where the policyholder had multiple incidents close to the renewal date that should be considered prior to the insurer issuing a rate associated with the renewal. Accidents, theft, and other situations that occurred within the 60 day time-limit could not be considered, which could leave the insurer without information necessary to make a coverage decision.

The time and cost needed to make the necessary accommodations to computer systems under the bill could be burdensome for insurers. Insurers would need enough lead time to make the changes and ensure that any problems could be resolved prior to the issuance of new policies. Processes supporting rate filing also would need to be changed. This could be a significant undertaking for an insurer and could lead to discontinuance of coverage in parts of the state wherein claims due to natural disasters are especially high.