The following are recaps of hearings of interest for ICT for the week ending March 7, 2025

Senate Business & Commerce Committee Recap- March 4, 2025

The Senate Business & Commerce Committee met on March 4th to consider bills.

Bills of Interest to ICT Heard:

SB 455 (Middleton)- Relating to arbitration provisions in surplus lines insurance contracts. SB 455 requires that a surplus lines insurance contract that contains an arbitration agreement specify that arbitration must be conducted in Texas, governed by Texas law, and that the contracts themselves must be interpreted under Texas law. The bill is a refile of SB 796 from the last session, which as passed and ultimately vetoed, limited the contracts to those related to a risk located entirely in this state.

ICT registered against the bill.

Public Testimony:

- **Support:** Jeff Rasner, lawyer representing school districts; Ches Bostick, Texas Association of Public Insurance Adjusters
- **Opposed:** Jay Thompson, Wholesale and Specialty Insurance Association; Shannon Meroney, Velocity Risk Underwriters

THE BILL WAS LEFT PENDING.

SB 1006 (Middleton)- Relating to declination, cancellation, or nonrenewal of insurance policies. SB 1006 implements TDI's biennial recommendation to the legislature. It requires insurers to provide an applicant or policyholder with a written statement for the reason for declination, cancellation, or nonrenewal of an insurance policy.

ICT testified on the bill, expressing commitment to refining SB 1006 in a way that improves consumer understanding while ensuring that any new requirements remain clear and practical. Speaking on behalf of ICT, Jon Schnautz emphasized that ICT does not seek to change the existing mandate for notices of policy cancellations and nonrenewals. However, ICT believes there is room for further refinement regarding declinations. Current law already allows policyholders to request explanations for nonrenewals and cancellations, as well as for applicants to request explanations for policy denials. ICT supports maintaining this “upon request” process for denials.

During the discussion of the bill, the Chairman Schwertner and Senator Middleton alluded to a committee substitute that would include a reporting requirement for insurers to gather aggregate data on nonrenewals, cancellations, and declinations. Chairman Schwertner also expressed concerns on the use of AI in underwriting and modeling and the need for more transparency.

Public Testimony:

- **Support:** AARP, Texas Appleseed
- **On:** ICT, NAMIC, APCIA, IIAT

THE BILL WAS LEFT PENDING.

Bills of Interest Voted Out:

SB 765 (Kolkhorst)- Relating to the confidentiality of fraud detection and deterrence information under the public information law. VOTED OUT AS SUBSTITUTED. ICT worked with Senator Kolkhorst's office on the committee substitute voted out to clarify that the bill does not affect information sharing that is authorized by other law.

House Insurance Committee Recap- March 5, 2025

The House Insurance Committee met on March 5th for an organizational hearing and heard invited testimony from TDI, OPIC, and TWIA.

At the onset of the hearing Chairman Dean noted that they would work to find policy solutions to the top issues before the committee this session, listing those top 5 as:

1. Reducing the cost of insurance for our state and its residents.
2. Identify state and federal regulations and mandates that are driving and have driven up the cost of insurance.
3. Identify ways to reduce waste and fraud.
4. Identify ways to deliver insurance more effectively and efficiently without the many layers of bureaucracy that providers and patients experience.
5. Protecting consumers in areas such as increased transparency for patients and consumers

Insurance Commissioner Cassie Brown testified on TDI's regulatory scope and the insurance market, noting that while rates have moderated, they remain high. She emphasized that Texas does not have an availability gap but explained that efforts to lower rates could impact insurers' willingness to write new or existing business in the state.

Key Issues Discussed by Committee Members

- ***Rates and request to get rate increase information by district/zip code***- TDI provided committee members with data on year-over-year homeowners insurance rate changes. Committee members discussed how those numbers were lower than what they were hearing or seeing locally. TDI reported statewide averages of 21% for home and 18% for auto. TDI committed to working on providing district-level data for more clarity.

- **Roofing Abuses:** Chairman Dean expressed concern over roofing fraud and indicated that something needed to be done to address it.
- **Reinsurance:** Representative Spiller focused on the cost of reinsurance, questioning TDI's oversight and regulation of reinsurers and how much reinsurance companies purchase. TDI clarified that it has no control over reinsurance but does inquire about it in rate filings. Representative Morgan raised concerns about reinsurers' combined ratios and noted that some P&C carriers are wholly owned subsidiaries of reinsurance companies, suggesting TDI should ask more questions. At times the discussion seemed to conflate reinsurance in the private market with reinsurance in TWIA.
- **TWIA:** Jessica Crass, TWIA's head of legal provided the Committee with an overview of TWIA, including explaining its precarious financial situation. There was discussion on TWIA's rates and reliance on reinsurance. Representative Spiller suggested restructuring reinsurance costs to reduce reliance. Representative Paul asked about TWIA board vacancies. The Committee also discussed rate disparities between TWIA and non-TWIA areas, requesting more information.

House Trade, Workforce, and Economic Development Committee Recap- March 5, 2025

The Trade, Workforce, and Economic Development Committee met on March 5th for an organizational hearing and heard invited testimony from DWC Commissioner Jeff Nelson.

Commissioner Jeff Nelson testified that workers' compensation rates have significantly improved, decreasing 81% since 2005 and 33% in the last five years, even as other P&C insurance rates have risen. He highlighted that the cost per $100 of payroll is now just 47 cents, compared to $2.32 in the past. While WC isn't a major focus currently, he noted it once warranted two special sessions. Representative Keresa Richard, a freshman from McKinney, praised the system's progress, calling WC the "one shining light in the Texas insurance industry."