

March 11, 2025

To: Texas Senate Committee on Business & Commerce
Re: SB 213 by Senator West

Chairman Schwertner and Committee members,

The Insurance Council of Texas (ICT) appreciates the opportunity to share information regarding Senate Bill 213 by Senator West. ICT is a trade association of insurers writing property/casualty insurance policies in Texas. ICT staff has engaged in several discussions with Sen. West's office regarding the bill and appreciate his willingness to consider our input.

SB 213 as filed would prohibit "required bundling" of personal lines insurance policies. From discussions with Sen. West's office, the concern that prompted the bill apparently involved an insurer requiring the purchase of a personal auto policy as a condition of the renewal of a homeowners insurance policy. This practice is sometimes referred to as "tying"—requiring the purchase of one type of insurance in order to purchase another. The bill as filed is much broader than that situation and would likely apply to umbrella or excess personal lines coverages that are typically only sold as additions to other base coverages. We hope this can be clarified, and to avoid unintended consequences, that the bill be limited to tying of personal automobile and homeowners' policies, rather than other more specialized forms of coverage.

As a general principle, ICT believes that any prohibitions on "tying" should be driven by a consumer's lack of options in the market or when noncompetitive market conditions exist. Generally, if consumers can purchase coverage elsewhere, or the market offers choices for coverage, then a blanket prohibition on tying may not be necessary. Other states that have considered this issue (for example, Maine) have taken this approach. Regardless, ICT would also support a prohibition on tying in cases where a consumer does not have any need for the tied form of coverage—for example, a prohibition on a consumer who does not own a car being required to purchase auto insurance to buy homeowners' insurance, or vice versa.

If the bill retains a general prohibition on tying, ICT has requested the prohibition be limited to tying as a condition of renewal. This would avoid situations in which consumers, who do not have both home and auto coverage with the same insurer,

would be required to purchase other coverage in order to retain their current coverage with their current insurer.

ICT also encourages other, more technical changes to the bill. In addition to the protection of umbrella and excess coverages (described above), we encourage avoiding the use of the term “bundling” in the bill. The issue the bill addresses is referred to elsewhere in the Insurance Code (see Chapter 556) as “tying” rather than “bundling.” “Bundling” typically refers to discounts provided for purchasing multiple lines of coverage.

Finally, the bill as filed would amend Chapter 541 of the Insurance Code. This chapter generally incorporates private causes of action and class actions for alleged violations of its provisions. The current prohibitions on tying in the Insurance Code are included in a separate chapter, Chapter 556, and any new prohibitions on tying could simply be prohibited without adding them to Chapter 541.

We appreciate Senator West’s and the committee’s consideration of these requests.

Sincerely,

Albert Betts
Executive Director
Insurance Council of Texas

Cc: Senator Royce West