



**2016 TDI
COMPLIANCE
CONFERENCE**

MAY 20, 2016  **AUSTIN, TEXAS**

Property and Casualty Insurance Legislative Roundup
Legislation, Rules, and Current Issues

Texas Department of Insurance

2016 Compliance Conference

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Recent Legislation

- ★ HB 1733: auto liability insurance for TNCs and drivers
- ★ SB 188: consumer inquiries for residential property policies
- ★ SB 189: consumer inquiries and claims for personal auto policies
- ★ SB 956: timely delivery of insurance policies
- ★ SB 900: TWIA



Transportation Network Companies (HB 1733)

- ★ **TNC** – A digital network to connect a TNC rider to a TNC driver for a prearranged ride
- ★ **Prearranged ride** – Begins when a driver accepts a ride and ends when the last rider departs from the driver's personal vehicle
- ★ Driver or TNC must maintain primary auto coverage that covers the driver when
 - Logged on; or
 - Engaged in a prearranged ride
- ★ If driver doesn't have coverage, TNC must provide first dollar coverage

UBER



Insurance Code
Chapter 1954



Transportation Network Companies (HB 1733)

★ Phase 1: Driver logged on, but no rider

- \$50/\$100/\$25
- UM/UIM & PIP

★ Phase 2: Driver accepts and goes to pick up rider

★ Phase 3: Rider in TNC vehicle

**Prearranged
Ride**

- \$1 million aggregate liability for death, BI, & PD
- UM/UIM & PIP

Also included in HB 1733:

- TNC driver must carry proof of TNC insurance
- Personal auto policy may exclude TNC driver for any coverage
- Vehicle with lien – pay repair shop, or owner and lienholder jointly



Consumer Inquiries

SB 188 – Expands statute for residential property to Lloyd's plans, reciprocals, farm mutuals, and county mutuals

Insurers may not:

- use an underwriting guideline,
 - increase a rate, or
 - charge a different rate
- based solely on a consumer inquiry.



Consumer Inquiries

SB 189 – **New** for Personal Auto

Insurers may not:

- use an underwriting guideline,
- non-renew,
- cancel,
- decline to issue a policy,
- increase a rate,
- charge a different rate,
- assign a rate consequence, or
- cause premiums to increase based solely on consumer inquiries.



Claims Not Paid or Payable

SB 189 – **New** for Personal Auto

For claims filed by an insured that are not paid or payable under the policy

Insurers may not:

- assign a rate consequence, or
- cause premiums to increase based solely on those claims.



Timely Delivery of Insurance Policies

★ SB 956

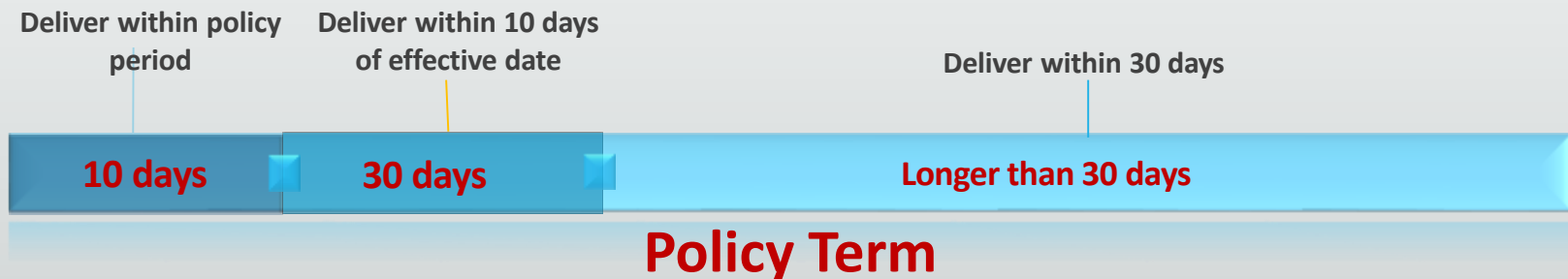
Insurance Code Ch. 525



★ Applies to:

- Personal auto and residential property insurance
- TWIA, FAIR Plan, TAIPA

★ Deliver policy to policyholder or agent not later than:



Texas Windstorm Insurance Association (TWIA)

★ SB 900

Insurance Code Ch. 2210

- New board
- New funding structure
- Depopulation programs (28 TAC §§5.4301-5.4309)
 - Voluntary market takeout
 - Policyholder opts in
 - Assumption reinsurance
 - Generally comparable coverage and premiums
 - Policyholder can opt out
- Biennial study of market incentives

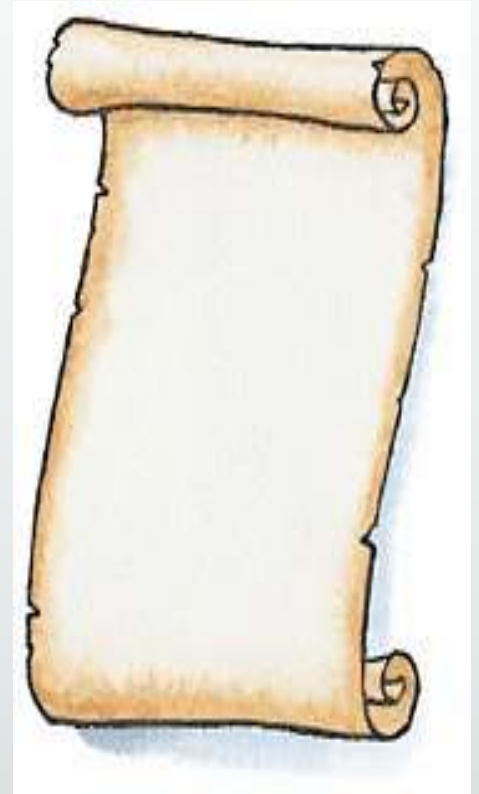
★ HB 3 (2011) – Expert Panel



Additional Legislation

★ Bulletin B-0020-15

Brief summaries of P&C bills enacted during the 84th Legislature in 2015



Recently Adopted Rules



★ Residential Property Declarations Pages

- **SB 112** (83rd Leg. 2013): List all deductibles on declarations pages
- **§ 5.9323**
 - Insurers must *file* residential property declarations pages
 - Must be completed with *sample* policyholder info
- **§ 5.9700**
 - Declarations pages must
 - List and identify each type of deductible
 - State the exact dollar amount of each deductible
 - Explain, if dollar amount can change
 - May use separate disclosure pages
- Statute effective January 1, 2014 (Ins. Code § 2301.056)
- Rules effective September 1, 2016



★ Filing Requirements for Purchasing Groups

- § 5.9322 & § 5.9337
- Insurers for purchasing groups must comply with filing requirements for forms, manual rules, and rates
- Part of Filings Made Easy rule
- Effective November 16, 2014

★ **The End** of Premium Reduction Certificates

- Repeal of § 5.3401: TDI no longer issues PRCs
(Insurers can still provide discounts)
- Effective April 3, 2016



Recently Adopted Rules

★ **§ 5.208: Named Driver Policies** (SB 1567, 83rd Leg. 2013)

- Defines named driver policy
- Prohibits accepting premium without disclosures
- Disclosure requirements
 - Written & signed
 - Oral with signed contemporaneous confirmation

WARNING: A NAMED DRIVER POLICY DOES NOT PROVIDE COVERAGE FOR INDIVIDUALS RESIDING IN THE INSURED'S HOUSEHOLD THAT ARE NOT NAMED ON THE POLICY.



★ Chapter 1

- Update of TDI contact info phone numbers, website, etc. (§§ 1.208 – 1.210)
- Important Notice update (§ 1.601, § 1.602)



Rules in Progress



★ Refund of unearned premium (SB 698, 83rd Leg. 2013)

- Applies to personal auto and residential property
- 15 business days to refund unearned premium
- Defines effective date of cancellation or termination as the later of the:
 - Date the insurer *receives notice* of the cancellation or termination, or
 - Date of the cancellation or termination

- Informal draft posted May 2, 2016
- Comments due June 3, 2016



★ **Newly Acquired Autos** (HB 949, 83rd Leg. 2013)

- Replacement vehicles – the same coverage as the replaced vehicle
- Additional vehicles - the broadest coverage of any vehicle on declarations page
- Coverage for at least 20 days



★ **Loss Control Rules** (§§ 5.311, 5.1701-1703, 5.1731)

- Update obsolete references
- Consolidate and clarify requirements for loss control and field safety representatives
- Applies to insurers writing
 - Commercial auto
 - General liability
 - Professional liability, including medical professional liability for
 - Hospitals
 - Insureds other than hospitals



★ Disaster Declaration Rules (§ 5.9303)

Gives P&C insurers 15 additional days to settle claims if the commissioner declares a disaster.

- Update dollar amount (\$5 million → ?)
- Update amount of claims (3,000 → ?)



Workers Compensation

Completed NCCI Filings

- ★ TRIA Revisions – effective Jan. 1, 2015
- ★ PEO Rule, Rate, & Form Revisions – effective July 1, 2015
- ★ Basic Manual Clean-up – effective July 1, 2016
- ★ Loss Costs – effective July 1, 2016
- ★ Repeal of Retrospective Rating Plan Manual – effective Jan. 1, 2017



Workers Compensation

Pending NCCI Filings

- ★ Audit Non Compliance Rule & Form
- ★ Anniversary Rating Date Elimination
- ★ Terrorism Rule Updates
- ★ Eliminating Some Class Codes
- ★ Experience Rating Eligibility Rule Change
- ★ Eliminate A-rating Process for Certain Class Codes



Current Issues



THANK
YOU

