

**TDI**  
**InsurED**

**2022**

**Virtual**  
**Compliance**  
**Conference**

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Property and casualty filings and update

June 9, 2022

# TDI | Agenda

- What we do
- Filing basics
- Common filing issues
- Filing tips and reminders
- New laws and rules
- Rules in progress / Coming soon
- Resources

What we do

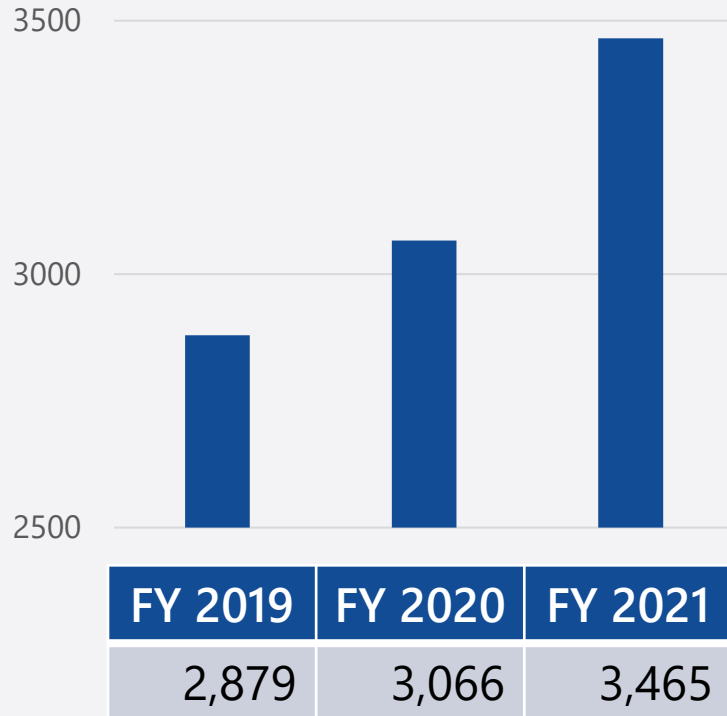
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# TDI | What we do

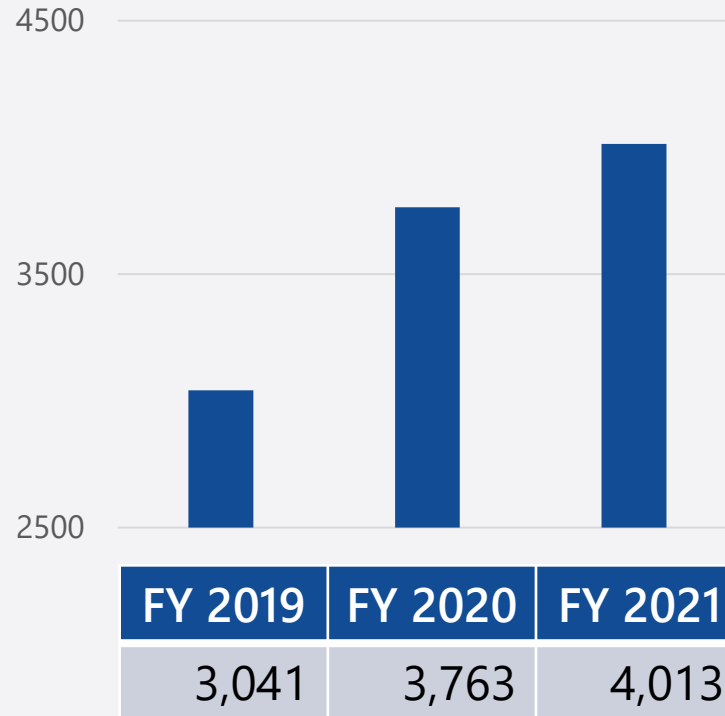
- Regulate property and casualty insurance products sold in Texas.
- Review filings of forms, rates, credit scoring models, and underwriting guidelines.
- Collect and review data.
- Publish reports.
- Monitor residual market insurers:
  - Texas Windstorm Insurance Association (TWIA)
  - Texas FAIR Plan Association (FAIR Plan)
  - Texas Auto Insurance Plan Association (TAIPA)
  - Texas Medical Liability Insurance Underwriting Association (JUA)

# TDI | Number of filings reviewed

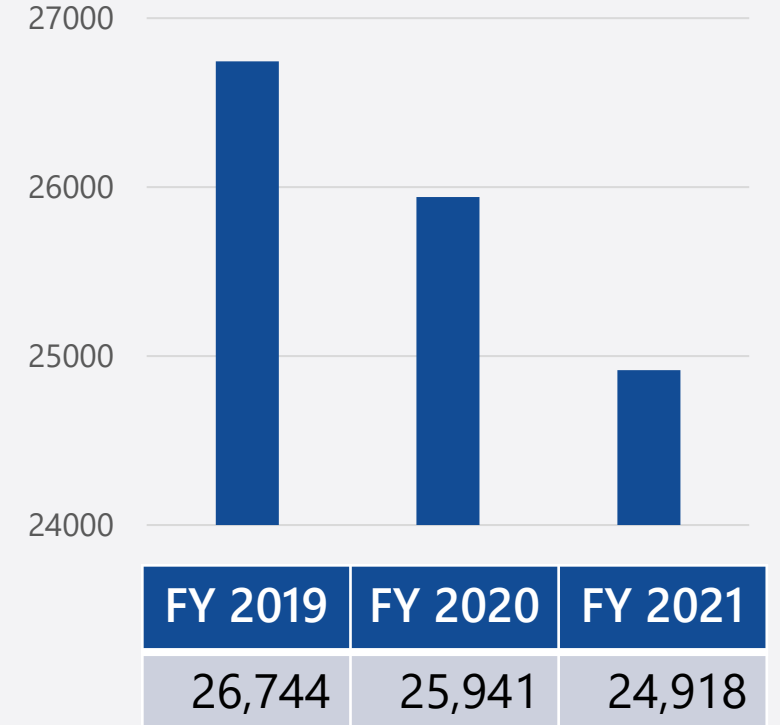
## Rate / rule filings



## Policy form filings



## Individual forms in policy form filings



# Filing basics

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# TDI | Types of regulation

## Prior approval

- Policy forms
- Endorsements
- Certificates of insurance

## File and use

- Rates / rules
- Credit scoring models

## Use and file

- Underwriting guidelines

There are exceptions. See [Filings Made Easy guide](#) for more information.

## Texas Administrative Code / 28 TAC Subchapter M

Division	Topic
4	General filing requirements
5	Forms and endorsement filings
6	Rate / rule filings
7	Underwriting guideline filings
8	Credit scoring model filings
9	Reduced rate / rule requirements for certain insurers
10	Additional rate / rule requirements for certain insurers
11	Certificate of insurance filings



# Common filing issues

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- File early!
- Stay in touch with the TDI reviewer.
- Tell us about critical deadlines.
- Use [plain language](#).
- Notice of material change. [Bulletin B-0022-20](#)

# TDI | Endorsements

- For endorsement only reference filings, remember:

State Specific tab #9: [Policy form] What policy form do these endorsements and forms go with? List the TDI file number where the policy form was approved or referenced.

- Use the “policy form” filing type, not the “endorsement” filing type to submit policy form filings.

**TOI:** 23.0 Fidelity

**SERFF Status:** Pending State Action

**Sub-TOI:** 23.0000 Fidelity

**State Tr Num:** S700207

**Filing Type:** Policy Form

**State Status:** ASRS-Assigned to Review Specialist

# TDI | Rates - Auto

- **Lack of prior insurance** – personal auto; not applicable to county mutuals. [28 Texas Admin. Code §5.401\(b\)](#)
- **Moving violations** – commercial and personal auto; not applicable to county mutuals. [Insurance Code §1953.051\(a\)](#)
- **Consumer inquiries and claims not paid or payable** – personal auto; applicable to all companies. [Insurance Code §1953.051\(b\)](#)

# TDI | Rates - Homeowners

**Law prohibits a premium consequence for a claim that:**

- results from a loss caused by natural causes,
- is filed but not paid or payable under the policy, or
- is a remediated appliance-related claim.

[Insurance Code §551.107](#) and [28 Texas Admin. Code §21.1004](#)

# TDI | Rates

- File all rates, no matter how complicated.
- Include your work
  - Actuarial memorandum and actuarial support. [28 Texas Admin. Code §5.9332](#)
  - All other required information. [28 Texas Admin. Code §5.9334](#)
- Disallowed Expenses / [110% industry median](#)

# TDI | Credit scoring models

- Are public information. No exceptions.
- Must be filed separately in the System for Electronic Rate and Form Filing (SERFF). Do not include with a rate / rule or underwriting filing.
- Do not include disclosure form. File in form filing.
- Don't forget the questionnaire. Two items added in 2019:
  - Which insured's credit score is used?
  - How often is the credit score updated?

# TDI | Underwriting guidelines

- Must file: Personal auto, residential property, workers' comp.
- When?
  - Full set initially and every 3 years before March 1.
  - Interim changes within 10 days after the change.
- Common Issues:
  - Identify guidelines for each company within group.
  - Residential property:
    - Age and value. [28 Texas Admin. Code §21.1006](#)
    - Water damage and mold claims. [28 Texas Admin. Code §21.1007](#)



# Filing tips and reminders

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# TDI | Filing tips and reminders

- When referencing previously approved forms, use the TDI File Number.
- Be careful when cloning filings.
- Interline filings. [28 Texas Admin. Code §5.9310\(b\)\(2\)](#)
- Explain your filing in your memorandum.

# New laws and rules

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# TDI | New laws and rules

Bill or rule	Year	Topic
SB 1367	2021	Commercial lines filing exemptions
SB 965	2021	Personal auto rate filings
HB 3769	2021	"Not workers' comp" disclosures
Rule	2021	Pet insurance filings
HB 2587	2019	Travel insurance
SB 442	2019	Flood coverage disclosure
SB 590	2019	Commercial policies
SB 1602	2021	Auto: uncooperative insureds
HB 113	2021	Car sharing
HB 876	2021	No fee for checks

# **TDI** | Commercial lines filing exemptions

## **Senate Bill 1367 (2021):**

- Includes: surety and fidelity bonds; inland marine; excess and umbrella liability; professional liability other than medical; many liability lines; ...plus...
  - “Any combination of the lines of insurance listed above.”
  - TDI can add other commercial lines by rule.
- Exempts “large risks” from rate filing requirements.
- Removes diligent search effort for surplus lines for the exempt lines.

[Insurance Code §2251](#) and [Insurance Code §2301](#)

# TDI | Personal auto rate filings

## Senate Bill 965 (2021):

- Repealed the law that allowed the Commissioner to establish different filing requirements for personal auto insurers that issue minimum limits policies and are part of a group with less than 3.5% market share.
- Before the repeal: actuarial support was not required.
- After the repeal: actuarial support is required.

Repealed Insurance Code §2251.1025; amended [Insurance Code §2251.252](#)

# TDI | “Not workers’ comp” disclosures

## House Bill 3769 (2021):

- Applies to substitutes for workers' compensation insurance.
- Adds [Insurance Code Chapter 564](#), so 28 Texas Admin. Code §5.6302 was repealed.
- Defines policies that require disclosure.
- Requires disclosures:
  - To inform employers that they are not buying a workers' compensation policy.
  - Used in advertising or marketing of occupational policy.

# TDI | Pet insurance filings

- Inland marine. [28 Texas Admin. Code §5.5002\(5\)\(QQ\)](#)
- Not filed.
- Individual or group policies.
- “Covering veterinary expenses for pet illness or injury.”



## House Bill 2587 (2019):

- New [Insurance Code Ch. 3504](#) addresses many topics including:
  - Group eligibility
  - Filing line
  - Premium tax
  - Disclosure requirements
  - Cancellation fee waivers and travel services
- Amends licensing provisions. [Insurance Code Ch. 4055, Subch. D](#)

# TDI | Flood coverage disclosure

## Senate Bill 442 (2019):

- Required when policy does not cover flooding.
- Applies to residential and commercial property insurance.
- Includes commercial multiperil policies.
- Prescribed language. [Insurance Code §2002.103\(c\)](#)
- Must be conspicuous.

## Senate Bill 590 (2019):

- Commercial property – new requirements for cancellation and nonrenewal.
- Notice of material change at renewal.
  - Applies to most kinds of commercial policies.
  - Coverage reduction or change in conditions / duties.
  - Conspicuous. [28 Texas Admin. Code §5.9751](#)
  - Notify agents and insureds.
  - [Bulletin B-0022-20](#).

# TDI | Uncooperative insureds

## Senate Bill 1602 (2021):

- Requires companies to non-renew private passenger automobile policies if insureds fail or refuse to cooperate.
- Requires companies to provide written notice to the named insured.
- The notice must detail the failure of the insured to cooperate and state that the company will not renew the policy if the insured continues to be uncooperative.

[Insurance Code §551.1053](#)

## House Bill 113 (2021):

- Requires peer-to-peer car sharing programs to assume owner's liability.
- Requires programs to ensure that the owner and driver are insured for minimum limits.
- Insurance can be held by any or all of owner, driver, program.
- Allows auto insurers to exclude any coverage.

[Business and Commerce Code §113.0001 to 113.0105](#)

# **TDI** | No fee for checks

## **House Bill 876 (2021):**

An insurer or agent may not charge a fee for issuing payment via paper check.

[Business and Commerce Code §116.002](#)

**Rules in progress / Coming soon**

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# TDI | Rule in progress: FME informal draft

- No scanned documents and scanned text in form filings; no password-protected or otherwise encrypted filings.
- Requirements for advisory organizations.
- Incorporate mandatory endorsements into personal lines policy forms.
- No inapplicable provisions in personal lines policies.
- Submit information on third-party data and models in rate / rule and underwriting guideline filings.
- Changes to underwriting guideline filing requirements.

[FME informal rule proposal](#)



# **TDI** | Coming soon: Inland marine rule

- Updating to conform with Senate Bill 1367.  
Commercial Inland Marine is now exempt from rate and form filing.
- Will consider other updates.

[28 Texas Admin. Code §5.5001 – 5.5005](#)

# Resources

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- [Filings Made Easy rule \(Texas Admin. Code\)](#)
- [Filings Made Easy guide](#)
- [Property and Casualty Filing Review checklists](#)
- [TDI's advisory organization and state agency approved / accepted reference filing list](#)
- [System for Electronic Rate and Form Filing \(SERFF\) access](#)
- [Property and Casualty Insurance webpage](#)