



Commissioner's Bulletin # B-0007-21

February 19, 2021

To: All TDI regulated entities

Re: Severe winter weather – property and casualty underwriting, rating, and nonrenewing

Governor Greg Abbott issued a disaster declaration in response to a severe winter weather event. The disaster may mean people are temporarily displaced from their homes and their jobs. The governor authorized the use of all available state and local government resources necessary to cope with the severe winter weather event. (*Government Code Section 418.017*).

TDI expects insurers to work with their policyholders as they recover from the disaster. This bulletin does not create specific requirements. Cooperation by every insurer will help ensure the fair treatment of consumers and provide for fair competition. Insurers should look to the governor's ongoing declarations related to the severe winter weather event for guidance on how long to extend relief.

Underwriting, rating, and nonrenewing

TDI expects the following:

Commercial auto: If commercial automobile policyholders are helping with the relief effort for the disaster, insurers should not reclassify, rerate, cancel, nonrenew, or refuse to provide coverage solely because of that participation.

Victims: Insurers should not rerate, cancel, nonrenew, refuse to provide coverage, or change a policyholder's classification or premium solely because a policyholder is a victim of the disaster. An insurer extending coverage during a disaster declaration has the right to earn premium on that extended coverage.

Credit scoring and information: Insurers must provide reasonable exceptions to an insurer's rates, rating classifications, or underwriting rules if a consumer's credit information has been directly influenced by:

- a catastrophic illness or injury;
- the death of a spouse, child, or parent;
- temporary loss of employment;
- divorce; or
- identity theft.

An insurer may consider only credit information not affected by an event listed above or must assign a neutral credit score.

Insurers can also make exceptions for consumers harmed by other extraordinary events.

TDI expects insurers to avoid placing additional burdens on victims of the disaster and encourages insurers to accept verbal requests for reasonable exceptions in lieu of written requests. (*Insurance Code Section 559.103*).

Nonrenewal: Insurers nonrenewing a residential or farm or ranch owners policy because of three or more claims under a policy in any three-year period may not consider:

- losses from natural causes; or
- claims filed but not paid or payable.

Insurers are also restricted from considering certain claims history for water damage.

Practices related to nonrenewal are subject to restrictions against unfair discrimination.

(*Insurance Code Chapter 544, Subchapters A and B and Sections 544.353 and 551.107; 28 Texas Administrative Code Section 21.1007*).

Rating: At renewal, insurers may not increase premium for a residential or farm or ranch owners policy for claims resulting from:

- losses from natural causes;
- claims filed but not paid or payable; or
- claims prohibited by Insurance Code 544.353, relating to remediated appliance-related claims

(*Insurance Code Section 551.107, 28 Texas Administrative Code Section 21.1004*).

Inquiries: Insurers may not consider a customer inquiry as a basis for charging a different rate, nonrenewing or cancelling a policy, or not issuing a policy. An inquiry includes a question about how to file a claim and whether a policy will cover a loss, unless the question concerns specific damage that has occurred and that results in an investigation or claim. (*Insurance Code Sections 544.553 and 551.113*).

Restricting new business and withdrawal:

- Before instituting restrictions on writing new business in response to a catastrophic natural event, insurers must file a restriction plan with TDI and get prior approval. Insurers file restriction plans with the Company Licensing and Registration Office by email at CLRFilings@tdi.texas.gov. (*Insurance Code Section 827.008 and 28 Texas Administrative Code Section 7.1809*).
- When insurers contemplate reducing business below approved thresholds, they must file a withdrawal plan with TDI for prior approval. Insurers file withdrawal

plans with the Company Licensing and Registration Office by email at CLRFilings@tdi.texas.gov. (*Insurance Code Sections 827.003 – 827.005 and 28 Texas Administrative Code Chapter 7, Subchapter R*).

Prompt payment: Insurers affected by the disaster may need additional time to make claims payments. Commissioner's Bulletin # B-0007-20 recognized that claim-handling deadlines imposed by the state's prompt payment laws have been extended for an additional 15 days to help insurers respond to the COVID-19 outbreak. That extension remains in effect for purposes of this severe winter weather event.

For questions about underwriting and rating, contact the Property and Casualty Actuarial Office at 512-676-6700 or PCActuarial@tdi.texas.gov.

For questions about nonrenewing, contact the Property and Casualty Lines Office at 512-676-6710 or PropertyCasualty@tdi.texas.gov.

For more information, contact: PropertyCasualty@tdi.texas.gov

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