

Texas Department of Insurance
Exempt Filing Notification under Texas Insurance Code
Chapter 5, Subchapter L, Article 5.96

The staff of the Texas Department of Insurance filed Petition No. P-1116-13-I on November 8, 2016. The petition requests that the commissioner make changes to the *Texas Statistical Plan for Residential Risks* (Plan) to address depopulation of the Texas Windstorm Insurance Association (TWIA) and to add reporting codes made available by the statistical agent since the Plan was last revised in 2002. Rule 24 in the Plan will be amended to conform to current electronic practices for data transmission and submission by revising Sections 24(E), (F), and (G) of the rule relating to submitting data using cartridges and diskettes. Rule 25 will be deleted as obsolete to eliminate the requirements for companies to submit data using diskettes. Nonsubstantive changes will correct typographical and grammatical errors in the Plan. The petition specifically requests that the commissioner approve staff's request to:

1. Change the Plan to require entities to report premium and loss transactions on residential risks that are taken out of TWIA through assumption reinsurance (AR) as outlined in Section III(1) of the petition and reflected in the attached proposed amended Plan.
2. Add new line of business codes for reporting wind-only policies for TWIA; insurers taking residential risks out of TWIA through the voluntary program; and insurers taking residential risks out of TWIA through the AR program, as outlined in Section III(2) of the petition and reflected in the attached proposed amended Plan.
3. Add new record types for premium transactions to address situations where a policy is transferred midterm from TWIA to a voluntary take-out insurer through assumption reinsurance, as outlined in Section III(2) of the petition and reflected in the attached proposed amended Plan.
4. Add reporting codes that the statistical agent made available since the last revision of the Plan, as outlined in Section III(3) of the petition and reflected in Attachment A. Staff further requests addition of statistical codes for Public Protection Classifications (PPC) recently introduced by the Insurance Services Office (ISO), as outlined in Section III(3) of the petition and reflected in the attached proposed amended Plan.
5. Amend Rule 24 to conform to current electronic practices for data transmission and submission by revising Sections 24(E), (F), and (G) of the rule relating to submitting data using cartridges and diskettes.
6. Delete Rule 25 as obsolete to eliminate the requirements for companies to submit data using diskettes.
7. Make nonsubstantive changes to correct typographical and grammatical errors in the Plan.

Depopulation of TWIA has made it necessary to add codes for wind-only policies and provide guidance to both insurers and TWIA on how to report data for policies taken out of TWIA through assumption reinsurance. It is also necessary to add instructions for reporting codes that the statistical agent made available since the last revision of the Plan.

Staff is authorized to file this petition and the commissioner is authorized to act on the petition under Insurance Code Article 5.96 and §§38.202, 38.204(a), 38.205, 38.207, and 36.001:

- Article 5.96(a) authorizes the commissioner to promulgate, adopt, approve, or amend standard and uniform manual rules, rating plans, classification plans, statistical plans, and policy and endorsement forms for various lines of insurance, including fire and allied lines insurance.

- Article 5.96(b) allows any interested person to initiate proceedings with respect to any matter specified in Article 5.96(a) by filing a written petition with the chief clerk.
- Section 38.202 allows the commissioner, for a line or subline of insurance, to designate or contract with a qualified organization to serve as the statistical agent for the commissioner to gather data relevant for regulatory purposes.
- Section 38.204(a) provides that a designated statistical agent must collect data from reporting insurers under a statistical plan adopted by the commissioner.
- Section 38.205 requires insurers to provide all premium and loss cost data to the commissioner or the designated statistical agent as the commissioner or agent requires.
- Section 38.207 authorizes the commissioner to adopt rules necessary to accomplish the purposes of Chapter 38, Subchapter E, relating to statistical data collection.
- Section 36.001 provides that the commissioner may adopt any rules necessary and appropriate to implement the powers and duties of TDI under the Insurance Code and other laws of this state.

You may review a copy of the petition and attachment on the TDI website at www.tdi.texas.gov/rules/2016/exrules.html, or in the Office of the Chief Clerk, Texas Department of Insurance, 333 Guadalupe Street, Austin, Texas 78701. For further information, please contact the Office of the Chief Clerk by email at ChiefClerk@tdi.texas.gov, or by phone at 512-676-6585.

To comment on the petition or request a hearing, please submit two copies of your comments to TDI no later than 5 p.m., Central time, on January 2, 2017. Send one copy either by mail to the Office of the Chief Clerk, Mail Code 113-2A, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104, or by email to ChiefClerk@tdi.texas.gov. Send the other copy either by mail to Brian Ryder, Mail Code 105-5F, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104, or by email to Brian.Ryder@tdi.texas.gov. You must submit any request for a public hearing separately to the Office of Chief Clerk, Mail Code 113-2A, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104 before the close of the public comment period. If a hearing is held, written and oral comments presented at the hearing will be considered.

Article 5.96 of the Texas Insurance Code exempts action taken under this article from the requirements of the Administrative Procedure Act (Government Code, Title 10, Chapter 2001).

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Texas Department of Insurance