

**SUBCHAPTER Q. GENERAL PROPERTY AND CASUALTY RULES  
DIVISION 1. RESIDENTIAL PROPERTY**

**28 TAC §5.9700**

**INTRODUCTION.** The Texas Department of Insurance (TDI) proposes to amend 28 TAC §5.9700, concerning residential property declarations pages and deductible disclosures. Section 5.9700 implements Insurance Code §2301.056.

**EXPLANATION.** Amending §5.9700 is necessary to update a rule citation that changed in July 2019 when TDI repealed 28 TAC §§5.9320–5.9323. Former §5.9323 was repealed and similar language was adopted in 28 TAC §5.9327. As a result, the reference to §5.9323(a) in current §5.9700(f) is inaccurate. Insurance Code §2301.056(a) requires a residential property insurance policy form to include a declarations page that:

- lists and identifies each type of deductible under the residential property insurance policy; and
- states the exact dollar amount of each deductible under the residential property insurance policy.

Section 5.9700 is amended by revising subsection (f) to remove a citation to §5.9323(a) and replace it with a citation to §5.9327.

**FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** J'ne Byckovski, director and chief actuary of the Property and Casualty Actuarial Office, has determined that during each year of the first five years the proposed amendment is in effect there will be no measurable fiscal impact on state and local governments as a result of enforcing or administering the sections, other than that imposed by the statute. This determination was made because the proposed amendments do not add to or decrease state revenues or expenditures, and because local governments are not involved in enforcing or complying with the proposed amendments.

Ms. Byckovski does not anticipate a measurable effect on local employment or the local economy as a result of this proposal.

**PUBLIC BENEFIT AND COST NOTE.** For each year of the first five years the proposed amendment is in effect, Ms. Byckovski expects that administering the proposed amendment will have the public benefit of ensuring that TDI's rules contain accurate citations and references to ensure the proper implementation of Insurance Code §2301.056.

Ms. Byckovski expects that the proposed amendment will not increase the cost of compliance with Insurance Code §2301.056, because it does not impose requirements beyond those in the statute. Insurance Code §2301.056(a) requires a residential property insurance policy form to include a declarations page that:

- lists and identifies each type of deductible under the residential property insurance policy; and
- states the exact dollar amount of each deductible under the residential property insurance policy.

The cost associated with filing a form and including a declarations page with a residential property insurance policy form does not result from the enforcement or administration of the proposed amendment.

**ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** TDI has determined that the proposed amendment will not have an adverse economic effect or a disproportionate economic impact on small or micro businesses, or on rural communities. The proposal updates one citation reference in §5.9700(f) without any substantive changes. The proposal does not impose any new requirement. As a result, and in

accordance with Government Code §2006.002(c), TDI is not required to prepare a regulatory flexibility analysis.

**EXAMINATION OF COSTS UNDER GOVERNMENT CODE §2001.0045.** TDI has determined that this proposal does not impose a possible cost on regulated persons.

**GOVERNMENT GROWTH IMPACT STATEMENT.** TDI has determined that for each year of the first five years that the proposed amendments are in effect, the proposed rule:

- will not create or eliminate a government program;
- will not require the creation of new employee positions or the elimination of existing employee positions;
- will not require an increase or decrease in future legislative appropriations to the agency;
- will not require an increase or decrease in fees paid to the agency;
- will not create a new regulation;
- will not expand, limit, or repeal an existing regulation;
- will not increase or decrease the number of individuals subject to the rule's applicability; and
- will not positively or adversely affect the Texas economy.

**TAKINGS IMPACT ASSESSMENT.** TDI has determined that no private real property interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to property that would otherwise exist in the absence of government action. As a result, this proposal does not constitute a taking or require a takings impact assessment under Government Code §2007.043.

**REQUEST FOR PUBLIC COMMENT.** TDI will consider any written comments on the proposal that are received by TDI no later than 5:00 p.m., central time, on October 19, 2020. Send your comments to ChiefClerk@tdi.texas.gov; or to the Office of the Chief Clerk, MC 112-2A, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104.

To request a public hearing on the proposal, submit a request before the end of the comment period, and separate from any comments, to ChiefClerk@tdi.texas.gov; or to the Office of the Chief Clerk, MC 112-2A, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104. The request for public hearing must be separate from any comments and received by TDI no later than 5:00 p.m., central time, on October 19, 2020. If TDI holds a public hearing, TDI will consider written and oral comments presented at the hearing.

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**STATUTORY AUTHORITY.** TDI proposes §5.9700 under Insurance Code §2301.055 and Insurance Code §36.001.

Insurance Code §2301.055 provides that the Commissioner may adopt reasonable and necessary rules to implement Insurance Code Chapter 2301, Subchapter B.

Insurance Code §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.

**CROSS-REFERENCE TO STATUTE.** Section 5.9700 implements Insurance Code §2301.056.

**TEXT.**

**§5.9700. Residential Property Declarations Pages and Deductible Disclosures.**

(a) All residential property insurance policy declarations pages must list and identify each type of deductible in the policy, including applicable endorsements, and state the exact dollar amount of each deductible. To identify a deductible, the insurer must provide a brief description, such as "Wind and Hail," "Earthquake," or "Jewelry."

(b) If a residential property insurance policy or endorsement contains a provision that may cause the exact dollar amount of a deductible under the policy to change, the declarations page or a separate disclosure page must identify or include a written disclosure that clearly identifies the applicable policy provision or endorsement. The policy provision or endorsement must explain how any change in the applicable deductible amount is determined. To identify the applicable policy provision or endorsement, the insurer must provide a brief description and reference, such as "Inflation Adjustments: See page 1, Section A.2.a."

(c) Insurers may provide disclosures under this section on a separate disclosure page. The separate disclosure page must follow immediately after the declarations page.

(d) A declarations page and a separate disclosure page may each consist of more than one page.

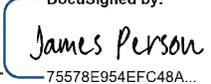
(e) Insurers must issue a declarations page at renewal if the dollar amount of a deductible changes on the declarations page or separate disclosure page. Alternatively, insurers may issue a renewal certificate that meets the requirements of this rule and Insurance Code §2301.056.

(f) Insurers and agents that provide separate disclosure pages must include them with the declarations page each time they provide a declarations page, as defined in §5.9327 of this title [§5.9323(a)], to a policyholder.

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**CERTIFICATION.** This agency certifies that legal counsel has reviewed the proposal and found it to be within the agency's authority to adopt.

Issued in Austin, Texas, on September 1, 2020.

DocuSigned by:  
  
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James Person, General Counsel  
Texas Department of Insurance