

Informal Working Draft and Request for Informal Comments on Filings Made Easy (FME) Rule Amendments

Texas Administrative Code, Title 28, Chapter 5, Subchapter M

Posting Date: April 14, 2022

Comments Due: May 12, 2022

The Texas Department of Insurance has prepared an informal working draft of amendments to the Filings Made Easy (FME) rules. The 18-page document titled "[informal working draft - short](#)" contains the informal proposal language as it would appear in the *Texas Register* with unamended text removed and replaced with "(no change)." A substantively identical second document titled "[informal working draft - long](#)" is included for review and comparison. The "informal working draft - long" document is 28 pages and provides the complete text of each section with the informal proposed language. The working draft incorporates statutory changes made by SB 1367 and SB 965, 87th Legislature, 2021, and it also includes other amendments described below.

SB 1367 eliminated rate, rule, and form filing requirements for numerous commercial lines of insurance. SB 965 repealed the law that allowed the Commissioner to establish different filing requirements for certain personal auto insurers with low market shares.

Other amendments in the informal proposal include adding:

- a requirement that mandatory endorsement provisions must later be incorporated into personal automobile and residential property policy forms (for endorsements filed on or after January 1, 2024);
- a prohibition on inapplicable provisions in personal automobile and residential property endorsements (for endorsements filed on or after January 1, 2024);
- a requirement that insurers file application forms along with personal automobile policy forms;
- a prohibition on scanned documents and scanned text in filings;
- a prohibition on password-protected or otherwise encrypted filings;
- a clarification of the information used to establish an insurer exemption under Insurance Code §2251.252(a);
- a description of the requirements and exemptions applicable to advisory organizations;

- a new category of supporting information for third-party data and model information;
- a requirement to submit information on third-party data and models in rate/rule and underwriting guideline filings;
- changes to underwriting guideline filing requirements; and
- a reference to the TDI website for the agency's post office box and physical address.

TDI is seeking comments from the public on the informal draft rule, and specifically invites feedback on the topics below.

- 1. Information on potential costs for the requirement that mandatory endorsement provisions must later be incorporated into personal lines policy forms (for endorsements filed on or after January 1, 2024).** It is TDI's belief that an effective date of January 1, 2024, will eliminate or significantly decrease potential costs. If you have information to suggest otherwise, please provide it to us with an explanation.
- 2. Information on potential costs for the prohibition of inapplicable provisions in personal lines endorsements (for endorsements filed on or after January 1, 2024).** It is TDI's belief that an effective date of January 1, 2024, will eliminate or significantly decrease potential costs. If you have information to suggest otherwise, please provide it to us with an explanation.
- 3. Information on potential costs for the requirement that insurers file personal automobile insurance application forms.** This requirement formalizes existing agency practice. If you have information on potential costs for this requirement, please provide it to us with an explanation.
- 4. Information on potential costs for the requirement that insurers file documents in a certain format.** Although almost all insurers already submit forms in the outlined format, a small number of insurers have submitted forms as scanned documents, with scanned text, or in landscape orientation. Those insurers may have some minimal costs resulting from this requirement. If you have information on potential costs for this requirement, please provide it to us with an explanation.

- 5. Information on potential costs for the requirement that insurers submit information on third-party data and models in rate/rule and underwriting guideline filings.** The existing FME rules allow staff to request additional supporting information under 28 TAC §5.9335. Requiring information on third-party data and models in a rule eliminates the need (and time taken) to request it, which would expedite the review process. If you have information on potential costs for this requirement, please provide it to us with an explanation.

Submit comments to J'ne Byckovski in the Property and Casualty Actuarial Office at PCActuarial@tdi.texas.gov. Comments are due at 5:00 p.m., Central Time, on May 12, 2022. If you have any questions or need more information about this informal working draft, call TDI's Property and Casualty Actuarial Office at 512-676-6700.