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Subchapter O. Statistical Plans 28 TAC §5.9503 and §5.9504

INTRODUCTION. The commissioner of insurance adopts new 28 TAC §5.9503 and §5.9504, concerning the *Texas Statistical Plan for Residential Risks* (Residential Plan) and the *Texas Private Passenger Auto Statistical Plan* (Auto Plan), respectively. The new sections are adopted with changes to the proposed text published in the October 24, 2025 issue of the *Texas Register* (50 TexReg 6977). Sections 5.9503 and 5.9504 were revised in response to public comments. In addition, both the Residential Plan referenced in §5.9503 and the Auto Plan referenced in §5.9504 have been revised in response to public comments. TDI also revised both statistical plans to provide clarification; ensure consistency between the plans; allow for future expansion of data fields, if necessary; and correct errors and typos.

REASONED JUSTIFICATION. The new sections are necessary to implement House Bill 2067, 89th Legislature, 2025, which amended Insurance Code Chapter 551 to require insurers to (1) disclose to consumers their reasons for cancellation or nonrenewal of an existing insurance policy or for declination of an application, even without a consumer's request; and (2) provide to TDI--at least once a quarter and in the form and manner TDI prescribes--a written report organized by ZIP code that summarizes the insurer's reasons that were provided to consumers. The bill also requires TDI to post an aggregated summary of the reports on its website.

New §5.9503 and §5.9504 adopt by reference revised versions of TDI's current statistical plans for residential and private passenger automobile lines of business. The

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revisions to the Residential Plan and Auto Plan require insurers to include data by ZIP code relating to the reasons for cancellations, nonrenewals, and declinations in the statistical reports submitted to TDI's statistical agent. Insurers will report the data under the Residential Plan on a monthly basis and under the Auto Plan on a quarterly basis, aligning with current reporting frequency. The adopted plan updates will facilitate insurers' reporting of the data to TDI and TDI's collection and posting of an aggregated summary of the data, in compliance with HB 2067. Each statistical plan will provide codes to be used as shorthand for various common reasons an insurer would decline an application or cancel or not renew a policy.

Descriptions of the adopted updates to the Residential Plan and the Auto Plan and new §5.9503 and §5.9504 follow.

The Residential Plan

In the Residential Plan, the adopted updates add new General Rules No. 34 to Section A (General Rules) to describe the requirements for reason-code reporting. New Section E provides the record layout for reasons-related data, including instructions, description of the required columns, and the corresponding reason codes. New Section F provides additional instructions and descriptions of the reason codes.

For clarity, the reason codes are provided only for use in a statistical plan report submitted to TDI's statistical agent. TDI expects that in notices or disclosures of reasons to consumers, as required by HB 2067, insurers will provide a comprehensive description or explanation of the reasons for a specific declination, cancellation, or nonrenewal; the insurer should *not* rely on TDI's reason codes in its consumer notices or disclosures. TDI anticipates that reason code updates will be needed to align future data reports with the

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evolving insurance market, to address stakeholder feedback, or to improve the usefulness of collected data.

Consistent with Insurance Code §551.002(c) and §551.109(1), the new reporting requirements include an indicator for reasons that include the use of third-party information. The new indicator requires specifying whether the reasons were based on the use of aerial imagery versus other types of third-party information. An indicator for cancellations that occur during the first 60 days of the initial policy term is also included in the adopted updates.

As instructed in the plan, the reasons-related reporting requirements apply to all declinations, cancellations, and nonrenewals starting on April 1, 2026, except for:

- (1) declination of an application that was made before April 1, 2026; and
- (2) cancellation of a policy that was delivered, issued for delivery, or renewed before April 1, 2026.

The adopted updates also add new reporting requirements to require an additional report of the numbers of declined applications and canceled and nonrenewed policies by ZIP code. New General Rules No. 35 and Section G are added to the Residential Plan to describe the requirements for reporting the actual numbers of declined applications and canceled and nonrenewed policies and to provide the record layout for reporting the data, respectively.

In addition to the previously described revisions to implement HB 2067 and Insurance Code Chapter 38, Subchapter E, updates to the Residential Plan (non-implementation updates) include aligning reporting requirements with current industry practices, adding clarification, correcting errors, and removing an obsolete technology reference.

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An instruction for reporting accident dates on loss records in General Rules No. 8 is deleted to reflect current industry practice. Similarly, a new code for policies with vacant occupancy is added to the premium and losses codes and the record layout for premiums to accommodate current reporting practices. Also, in the record layout for premiums, revisions clarify in the descriptions for Codes 01 and 91 in Column 5-6 (Record Type) that the report includes reinstatements of flat cancellations. Revisions correct errors in the record layout for premium instructions by adding a code for "Not Applicable" in Column 53 (Construction) and by deleting the "DW Only" reference in Column 151 (Replacement Cost Building (HO and DW)). In the instructions within the record layout for losses for column 151 (Replacement Cost Building (HO and DW), the text "(Ten and Con Only)" is deleted. Another error in the instructions within the record layout for losses is corrected by deleting a reference to a nonexistent field in Column 169-172 (Amount of Insurance - Personal Property Coverage (HO)). A reference to an obsolete technology, ShareFile, is deleted from the transmittal form instructions in the General Rules.

TDI has made the following changes to the Residential Plan as proposed in response to comments:

- References to the January 1, 2026 effective date of the updated Residential Plan have been replaced with the new plan effective date of April 1, 2026, throughout the plan.
- General Rules No. 4 has been revised to remove the requirement for a separate formal affidavit.
- General Rules Nos. 21 and 29 have been updated to remove the references to farm mutual insurers.

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- General Rules No. 29, relating to the transmittal form content, has been revised to clarify that the Notified Policy Count (referred to as the Recipient Count when the rule proposal was published) should be provided by action type. The term "recipient count" has been changed to "notified policy count" to clarify that the term refers to the count of policies and not the count of insureds. This terminology change has also been made in General Rules No. 34, in the record layout in Section E, and throughout the Residential Plan.

- General Rules No. 34 has been revised to clarify the instructions for reporting the Notified Policy Count.

- Both General Rules Nos. 34 and 35 have been revised to: (a) add specific instructions for reporting the reasons for and counts of cancellations, including flat cancellations; (b) clarify that only declinations of "completed and submitted applications" must be reported; and (c) clarify that rescissions and certain voided policies should not be reported.

- Section E (Record Layout for Cancellation, Nonrenewal, and Declination Notices) has been revised to: (a) update the Reason Code List description to clarify that the reason codes should be concatenated in alphabetical order; (b) clarify in Column 18 (60D) of the record layout that the 60-day indicator should apply if the cancellation notice was sent during the first 60 days of the initial policy term; and (c) remove the "Cancellations" and "Nonrenewals and Declinations" headings from the Reason Code List for Columns 36-45 (RCL) to prevent confusion about which reason codes apply to each action type.

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- In the "Reason codes" instructions in Section F, the description for "Exposure to loss - liability" has been expanded to provide additional guidance for use of that reason code.

TDI has also made the following updates to the record layouts as proposed to accommodate future reporting needs and to clarify coding:

- In Sections E and G, additional "Skip" fields have been added to the record layout for both new reports to allow for future expansion for new data fields.

- In Section E, the code for Column 1 (SP) in the record layout has been updated from 4 to 5 to distinguish from transaction reporting under other sections of the Residential Plan.

- Similarly, in Section G, the code for Column 1 (SP) has been updated from 4 to 6.

- In Section E, the description of "Notification Date" in Columns 2-4 (NDT) has been reworded for clarity.

TDI has also replaced the term "count" in General Rules No. 29 with "actualized policy count" to clarify that the count should be composed of actual cancellations, nonrenewals, and declinations. This terminology change has also been made in the record layout in Section G.

TDI also adopts nonsubstantive changes to the Residential Plan, including typo corrections, plain language edits, table of contents additions, and style and formatting changes to reflect current TDI style preferences.

The Auto Plan

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In the Auto Plan, the adopted updates require a new quarterly report on the reasons for cancellations, nonrenewals, and declinations. In new Section F, specific instructions are added for the report, including the record layout, field instructions, and listing and descriptions of the reason codes.

Consistent with Insurance Code §551.002(c) and §551.109(1), the new reporting requirements include an indicator for reasons that include the use of third-party information. An indicator for cancellations that occur during the first 60 days of an initial policy term is also included in the adopted updates.

As instructed in the plan, the reasons-related reporting requirements apply to all declinations, cancellations, and nonrenewals starting on April 1, 2026, except for:

- (1) declination of an application that was made before April 1, 2026; and
- (2) cancellation of a policy that was delivered, issued for delivery, or renewed before April 1, 2026.

The adopted updates also add new reporting requirements to the Auto Plan to require an additional report of the numbers of declined applications and canceled and nonrenewed policies by ZIP code. New Section G is added to provide the instructions, field definitions, and record layout for reporting the data.

In addition to the previously described revisions to implement HB 2067 and Insurance Code Chapter 38, Subchapter E, updates to the Auto Plan (non-implementation updates) include aligning reporting requirements with current industry practices and adding clarification.

The adopted updates add classification codes to clarify how insurers should report data in certain circumstances and expand the number of reserved deductible positions. Insurers have increasingly reported that the classification codes in the current Auto Plan

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do not account for changes in insurers' driver class rating variables and risk classifications.

The following two new classification codes are added to the Quarterly Market Report:

(1) 99150 - Used when an insured household includes both Youthful Males under the age of 25 and Unmarried Females under the age of 21.

(2) 99900 - Used when an insurer does not have sufficient information about Operators and Business Use. Use of this code requires certification from the insurer regarding inapplicability of any other classification code and requires prior approval from TDI's statistical agent.

The number of positions available for the "deductible amount" is increased from four to five in the Quarterly Detailed Experience Report. At least one insurer has begun offering a deductible option that spans five digits. Because the current Auto Plan has an allocation of four positions for reporting the deductible amount, insurers currently report "9999" in the deductible field when the deductible is five digits.

The adopted revisions to the classification codes and deductible positions address limitations in the current plan that make reporting of accurate statistical data difficult and reflect current practices by insurers. Revisions also update General Reporting Instructions No. 12 relating to new versions of the Auto Plan.

TDI has made the following changes to the Auto Plan as proposed in response to comments:

- References to the January 1, 2026 effective date of the updated Auto Plan have been replaced with the new plan effective date of April 1, 2026, throughout the plan.
- General Reporting Instructions No. 10 has been revised to remove the requirement for a separate formal affidavit.

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- Specific Instructions No. 1 in Section F has been revised to clarify the instructions for reporting the Notified Policy Count (referred to as the Recipient Count when the rule proposal was published). The term "recipient count" has been changed to "notified policy count" to clarify that the term refers to the count of policies and not the count of insureds. This terminology change has also been made in General Reporting Instructions No. 8, in the record layout in Section F, and throughout the Auto Plan.

- Specific Instructions No. 3 in Sections F and G has been revised to clarify that insurers offering policies covering Group 1 and Group 2 vehicles are subject to the new reporting requirements.

- Specific Instructions No. 4 and field definitions for the "Five-Digit ZIP Code" field in Sections F and G have been revised to clarify reporting of multiple covered vehicles in different ZIP codes.

- New Specific Instructions No. 6 in Section F and new Specific Instructions No. 5 in Section G have been added to clarify that only declinations of "completed and submitted applications" must be reported.

- New Specific Instructions No. 7 in Section F and new Specific Instructions No. 6 in Section G have been added to provide specific instructions for reporting the reasons for and counts of cancellations, including flat cancellations, and to clarify that rescissions and certain voided policies should not be reported.

- Specific Instructions Nos. 6 and 7 in Section F have been combined into renumbered No. 8 and the reason code lists for cancellations versus nonrenewal and declinations have been combined into a single list, to prevent confusion about which reason codes apply to each action type. Similarly, the separate reason code lists in the field definition for the "Reason Code List (Alphanumeric Field: Positions 36-45)" field in

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Section F have been combined into a single list and the separate headings have been removed.

- Specific Instructions No. 8 in Section F has been revised to expand the description for "Exposure to loss - liability" to provide additional guidance for use of that reason code.

- The field definition for the "60-day Indicator (Alphanumeric Field: Position 18)" field has been revised to clarify that the 60-day indicator should apply if the cancellation notice was sent during the first 60 days of the initial policy term.

- In the record layout for Section G, the field length for the "Action Effective Date" field has been corrected from 6 to 4.

- General Reporting Instructions No. 8, relating to the transmittal form content, has also been revised to clarify that the recipient count and the actualized policy count (referred to as "count" when the rule proposal was published) should be provided separately by each action type.

TDI has also made the following updates to the record layouts and field definitions in Sections F and G as proposed to correct errors, make the coding consistent with the Residential Plan, and accommodate future reporting needs:

- The field definition for the "Plan Code (Numeric Field: Positions 1-2)" field in Section F has been revised to reflect the correct report name.

- The field definition for the "Action Type (Numeric Field: Positions 15-16)" field in Sections F and G has been revised to reflect numeric codes consistent with the Residential Plan. References to "letter" codes and "alphanumeric" fields have been corrected. Conforming changes have been made to the positions in the field definitions and in the record layout.

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- The field definition for the "Notification Date" field in Section F has been reworded for clarity.

- The "Count" field in the Section G field definitions has been renamed "Actualized Policy Count" to clarify that the count should be composed of actual cancellations, nonrenewals, and declinations. This terminology change has also been made in the record layout in Section G and in General Reporting Instructions No. 8.

- Additional "Reserved" fields have been added to the field definitions and record layout in Sections F and G to allow for future expansion for new data fields.

TDI also adopts nonsubstantive changes in the Auto Plan, including typo corrections, plain language edits, TDI contact information updates, outdated footer removal, new cover page and table of contents additions, and style and formatting changes to reflect current TDI style preferences.

Section 5.9503. Texas Statistical Plan for Residential Risks.

New §5.9503 adopts by reference the Residential Plan, which is revised to add requirements and instructions for reporting data on the reasons for declinations, cancellations, and nonrenewals of residential property insurance policies under HB 2067. Subsection (a)(1) provides that the section's purpose is to establish requirements for this data reporting. Subsection (a)(2) provides that these requirements apply to insurers writing direct residential property lines of business in Texas and that applicable insurers must provide the reports described in the Residential Plan. Subsection (a)(3) provides that insurers' reports must comply with the requirements and instructions specified in the Residential Plan. Subsection (a)(4) specifies that insurers must use the revised version of

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the Residential Plan beginning on its effective date. Subsection (b) adopts by reference the revised Residential Plan.

In response to comments, TDI has extended the effective date of the Residential Plan to April 1, 2026. Subsections (a)(4) and (b) as proposed have been changed to replace the January 1, 2026 plan effective date with the new date of April 1, 2026.

Section 5.9504. Texas Private Passenger Auto Statistical Plan.

New §5.9504 adopts by reference the Auto Plan, which is revised to add requirements and instructions for reporting data on the reasons for declinations, cancellations, and nonrenewals of automobile insurance policies under HB 2067. Subsection (a)(1) provides that the section's purpose is to establish requirements for this data reporting. Subsection (a)(2) provides that insurers writing direct private passenger automobile business in Texas must provide the reports described in the Auto Plan. Subsection (a)(3) provides that insurers' reports must comply with the requirements and instructions specified in the Auto Plan. Subsection (a)(4) specifies that insurers must use the revised version of the Auto Plan beginning on its effective date. Subsection (b) adopts by reference the revised Auto Plan.

In response to comments, TDI has extended the effective date of the Auto Plan to April 1, 2026. Subsections (a)(4) and (b) as proposed have been changed to replace the January 1, 2026 plan effective date with the new date of April 1, 2026.

SUMMARY OF COMMENTS AND AGENCY RESPONSE. TDI provided an opportunity for public comment on the rule proposal for a period that ended on November 24, 2025.

Commenters: TDI received written comments from 21 commenters. Six of the 21 commenters also spoke at a public hearing on the proposal held on November 13, 2025.

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Commenters in support of the proposal with changes were American Modern; American Property Casualty Insurance Association; Amica Mutual Insurance Company; CGI, Inc.; Cimarron Insurance Company, Inc.; Clearcover Insurance Company; Cornerstone Operations Group; Insurance Council of Texas; National Association of Mutual Insurance Companies; Old American County Mutual Fire Insurance Company & Old American Indemnity Company; Sentry Insurance; Sutton National Insurance Group; Texas Appleseed; and Texas Farm Bureau Insurance Companies.

Commenters against the proposed application of the new reporting requirements in the statistical plans to farm mutual insurance companies were Farmers Mutual Fire Insurance Association of Comal County; Garfield Farm Mutual Insurance Association; Germania Farm Mutual Insurance Association; Gillespie Farm Mutual Insurance Company; Hochheim Prairie Farm Mutual Insurance Association; Ranchers and Farmers Mutual Insurance Company; and Texas Association of Mutual Insurance Companies.

Four commenters submitted comments after the posted deadline of 5:00 p.m., Central time, on November 24, 2025. Because these comments were submitted after the end of the public comment period, TDI is unable to consider the comments and does not respond to them in this adoption order.

General Comments

Comment. A commenter states appreciation for TDI's important work in proposing amendments to the Residential and Auto Plans that align with the requirements of HB 2067. The commenter notes that "HB 2067 offers clear authority to TDI and a mandate to collect reasons for cancellation, declination, and nonrenewal."

Agency Response. TDI appreciates the commenter's support.

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Comment. A commenter expresses interest in collaborating with TDI and industry peers through a TDI-led working group or technical subcommittee to shape uniform standards and share implementation insights to further industry-wide adoption of the requirements.

Agency Response. TDI declines to create a working group or technical subcommittee at this time but appreciates the commenter's interest in collaborating in the implementation of HB 2067.

Comment: Multiple commenters express concern about the deadline to begin complying with the reporting requirements as proposed. Two commenters state that the timeframe to implement the proposed requirements will not be sufficient to make all the necessary changes needed to report the required data. Another commenter notes the difficulty of implementing the reporting requirements while simultaneously devoting resources to comply with the consumer notice requirements. Another commenter notes the challenge of implementing the proposed requirement in Section B of the Residential Plan to report on vacancy status, as some companies may not currently capture this data. To minimize implementation challenges, four commenters suggest delaying the implementation of the proposed requirements by providing extra time for the first report submission or creating a phased reporting schedule.

Three commenters note the difficulty of quickly implementing the requirements while reporting accurate data, with one noting that inaccurate or incomplete data undermines the goal of promoting transparency. One of the commenters notes that previous changes to the residential statistical plan allowed for a six-month lead time and that quickly implementing the proposed statistical plan requirements may result in inaccurate or less useful information. Another commenter recommends extending the

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implementation deadline by 90 to 120 days to ensure complete understanding and compliance with the new requirements.

Agency Response. TDI recognizes the challenge of implementing the new reporting requirements by the proposed deadline and agrees to extend the implementation time. To reflect this, TDI has changed the effective dates of the statistical plans in the rule text and in the plans from January 1, 2026, to April 1, 2026. TDI believes that delaying the plans' effective dates will provide insurers with sufficient time to implement the reporting and notice requirements, which will ensure that the reported data is accurate and collected in a timely manner. The extra time will allow insurers to make necessary updates to their systems and processes before they must begin reporting.

In §5.9503(a)(4) and §5.9504(a)(4), TDI has updated the date that applies to all reports required under the section from January 1, 2026, to April 1, 2026. TDI has also changed the effective dates in the Residential Plan and the Auto Plan from January 1, 2026, to April 1, 2026. To reflect the change to the effective dates of the statistical plans, TDI has changed the plans' effective dates as referenced in §5.9503(b) and §5.9504(b) from January 1, 2026, to April 1, 2026.

Comment. Multiple commenters express concern about the short implementation timeline. One commenter notes the uncertainty in navigating this new system and another commenter states that it may take time for testing and working with the statistical agent to ensure programming and coding systems are aligned. Two commenters recommend that, in addition to delaying the effective date, TDI establish a safe harbor provision for good faith errors that insurers may report during the initial compliance period. One of the

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commenters requests that TDI be flexible with its enforcement of the requirements, especially at the beginning of implementation.

Another commenter recommends that TDI permit an initial "pilot" reporting period, where insurers submit the new data to TDI in a trial run (using the first quarter of required data as an example) and then TDI provides feedback on data quality or formatting issues without the risk of regulatory penalties. The commenter notes that a period like this would benefit both TDI and insurers by identifying and addressing inconsistencies or technical problems before strict enforcement.

Agency Response. TDI recognizes the challenge of implementing the new reporting requirements by the proposed deadline but declines to establish a safe harbor period or a "pilot" reporting period. However, as previously described, TDI has changed the effective dates of the statistical plans in the rule text and in the plans from January 1, 2026, to April 1, 2026, to give insurers more time to update coding and programming systems to comply with the requirements.

In §5.9503(a)(4) and §5.9504(a)(4), TDI has updated the date that each section begins to apply to all reports required under the section from January 1, 2026, to April 1, 2026. TDI has also changed the effective dates in the Residential Plan and the Auto Plan from January 1, 2026, to April 1, 2026. To reflect the change to the effective dates of the statistical plans, TDI has changed the plans' effective dates as referenced in §5.9503(b) and §5.9504(b) from January 1, 2026, to April 1, 2026.

Comment. Four commenters express concern about the effective date of the proposed rule and request clarification about how to apply HB 2067 and the proposed statistical plans to policies. One commenter requests clarification on the reporting requirements

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regarding application denials and policy cancellations where the application or policy begins December 31, 2025, and is subsequently denied or canceled in January 2026. Two commenters state that reporting nonrenewal notifications made before January 1, 2026, is inconsistent with HB 2067 and that coverage decisions made before January 1, 2026, should not be reported. The commenters state that HB 2067 does not require notices providing reasons to be issued prior to January 1, 2026, and request that any language in the statistical plans that suggests otherwise be removed or replaced with language that aligns with HB 2067. Another commenter urges TDI to implement data collection timelines that align with the effective date in HB 2067 and notes the importance of receiving meaningful data about the insurance market by geographic location to inform Texas legislators in time for the 90th Regular Legislative Session.

Agency Response. TDI understands the concerns raised by the commenters and agrees that meaningful, timely data is important to effectively implement HB 2067. However, in response to comments, TDI has changed the effective date of the statistical plans in the rule text and in the plans from January 1, 2026, to April 1, 2026. TDI believes that delaying the plans' effective dates will provide insurers with time to implement the reporting and notice requirements to ensure accurate data is reported and collected in a timely manner.

In §5.9503(a)(4) and §5.9504(a)(4), TDI has updated the date that each section begins to apply to all reports required under the section from January 1, 2026, to April 1, 2026. TDI has also changed the effective dates in the Residential Plan and the Auto Plan from January 1, 2026, to April 1, 2026. To reflect the change to the effective dates of the statistical plans, TDI has changed the plans' effective dates as referenced in §5.9503(b) and §5.9504(b) from January 1, 2026, to April 1, 2026.

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Comment. One commenter requests clarification on whether the lack of carve-out for nonrenewals was intentional and references the explanation in the proposal. The proposal states that "the reasons-related reporting requirements will apply to all declinations, cancellations, and nonrenewals starting on January 1, 2026, except for: (1) declination of an application that was made before January 1, 2026; and (2) cancellation of a policy that was delivered, issued for delivery, or renewed before January 1, 2026." The commenter notes that insurers are already issuing nonrenewal notices and that this reporting requirement will likely require manual review to capture the data being requested.

Agency Response. In Specific Instructions No. 2 in Section F in the Auto Plan and General Rules No. 34 in Section A in the Residential Plan, TDI requires insurers to provide information on the number of notices sent for policies that nonrenew on or after the effective date of the plan, which has been adopted as April 1, 2026. TDI recognizes that companies will be sending nonrenewal notices out in early 2026 and may have to capture this information by other means before programming is in place for the new reporting requirements. However, this requirement enables TDI's posting of an aggregated summary of the insurers' reports as required under Insurance Code §551.006(b).

Comment: Two commenters jointly posit that HB 2067 does not require the use of the statistical plans for the new reporting requirements. The commenters strongly encourage TDI to allow for reporting through other means. A third commenter states their appreciation for TDI leveraging existing statistical reporting to collect the newly required data and notes that this helps to streamline the process for insurers.

Agency Response: HB 2067 added new §551.006 to the Insurance Code, and §551.006 expressly requires reporting to be "in the form and manner prescribed by the

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commissioner." TDI is therefore authorized to prescribe reporting via the existing statistical plans. Incorporating the new reporting requirements as new sections in the existing statistical plans provides efficiency for both insurers and TDI and will facilitate TDI's posting of aggregated summaries of the reported data on TDI's internet website.

Comment. A commenter recommends that companies be required to report declinations by consumers, as a separate data category. The commenter expresses concern that otherwise insurers could conceal declinations by offering an untenable price to consumers as a way to avoid reporting a declination.

Agency Response. TDI declines to require reporting of consumers' reasons for declining coverage. As stated in Insurance Code §551.006, the new reporting requirements apply to "the insurer's reasons" that the insurer provided to consumers. HB 2067 does not mention reporting of a consumer's reasons, and insurers are unlikely to have access to such data. Policyholders may decide not to renew their policy for any number of reasons that are not captured by the insurer.

Comment. One commenter notes that existing reports already include ZIP codes and suggests that TDI consider adding the relevant data fields to existing reports instead of requiring two new reports for the notices and quarterly numbers. Another commenter questions whether separate reports for home and auto are necessary and suggests consolidating Sections E, F, and G into two sections in the Auto Plan.

Agency Response. TDI declines to add the new reporting requirements to the existing reports in the statistical plans. The current Residential Plan data is at the transactional level, and TDI believes that incorporating the new fields will require more programming

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effort and validation. While drafting the proposal, TDI considered including the new fields in the Quarterly Market Report in the Auto Plan, but determined a new report was necessary as the new information is by policy, rather than by vehicle. In addition, TDI declines to consolidate Sections E, F, and G of the Auto Plan. Section E is the Quarterly Detailed Experience Report and applies only to the Top Reporting Groups as defined in the General Reporting Instructions of the Auto Plan. All insurers are required to submit data for Sections F and G.

Comment. A commenter asks about two sections in the Residential Plan: Section E, on the record layout for cancellation, nonrenewal, and declination notices, and Section G, on the record layout for the number of actual cancellations, nonrenewals, and declinations. The commenter asks if the data in Section G can be derived from the data in Section E, and if so, suggests requiring insurers to submit only the data required by Section E to avoid redundancy. Two additional commenters jointly state that reporting reasons codes and "raw numbers" of declinations, cancellations, and nonrenewals for both the Auto and Residential Plans is duplicative and unnecessary, and request deleting the second report in new Section G in both plans.

Agency Response. The data in both Section E and Section G of the Residential Plan is necessary because the data in the latter cannot be derived from the former. Section E collects data on the number of notices of cancellation, nonrenewal, and declination sent during the reporting period and the reasons and timing thereof. Section G collects data on the number of actual cancellations, nonrenewals, and declinations during the reporting period. These numbers will not necessarily be the same. For example, a consumer who gets a nonrenewal notice may be able to remedy the underlying reason for the notice,

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and the insurer does not actually nonrenew the policy. Due to these reasons, which also apply to the Auto Plan, TDI declines to remove the reporting requirement in Section G of either plan.

Comment. One commenter expresses concern about the level of detail for reporting required in the revised statistical plans. The commenter notes that HB 2067 does not require the level of detail.

Agency Response. TDI disagrees with the commenter regarding the scope of the requirements of HB 2067. Insurance Code §551.006 requires insurers to provide to TDI a written report summarizing the insurer's reasons for declination, cancellation, or nonrenewal provided to applicants for insurance or policyholders as required under Insurance Code Chapter 551. Under Insurance Code §551.006(a)(1), the report must be in the form and manner prescribed by the commissioner. The proposed revisions to the statistical plans prescribe the form and manner in which insurers must report the information under Insurance Code §551.006.

Comment. A commenter recommends allowing companies to file reports directly with the Texas Insurance Checking Office (TICO).

Agency Response. The proposed amendments to both statistical plans already expressly instruct companies to file the new reports directly with TDI's designated statistical agent, TICO. General Rules No. 28 in the Residential Plan and General Reporting Instructions No. 2 in the Auto Plan both identify TICO as TDI's designated statistical agent for receiving data reports under the plan.

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Comment. A commenter asks whether the required filing is a transmittal or an affidavit.

Agency Response. The amendments to both plans require both a transmittal form and an attestation for the new reports. In the Residential Plan, General Rules No. 4 has been revised to require an attestation to the accuracy and completeness of the submitted reports without the need for a separate affidavit, and General Rules No. 29 requires a transmittal form. Similarly, in the Auto Plan, General Reporting Instructions No. 8 provides that a transmittal form "shall accompany every data submission," and General Reporting Instructions No. 10 has been revised to require an attestation to the accuracy and completeness of the reported data without the need for a separate affidavit.

Comment. Two commenters express concern about the confidentiality of the information reported. One commenter suggests adding clear confidentiality provisions for insurers to assert confidentiality or trade secret protections on the reported data. The other commenter notes that Insurance Code §551.006(b) requires TDI to post an aggregated summary that does not identify, directly or indirectly, any insurer. The commenter states that insurer reports will include confidential and proprietary information, which could expose underwriting guidelines and other information if released, and urges TDI to take all necessary steps in rulemaking to protect the confidentiality of the reported information.

Agency Response. TDI declines to add confidentiality provisions in the revised statistical plans because it is adequately protected under HB 2067. TDI will post an aggregated summary of insurers' reports, which will not identify, directly or indirectly, any insurer as required by HB 2067. TDI notes that insurers currently report detailed statistical data every

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quarter for private passenger auto lines and every month for residential property lines without explicit confidentiality provisions laid out in the statistical plans.

Comment. A commenter asks for clarification on whether there will be additional fees for submitting the new reports to comply with HB 2067.

Agency Response. The cost analysis included in the rule proposal states that the designated statistical agent may charge additional or increased fees for additional data reports required under the proposed revised statistical plans. TDI does not know at this time what, if any, additional fees the statistical agent may charge for the new reporting requirements.

Comment. A commenter asks for confirmation that ocean marine and umbrella policies are not in the scope of the reporting requirements.

Agency Response. The adopted rules only apply to lines of business reported under the Residential and Auto Plans. Ocean marine and umbrella policies are not reported under those plans.

Comment. A commenter asks for clarification on whether to count days from the policy effective date to the cancellation effective date or the date an insurer decides to cancel the policy.

Agency Response. The new reporting requirements do not require the number of days between the policy's effective date and the cancellation effective date or the date the insurer decides to cancel. Rather, insurers must report the "Notification Date," which is the date on which the notice providing the reasons for cancellation, nonrenewal, or

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declination was sent to the policyholder or applicant, and the "Action Effective date," which is the date coverage ends for cancellations, unless it is a flat cancellation. The record layout and field definitions or descriptions in the new reporting requirements in the statistical plans provide information on these fields.

Comment. A commenter requests that TDI define "notice date" for an insured cancellation and asks for clarification on how this information is captured and the difference between "notice date" and "effective date."

Agency Response. TDI declines to add a definition of "notice date" as it relates to insured cancellation because a similar term, "Notification Date," is already defined in the statistical plans. The Notification Date is the date on which the notice providing the reasons for cancellation, nonrenewal, or declination was sent to the policyholder or applicant. This definition is found in the Auto Plan in the "Field Definitions" in Section F and in the "Record Layout" in Section E of the Residential Plan. TDI notes that the report for the actual number of declinations, cancellations, and nonrenewals has a field for "Action Effective Date," which is defined as the date the declination, cancellation, or nonrenewal is effective. The "Action Effective Date" is included in the "Field Definitions" in Section G for the Auto Plan and in the "Record Layout" in Section G of the Residential Plan.

Comment. A few commenters ask whether the requirement to submit the Quarterly Cancellation, Nonrenewal, and Declination Notices and Quarterly Number of Actual Cancellations, Nonrenewals, and Declinations reports applies to policies covering motorcycles and other vehicles reported as Group 2.

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Agency Response. Yes. The new quarterly reports in the Auto Plan apply to policies covering Group 1 and Group 2 vehicles, which are currently subject to statistical plan reporting. Specific Instructions No. 3 in both the Quarterly Report of Cancellation, Nonrenewal, and Declination Notices and the Quarterly Report of Number of Actual Cancellations, Nonrenewals, and Declinations states that the experience reported on lines 19.1, 19.2, and 21.1 of the Annual Statement, statutory Page 14 must be reported. This experience includes motorcycles and antique autos.

However, in response to these comments, the adopted Auto Plan includes a new sentence to Specific Instructions No. 3 in Sections F and G to clarify that the reporting requirements apply to policies covering Group 1 and Group 2 vehicles.

Comment. The report description for the Quarterly Report of Number of Actual Cancellations, Nonrenewals, and Declinations in the Auto Plan states that the number of actual cancellations and nonrenewals by ZIP Code should reconcile with those provided to the NAIC's Market Conduct Annual Statement (MCAS) reporting. A few commenters state that they only report motorcycle business, and not collector/ antique auto business for MCAS and so the numbers will not reconcile. The commenters ask whether that is a problem.

Agency Response. This is not a problem as long as the relevant subsets of data can be reconciled. TDI recognizes that there are some differences between the new statistical plan reporting requirements and those for the NAIC MCAS reporting. For example, insurers report private passenger automobiles and motorcycles for MCAS, but antique vehicles and primarily off-road vehicles are excluded from MCAS reporting. As such, an insurer's reports to TDI over a given calendar year for the actual number of cancellations

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and nonrenewals should reconcile based on the subset of data reported under MCAS for the same year.

TDI recognizes that the numbers may not match given the reporting differences, but if insurers use the same programming logic, then if TDI staff were to ask an insurer to reconcile its statistical reporting and MCAS submissions, the insurer should be able to show TDI that its numbers reconcile between the two.

Comment. A few insurers ask how they should report the ZIP codes of vehicles garaged in multiple ZIP codes or for which the garage ZIP code is unknown.

Agency Response. In response to this comment, TDI has changed Specific Instructions No. 4 and the "Five-Digit ZIP Code" field in the Field Definitions in both Section F and Section G in the Auto Plan to provide that if there are multiple vehicles on the policy in different ZIP codes, insurers should report the ZIP code for the first covered auto listed.

Comment. A commenter recommends that TDI specify a uniform set of reason codes with clear definitions. The commenter notes that this would reduce ambiguity, help insurers to map their internal codes to TDI's expectation, and enhance comparability of data across different companies.

Agency Response. TDI agrees with the commenter's reasoning. The proposed amendments to both statistical plans provide for standardized reporting of the reasons for cancellations, nonrenewals, and declinations. Both amended plans include specific instructions, the record layout and field descriptions, and descriptions of reason codes. The reasons are listed and assigned a code. For reasons that may not be as intuitive, there is additional information describing when to use the specific reason.

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Comment. Three commenters request that TDI allow companies to use their own reasons in the reports instead of requiring the use of the uniform set of reason codes provided in the amended statistical plans. The commenters argue that doing so would allow simpler, faster, and less costly implementation of the new reporting requirements. One of the commenters also requests detailed guidance and a minimum of 180 days notice, public comment period, and longer transition windows for any future changes to the reason codes.

Agency Response. TDI declines to allow insurers to submit their own reason codes. Under HB 2067, TDI must prescribe the form and manner of the insurers' reports. Having a uniform reporting mechanism and standard reason codes allows TDI to efficiently aggregate the data. Both amended statistical plans provide descriptions and guidance for the listed reason codes. For reasons that may not be as intuitive, there is additional information describing when to use the specific reason.

Comment. One commenter requests clarification on whether they must map their reasons for nonrenewals, declinations, and cancellations to the uniform reason codes provided in the statistical plans.

Agency Response. Insurers will need to map the specific reasons they provide to applicants and policyholders on why they declined an application or nonrenewed or canceled a policyholder to the reason codes that are in the adopted statistical plans.

Comment. Two commenters request that TDI change the scope of the "Other" reason code covering reasons that are not captured in the specific reason codes. One of the

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commenters note that including additional reason codes that would otherwise fall under the "Other" reason code would be helpful and suggested adding specific reason codes for eligibility issues (such as title, deceased insured, out-of-state garaging, no application) and drivers license issues (such as a suspended, revoked, or invalid license). The other commenter argues that the "Other" category is vague and that insurers should be permitted to add their own reasons if they are not covered by the specific codes to help TDI identify new market trends.

Agency Response. TDI declines to make the requested changes. The rule proposal noted that TDI anticipates future updates to the reason codes to align data reporting with the evolving insurance market, to address stakeholder feedback, or to improve the usefulness of the collected data. Furthermore, allowing insurers to write in their own reasons for the "Other" category would likely limit efficient aggregation of the data.

Comment. A commenter suggests including specific weather-related codes for exposure to loss, such as wildfire, hail, flood, and hurricane in the Auto Plan. The commenter states that this would help determine if natural disasters impact access to auto insurance as well as residential property insurance.

Agency Response. TDI declines to make the suggested change. While weather related and other natural causes of loss affect automobiles, the exposure to loss from weather is not as prevalent as it is for property because vehicles can be shielded from inclement weather.

Comment. A commenter suggests separating the wind/hail/hurricane reason code in the Residential Plan's new monthly reports into three separate categories. The commenter

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suggests three separate categories for the new reports in both statistical plans: 1) severe convective storm other than hail, 2) hail, and 3) hurricane. In the Auto Plan the commenter suggests adding flooding as well.

Agency Response. TDI declines to make the suggested changes. While the perils suggested are separate perils, they are sufficiently similar, and occur together frequently enough that it is reasonable to include them together. As to adding separate, weather-related perils to the new quarterly reports in the Auto Plan, the exposure to loss from weather is not as prevalent for vehicles as it is for property, as vehicles can be shielded from inclement weather.

Comment. Three commenters request that TDI require reporting of only the primary reason for a declination, cancellation, or nonrenewal. One of the commenters argues that HB 2067 does not require reporting of all reasons underlying a coverage decision and that reporting of all reasons would be a major burden on insurers without offering substantially better information to consumers. The other two commenters jointly raised similar arguments that in many cases, the primary reason will be the only relevant reason and that the absence of other reasons in a report will have no significance; as a result, limiting the reports to only the primary reason would be simpler, ensure greater consistency, and be more reasonable. A fourth commenter supports requiring companies to provide all relevant reason codes.

Agency Response. TDI declines to require insurers to report only the primary reason for a coverage decision. As stated in Insurance Code §551.006, insurers must report to TDI the "reasons" for a coverage decision. The use of the plural form of the word "reasons" suggests that the reporting requirement applies to all relevant reasons. Moreover, in some

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cases, the insurer may have multiple reasons for its coverage decisions and it would be useful to TDI, the Texas Legislature, and Texas consumers to have full knowledge of those reasons. If there is only one reason for a coverage decision, the insurer can report only that single reason.

Comment. One commenter recommends that companies be required to report, for each reason code, the proportionate impact of that reason on the coverage decision.

Agency Response. TDI declines to require insurers to report the proportionate impact of a specific reason for a coverage decision. For coverage decisions which are based on multiple reasons, TDI is not aware that insurers currently calculate the impact of each reason, and even if feasible, the burdens to insurers of adding that data element to their reports may outweigh the data's utility.

Comment. A commenter notes the instructions in the Auto Plan to concatenate the reason codes in alphabetical order and suggests that the Residential Plan should include the same instructions.

Agency Response. General Rules No. 34 in the Residential Plan instructs the insurer to concatenate the list of reason codes in alphabetical order. In the proposal, the Reason Code List in the record layout in Section E also instructs the insurer to concatenate the reason codes but does not specify that they should be in alphabetical order. TDI agrees with the commenter's suggestion and has added that detail in the record layout for the Reason Code List.

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Comment. A commenter asks for additional clarification on how to report data, such as detailed reasons for declination, that insurers do not currently capture. The commenter suggests having "other" as one of the possible reason codes or instructions to insurers to begin capturing certain information.

Agency Response. As stated in Insurance Code §551.006, insurers must report to TDI the "reasons" for a coverage decision. The use of the plural form of the word "reasons" suggests that the reporting requirement applies to all relevant reasons. Moreover, in some cases, the insurer may have multiple reasons for its coverage decisions and it would be useful to TDI, the Texas Legislature, and Texas consumers to have full knowledge of those reasons.

Both statistical plans include a reason code of "other" and instructions on when to use it for declinations. In the Residential Plan, see Reason Code No. 11 in Section F; in the Auto Plan, see Specific Instructions No. 8 in Section F.

Comment. A commenter suggests removing the "Cancellation Reason Codes" and "Nonrenewal or Declination Reason Codes" headings from the Reason Code List in the Record Layout and Field Definitions subsection of Section F in the Auto Plan. The commenter explains that the headings are not accurate because, for example, Reason Code C (Claims history/driving record) is not listed under the "Cancellation Reason Codes" heading, but a new business policy could be canceled during the 60-day underwriting period if the reports are ordered after the policy was sold. As another example, Reason Code A (Failure to pay premiums when due) is listed under the "Nonrenewal or Declination Reason Codes" heading but a policy is never renewed for nonpayment

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because if the policyholder fails to pay the renewal premium, the policy will expire, and expiration is not nonrenewal.

Agency Response: TDI appreciates the commenter's suggestion and has removed the two headings from the Reason Code List in Section F of the Auto Plan. TDI agrees that some reasons listed under the "Nonrenewal or Declination Reason Codes" heading may apply to cancellations occurring during the 60-day underwriting period for the initial policy term, and that the headings could cause confusion. For similar reasons, TDI has also removed the "Cancellations" and "Nonrenewals and Declinations" headings from the Reason Code List for Columns 36-45 (RCL) in Section E and in Section F of the Residential Plan.

Comment. A commenter asks for confirmation that "the reference for liability is Section II for home and strictly liability type coverages for auto."

Agency Response. Yes, assuming this comment refers to the reason code "exposure to loss - liability." This reason is described in Reason Code No. 3 in Section F in the Residential Plan and Specific Instructions No. 8 in Section F in the Auto Plan.

In response to this comment, additional clarifying text has been added in both places. This reason code should be used if the reason for the action is due to the insured's or applicant's personal liability risk under the policy or the characteristics or activities of the insureds or applicants. It should not be used to reflect first-party claims history.

Comment. A commenter identifies a typo in the field length column for the "Action Effective Date" in the record layout for Section G in the Auto Plan. The field length is

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shown as six digits; however, the "Action Effective Date" field in the "Field Definitions" shows a four-digit entry (YYMM).

Agency Response. TDI appreciates the commenter identifying this typo. The field length in the record layout has been corrected to reflect four digits instead of six digits for the Action Effective Date.

Comment. A commenter asks whether an insurer must provide notification dates for declinations under the new plans, stating that this is not information they currently collect.

Agency Response. Yes, the record layouts for the cancellation, nonrenewal, and declination notices in both the Auto Plan and the Residential Plan include a field, "Notification Date," which is the date the notice providing the reasons for cancellation, nonrenewal, or declination was sent to the policyholder or applicant. See Section F in the Auto Plan and Section E in the Residential Plan.

Comment. Two commenters jointly ask about the meaning of new language on "recipient count." They ask TDI to clarify whether a "recipient" equates with a policy, so that, for example, a policy for a married couple would count once.

Agency Response. The commenters' understanding is correct; the term "recipient count" used in the proposal is associated with the number of policies, not the number of insureds on the policy.

In response to the comment, TDI has changed both the Residential and the Auto Plans. Throughout both plans, TDI changed the term "recipient count" to "notified policy count" to clarify that the term refers to the count of policies and not the count of insureds.

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Also in response to the comment, General Rules No. 34 as proposed in the Residential Plan has been revised to clarify the instructions for reporting the notified policy count.

In the Auto Plan, General Reporting Instructions No. 8, relating to the transmittal form content, has also been revised to clarify that the notified policy count and the actual count should be provided separately by each action type.

Relatedly, but not in response to a comment, "count" is changed to "actualized policy count." This clarifies that the term reflects actual cancellations, nonrenewals, and declinations. This term differs from "notified policy count" in that an insurer may have sent a notice, but the cancellation, nonrenewal or declination may not have actually occurred.

Comment. Three commenters oppose the requirement in both statistical plans that insurers report whether a coverage decision was based on aerial imagery or third-party data. All three commenters note that some insurers do not currently capture such information and that it would be extremely difficult for them to start doing so; the commenters also argue that such requirement is not part of HB 2067, and one commenter states that there is no statute on how insurers may use aerial imagery. Two of the commenters state that use of third-party data or aerial imagery is a tool for assessing risk but is not a reason for an underwriting action; as an example, if aerial imagery revealed that a house's roof is in disrepair, the reason for the insurer's action would be the condition of the property, not the fact that aerial imagery, rather than an inspection, was used to make the coverage decision. The two commenters also state that reporting on

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aerial imagery is a policy decision for the Texas Legislature. A fourth commenter supports the requirement to report use of aerial imagery and specific types of third-party data.

Agency Response. Insurance Code §551.002(c)(2) requires insurers to state the source of information on which the insurer relied on when giving the reasons for the declination, cancellation, or nonrenewal of an insurance policy to the applicant or policyholder. TDI believes that it is important to collect data on insurers' reliance on sources of information they use to make decisions that adversely affect applicants and policyholders. With the increasing use of third-party information and aerial imagery in underwriting and rating, TDI requires that insurers report whether they relied on this information in declining, canceling, or nonrenewing coverage.

Under the new reporting requirements, insurers report their reliance on third-party information, including aerial imagery, as an indicator, not as a reason code. If an insurer declines to write a residential property policy based on the condition of the roof and they used aerial imagery to determine the condition, the insurer will report the reason as "condition of property – roof" and then use the reason source indicator code of either 1 (if only aerial imagery and no other third-party information was used) or 3 (if both aerial imagery and other third-party information was used), as applicable.

TDI acknowledges that insurers may not have captured this information in the past and may need to make programming updates to do so for the new reporting requirements.

Comment. One commenter suggests that insurers should be required to report the use of additional types of third-party data in coverage decisions, such as real-time driving data from a third party or risk factors identified by companies like CoreLogic.

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Agency Response. TDI declines to make this change. TDI believes that the reporting of the third-party indicator or the reason source indicator in combination with the reason codes provides an informative level of detail without requiring insurers to provide the name of the third-party source in their statistical reports. Insurers must provide the name of the data vendor, model vendor, or source of third-party information or third-party models they use in their rate/rule filings and underwriting guideline filings for private passenger auto and residential property lines of insurance. Under Insurance Code §551.002(c), insurers must provide a statement to applicants and policyholders with the source of information on which the insurer relied regarding the applicable incident, circumstance, or risk factors that violated the insurer's applicable guidelines.

Comment. Three commenters request clarification on what constitutes third-party data for purposes of the new requirement to report the use of third-party data in coverage decisions. One commenter asks whether "third-party data" refers to any outside vendor or service provider that supplies information leading to or supporting an underwriting action and whether it includes internal research that uses sources like Google. The other two commenters ask whether the term includes driving records for auto policies.

Agency Response. TDI views information from an external provider or source as constituting third-party information. This would include information retrieved from a Google search used to research characteristics of potential policyholders.

Comment. One commenter asks whether the requirement to report the use of third-party data in coverage decisions requires the insurer to report the specific name of the third-party vendor, or just the information provided. The commenter also asks whether insurers must also report the name of the vendor or company that provided the aerial imagery.

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Agency Response. Under the new reporting requirements, insurers do not need to include the name of the source of the third-party information or the aerial imagery. The insurer should use the codes provided in the statistical plans for the third-party indicator or reason source indicator to indicate only whether the insurer relied in whole or in part on this information.

Comment. Two commenters request clarification on multiple cancellations. One commenter asks whether an insurer should report every time a cancellation for nonpayment notice is issued. This could occur multiple times on a policy if payment is made and the cancellation is rescinded. The other commenter states that a policy may be canceled multiple times and for multiple reasons during its term, resulting in cancellations of the same policy appearing on multiple reports. The commenter suggests that the reporting requirements make it clear that reports reflect cancellations as of the reporting date.

Agency Response. TDI agrees that every time a notice of cancellation for nonpayment of premium is issued, the insurer must report each notice of cancellation. If the policy is canceled, and later reinstated, each cancellation must also be reported, under the appropriate reporting period. The number of cancellations should reconcile with the cancellations reported to the NAIC MCAS reporting, which also treats policies that were canceled and subsequently reinstated the same way.

In the Residential Plan, General Rules No. 34 requires that each monthly report under Section E include all actions with a notification date within the experience month. General Rules No. 35 requires that each monthly report under Section G include all actions with an action effective date within the experience month.

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In the Auto Plan, Specific Instructions No. 2 in Sections F and G requires insurers to include all actions with a notification date or an action effective date within the experience quarter, respectively.

In response to the comments, TDI has amended General Rules Nos. 34 and 35 in the Residential Plan and Specific Instructions No. 7 in Section F and Specific Instructions No. 6 in Section G in the Auto Plan. These amendments clarify that if a policy that was canceled is subsequently reinstated, the cancellation should be reported. The amendments also provide an example for additional context.

Comment. A few commenters ask for clarification on how flat cancellations must be reported in the new reports required under both statistical plans. Two commenters suggest alternatively that no reporting be required for flat cancellations.

Agency Response. In both statistical plans, flat cancellations must be reported. Insurers are instructed to use the policy's effective date for the action effective date for a flat cancellation. This applies for both the notice reports and the actual numbers reports. See the "Action Effective Date" instructions in Sections E and G of the Residential Plan and Sections F and G of the Auto Plan. However, in response to the comment, TDI has added a sentence that repeats this information and says for flat cancellation to report the effective date of the policy for the action effective date. This has been done in Specific Instructions No. 7 of Section F and in Specific Instructions No. 6 of Section G in the Auto Plan and in General Rules Nos. 34 and 35 in the Residential Plan.

Comment. A commenter asks whether the new reporting requirements apply to rescissions.

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Agency Response. Rescissions and policies voided under Insurance Code Chapter 705 should not be included in the new reports. This approach is consistent with the NAIC MCAS reports, which do not include data relating to rescissions for the residential and auto lines of business. TDI has added clarifying language in General Rules Nos. 34 and 35 in the Residential Plan and in Specific Instructions No. 7 in Section F and Specific Instructions No. 6 in Section G in the Auto Plan to confirm that the new reporting requirements do not apply to rescissions.

Comment. A commenter asks whether the definition of the 60-day indicator (for cancellations that occur during the first 60 days of a policy term) refers to the notice date instead of the termination date.

Agency Response. TDI agrees that the description of the 60-day indicator should refer to when the notice of cancellation was sent. This makes the instructions consistent with similar reporting for the NAIC MCAS reports. In Section F of the Auto Plan, TDI has revised the field definition for the 60-day indicator to refer to whether the cancellation notice was "sent." TDI has further revised the field definition to refer to the "initial" policy term only to clarify that insurers do not need to report whether a cancellation notice was sent during the first 60 days of subsequent or renewal terms. TDI has made similar changes in the 60-Day Indicator description for Column 18 (60D) in Section E of the Residential Plan.

Comment. Two commenters jointly request that TDI remove the 60-day indicator because the timing of a cancellation is a separate inquiry that is not relevant to the reason for cancellation. The commenters also argue that the requirement would necessitate additional programming by insurers to collect data not specified in HB 2067.

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Agency Response. TDI declines to remove the reporting for cancellations within the first 60 days of the policy term. As noted in its response to the previous comment, TDI has clarified in both statistical plans that the 60-day indicator applies only to the initial term of a policy, and not subsequent renewal terms. Because the reasons for cancellations permitted under the Insurance Code vary depending on the timing of the cancellation, TDI views such data as relevant under HB 2067 and potentially helpful for policymaking purposes. TDI acknowledges that programming may be needed to capture this information. However, insurers already report similar data for the NAIC MCAS reports and should be able to use the same or similar programming logic.

Comment. A few commenters ask for clarification on what qualifies as a declination that an insurer must provide written reasons for and report on to TDI. When an insurer gives an applicant different quotes for different coverages or answers to application questions, what must the insurer report? A commenter asks that the phrase "completed and submitted," from Insurance Code Chapter 551, be incorporated into the definition of declination in the statistical plans.

Agency Response. Insurance Code §§551.002, 551.0521, and 551.109 refer to the declination of a "completed and submitted application." Therefore, if the insurer declines a completed and submitted application, the insurer must provide the applicant with a written statement giving the reasons for the declination and report the declination to TDI.

In response to the comments, TDI has amended both statistical plans. In the Residential Plan, General Rules Nos. 34 and 35 now include a heading for "Declinations." In the Auto Plan, the "Declinations" heading is in Specific Instructions No. 6 in Section F

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and Specific Instructions No. 5 in Section G. Both plans require reports for declinations of "completed and submitted applications."

Comment. TDI received eleven timely comments asking whether farm mutuals are subject to the new reporting requirements in the Residential and Auto Plans. Seven commenters argue no; four commenters argue yes.

The commenters arguing against imposing the new reporting requirements on farm mutuals say that Insurance Code §551.006, which contains HB 2067's reporting requirements, does not apply to them. The arguments against are legal and practical.

Legal arguments against applying Insurance Code §551.006 to farm mutuals:

Legal arguments against applying Insurance Code §551.006 to farm mutuals assert that Insurance Code §551.109 is the only section amended by HB 2067 that applies to farm mutuals. Some of the commenters conclude that TDI could obtain the same information from farm mutuals under Insurance Code §38.001.

Under Insurance Code §911.001, farm mutuals are subject only to the statutes listed in that section and to statutes elsewhere in the code that are expressly made applicable to farm mutuals. Insurance Code §911.001 does not list any part of Insurance Code Chapter 551, nor does Insurance Code §551.006 mention farm mutuals. Insurance Code Chapter 551, Subchapter C, does expressly apply to farm mutuals per Insurance Code §551.101. Therefore, the commenters' argument goes, Insurance Code §551.109 is the only section amended by HB 2067 that applies to farm mutuals. HB 2067 amended Insurance Code §551.109 to require that an insurer provide a statement of the reason for a declination, cancellation, or nonrenewal without the insured needing to request it.

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One of the commenters cites the case *Fireman's Fund Cnty. Mut. Ins. Co. v. Hidi*, 13 S.W.3d 767, 769 (Tex. 2000), which held that a provision referring to "any insurer" did not apply to county mutuals, because the provision did not reference county mutuals and the provision was not enumerated in the Insurance Code chapter addressing county mutuals. As with farm mutuals, the Insurance Code Chapter addressing county mutuals exempts county mutuals from Texas insurance laws except for statutes listed in the chapter or made applicable by their specific terms.

Another commenter argues that HB 2067 does not require farm mutuals to report under the statistical plans because it does not amend Insurance Code Article 5.96, which governs the procedures for adopting statistical plans, nor does it amend Insurance Code Chapter 38, Subchapter E, on statistical data collection. Neither Article Insurance Code 5.96, nor Insurance Code Chapter 38, Subchapter E, apply to farm mutuals.

Three of the commenters state that farm mutuals are subject to Insurance Code §38.001, concerning Inquiries, because that section is listed in Insurance Code §911.001.

Practical arguments against applying Insurance Code §551.006 to farm mutuals:

Four of the commenters discuss the expense of complying with the proposed reporting requirements and potential conflict with statutory expense ratio limits. Insurance Code §911.301 prohibits a farm mutual from using more than 33 percent of its gross income for expenses, unless approved by the commissioner. One farm mutual reports writing approximately \$2.2 million in direct written premium annually and having a full-time staff of five. Another comment states that almost all farm mutuals write less than \$10 million in direct written premium and that most have less than six employees. The commenters argue that farm mutuals cannot comply with the proposed reporting requirements without raising their expense ratio above what is permitted.

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Some of the commenters question whether gathering data from farm mutuals would enable a balanced, representative picture of the Texas market, given that farm mutuals represent a small share of the market and by statute only write in rural areas.

Four commenters argue that Insurance Code §551.006 does apply to farm mutuals.

Legal arguments for applying Insurance Code §551.006 to farm mutuals:

The commenters' legal argument is that Insurance Code Chapter 551, Subchapter C, expressly applies to farm mutuals. Under Insurance Code §551.101, "insurer" in Subchapter C refers to any authorized property and casualty insurer, including a farm mutual. Thus Insurance Code §551.109 applies to farm mutuals, as does Insurance Code §551.112, which gives the commissioner authority to adopt rules relating to cancellation and nonrenewal .

The commenters argue that Insurance Code §551.112 gives the commissioner authority to apply the reporting requirements of Insurance Code §551.006 to farm mutuals. One comment argues that Insurance Code §551.001 provides this authority.

Additional arguments for applying Insurance Code §551.006 to farm mutuals:

The commenters' additional arguments emphasize the result of exempting farm mutuals from the reporting requirements. The public, the legislature, and TDI would have incomplete data on cancellations, declinations, and nonrenewals in rural areas. TDI would not have the same ability to identify trends and protect all consumers to the same extent. The commenters also argue that HB 2067 imposes a significant regulatory burden, which should fall equally on all members of the industry. One of the commenters argues that exempting farm mutuals could "inadvertently make it easier to identify individual insurers operating in rural markets, raising privacy and competitive concerns."

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Agency Response. TDI appreciates all of the comments. TDI does not agree with the legal arguments for exempting farm mutual insurers from the reporting requirements of Insurance Code §551.006.

The comments arguing for an exemption fail to acknowledge that Insurance Code §551.006 requires a written report summarizing the reasons that insurers "provided to applicants for insurance or policyholders as required by this chapter" (emphasis added). As the commenters concede, Insurance Code §551.109 in Chapter 551, Subchapter C requires farm mutuals to automatically provide an insured with a statement of the reasons for a declination, cancellation, or nonrenewal.

However, TDI is sensitive to the cost and expense ratio concerns raised in the comments and agrees to exempt farm mutual insurers from the Residential Plan at this time. TDI plans to have discussions with stakeholders to explore how to best obtain the data required under HB 2067 to protect consumers while addressing these concerns.

Comment. A commenter argues that TDI lacks the statutory authority to impose the reporting requirements of Insurance Code §551.006 on county mutuals, Lloyd's plans, and reciprocal and interinsurance exchanges. The commenter argues that like farm mutuals, these entities are subject only to the Insurance Code provisions in which they are expressly referenced.

Agency Response. As explained in its previous response to the comments on farm mutuals, TDI does not agree with the similar legal arguments raised for exempting county mutuals, Lloyd's plans, and reciprocal and interinsurance exchanges from the reporting requirements of Insurance Code §551.006. TDI declines to exempt these entities from the new reporting requirements.

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Subchapter O. Statistical Plans 28 TAC §5.9503 and §5.9504

STATUTORY AUTHORITY. The commissioner adopts new §5.9503 and §5.9504 under Insurance Code §§38.001, 38.202, 38.204(a), 38.205 - 38.207, 551.006, 551.112, and 36.001.

Insurance Code §38.001 authorizes TDI to address a reasonable inquiry to any insurance company or other holder of an authorization relating to the business condition or any matter connected with the person's transactions that TDI considers necessary for the public good or for the proper discharge of TDI's duties.

Insurance Code §38.202 allows the commissioner to, for a line or subline of insurance, designate or contract with a qualified organization to serve as the statistical agent for the commissioner to gather data for relevant regulatory purposes or as otherwise provided by the Insurance Code.

Insurance Code §38.204(a) provides that a designated statistical agent must collect data from reporting insurers under a statistical plan adopted by the commissioner.

Insurance Code §38.205 provides that insurers must provide all premium and loss cost data to the commissioner or designated statistical agent as the commissioner or agent requires.

Insurance Code §38.206 authorizes the statistical agent to collect from reporting insurers any fees necessary for the agent to recover the necessary and reasonable costs of collecting data from that reporting insurer.

Insurance Code §38.207 authorizes the commissioner to adopt rules necessary to accomplish the purposes of Insurance Code Chapter 38, Subchapter E.

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Insurance Code §551.006 authorizes the commissioner to prescribe the form and manner of an insurer's written report summarizing the insurer's reasons for declination, cancellation, or nonrenewal provided to applicants or policyholders as required by Insurance Code Chapter 551.

Insurance Code §551.112 authorizes the commissioner to adopt rules relating to the cancellation and nonrenewal of insurance policies.

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.

TEXT.

§5.9503. Texas Statistical Plan for Residential Risks.

(a) Purpose and Applicability.

(1) The purpose of this section is to establish requirements for the reporting of data by residential property insurers under Insurance Code Chapter 38, Subchapter E, concerning Statistical Data Collection; Insurance Code §38.001, concerning Inquiries; and Insurance Code §551.006, concerning Report Required.

(2) Insurers writing direct residential property business in Texas must provide the required reports described in the *Texas Statistical Plan for Residential Risks* adopted by reference in subsection (b) of this section to the commissioner or the statistical agent designated under Insurance Code §38.202, concerning Statistical Agent.

(3) The reports must comply with the reporting requirements and instructions specified in the *Texas Statistical Plan for Residential Risks* adopted by reference in subsection (b) of this section.

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(4) This section applies to all reports required to be filed with the department under this section for reporting periods beginning on or after April 1, 2026.

(b) Adoption by Reference. The commissioner adopts by reference the *Texas Statistical Plan for Residential Risks*, effective April 1, 2026. This document is published on the department's website at www.tdi.texas.gov.

§5.9504. Texas Private Passenger Auto Statistical Plan.

(a) Purpose and Applicability.

(1) The purpose of this section is to establish requirements for the reporting of data by private passenger automobile insurers under Insurance Code Chapter 38, Subchapter E, concerning Statistical Data Collection; Insurance Code §38.001, concerning Inquiries; and Insurance Code §551.006, concerning Report Required.

(2) Insurers writing direct private passenger automobile business in Texas must provide the required reports described in the *Texas Private Passenger Auto Statistical Plan* adopted by reference in subsection (b) of this section to the commissioner or the statistical agent designated under Insurance Code §38.202, concerning Statistical Agent.

(3) The reports must comply with the reporting requirements and instructions specified in the *Texas Private Passenger Auto Statistical Plan* adopted by reference in subsection (b) of this section.

(4) This section applies to all reports required to be filed with the department under this section for reporting periods beginning on or after April 1, 2026.

(b) Adoption by Reference. The commissioner adopts by reference the *Texas Private Passenger Auto Statistical Plan*, effective April 1, 2026. This document is published on the department's website at www.tdi.texas.gov.

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CERTIFICATION. The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Issued at Austin, Texas, on January 15, 2026.

Signed by:
Jessica Barta
5DAC5618BBC74D4

Jessica Barta, General Counsel
Texas Department of Insurance

New 28 TAC §5.9503 and §5.9504 are adopted.

Signed by:
C Brown
EC5D7EDDEFEBB4E8

Cassie Brown
Commissioner of Insurance

Commissioner's Order No. 2026-9741.