

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

INTRODUCTION. The Texas Department of Insurance (TDI) proposes 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. TDI previously adopted the Residential Plan and Auto Plan under the procedures outlined in Insurance Code Article 5.96. To align these plans with other TDI statistical plans, TDI proposes to adopt by reference updated versions of the Residential and Auto Plans under Government Code Chapter 2001. Updates to the plans are necessary to collect data on the reasons insurers give consumers for the declination, cancellation, or nonrenewal of property and casualty insurance policies. The new sections implement House Bill 2067, 89th Legislature, 2025.

EXPLANATION. In TDI's 2024 Biennial Report, TDI recommended to the Texas Legislature that insurance companies be required to tell consumers why the company declined a policy application or canceled or nonrenewed an existing policy. The Insurance Code had required companies to tell consumers why personal property and casualty policies were declined, canceled, or nonrenewed only when the consumer asked. Companies were also required to tell consumers why their commercial property and casualty policies were canceled or nonrenewed but not why their commercial insurance applications were declined.

Consistent with TDI's recommendations, HB 2067 amended Insurance Code Chapter 551 to require disclosure of an insurer's reasons for cancellation or nonrenewal of an existing insurance policy or for declination of an application. Now, the insurer must disclose the reasons to the policyholder or applicant for all cancellations, nonrenewals, and declinations, even without a consumer's request. HB 2067 also requires that insurers

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 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 propose to adopt by reference revised versions of TDI's current statistical plans for residential and private passenger automobile lines of business. The proposed revisions to the Residential Plan and Auto Plan require insurers to include data by ZIP code relating to the reasons for coverage decisions 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 proposed revisions 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.

In the Residential Plan, a new subsection is added 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 code and description or type. New Section F provides additional instructions and descriptions of the reason codes.

In the Auto Plan, the proposed revisions require a new quarterly report on the reasons for cancellations, nonrenewals, and declinations. Specific instructions are added for the report, including the record layout, field instructions, and listing 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 evolving insurance market, to address stakeholder feedback, or to improve the usefulness of collected data.

In both the Residential Plan and the Auto Plan, consistent with Insurance Code §551.002(c) and §551.109(1), the new columns have an indicator for reasons that include the use of third-party information. In the Residential Plan, the new indicator requires specifying whether the reasons were based on use of aerial imagery versus other types of third-party information. An indicator for cancellations that occur during the first 60 days of a policy term is also included in both plans.

As instructed in the revised Residential Plan and Auto Plan, 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 proposed revisions enable TDI's posting of an aggregated summary of insurers' reports.

TDI also proposes to add new reporting requirements to each of the statistical plans 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 the Residential Plan to provide the record layout for reporting the data. Similar instructions are added to the Auto Plan to describe the new report requirements.

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

In the Residential Plan, an instruction for reporting accident dates on loss records 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.

In the Auto Plan, revisions 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 do not account for changes in insurers' driver class rating variables and risk classifications. The proposed revisions add the following two new classification codes 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 proposed revisions also increase the number of positions available for the "deductible amount" 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 proposed revisions to the classification codes and deductible positions in the Auto Plan 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 Section 12 relating to new versions of the Auto Plan.

TDI also proposes in both plans nonsubstantive changes, 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.

Descriptions of the proposed new sections follow.

Section 5.9503. Texas Statistical Plan for Residential Risks. New §5.9503 proposes to adopt 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 the Residential Plan beginning on its effective date, January 1, 2026. Subsection (b) proposes to adopt by reference the revised Residential Plan.

Section 5.9504. Texas Private Passenger Auto Statistical Plan. New §5.9504 proposes to adopt 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, January 1, 2026. Subsection (b) proposes to adopt by reference the revised Auto Plan.

FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT. Nicole Elliott, director and chief actuary, Property and Casualty Actuarial Office, has determined that during each year of the first five years the sections as proposed are in effect, there will be no measurable fiscal impact on state and local governments as a result of enforcing or administering the proposed sections, other than that imposed by statute. Ms. Elliott made this determination because the sections as proposed do not add to or decrease state

revenues or expenditures, and because local governments are not involved in enforcing or complying with the proposed sections.

Ms. Elliott does not anticipate any 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 sections as proposed are in effect, Ms. Elliott expects that enforcing and administering them will have the public benefit of ensuring that TDI's rules conform to the Insurance Code as amended by HB 2067. Also, the proposed new data reporting requirements in both statistical plans are limited in scope but serve an important purpose: the information collected is essential to protect consumers and to provide TDI with the necessary data to evaluate market activity and track trends to determine whether agency action is necessary. The data collection is also necessary to enable TDI to access and fulfill its statutory obligation to post an aggregated summary of insurer reports on TDI's website, as required under Insurance Code §551.006(b). By providing a uniform and consistent form and manner for insurers to report the new data to TDI's statistical agents, the proposed new sections will also decrease compliance costs over time for insurers.

Ms. Elliott expects that the sections as proposed will impose an economic cost on persons required to comply with them.

Under the proposed plan revisions, certain property and casualty insurers will be required to provide to TDI monthly or quarterly written reports summarizing their reasons for declination, cancellation, or nonrenewal of insurance applications or policies, as required by Insurance Code Chapter 551.

Compliance costs may include initial systems setup and process integration. Insurers are expected to incur costs from integrating the tracking, collection, and reporting of the new data into their current computer systems, databases, and business

processes that are used to report existing data requirements in the Residential Plan or Auto Plan. These updates will be needed to ensure that insurers' systems and processes comply with the proposed new data collection and reporting requirements in the applicable plan. Depending on the individual computer system, this integration may require significant system development, while computer systems with advanced functionality may require only minor system modifications. Insurers may need to ensure that their computer and database systems can perform system queries to extract the new categories of data and convert internal data and fields or codes to the formats prescribed by the proposed revised plans. Costs may differ depending on how insurers choose to track, collect, and conform the data to each plan's requirements.

TDI estimates that these system and process updates may require the services of computer and information system managers, database architects, database administrators, computer systems analysts, and computer programmers. While it is not feasible to determine the actual amount of time it would take these professionals to complete their respective tasks, TDI estimates that it could take each profession type 50 - 100 hours. Based on the Occupational Employment and Wage Statistics estimates for Texas published by the U.S. Department of Labor (DOL), Bureau of Labor Statistics (BLS) (May 2024; data.bls.gov/oes/#/area/4800000), the mean hourly wages for these professions are as follows: \$84.06 for a computer and information system manager, \$65.83 for a database architect, \$52.56 for a database administrator, \$54.98 for a computer systems analyst, and \$44.02 for a computer programmer. The actual number, types, and cost of personnel will be determined by the insurer's existing data systems, business processes, and staffing and its business decisions relating to the method of compliance.

There may also be costs associated with legal and compliance review to ensure that insurers' updated systems and processes comply with the proposed new reporting requirements. Insurers may also need to update their standard operating procedures,

underwriting manuals, procedural and process documents, and other internal documentation to reflect the new system and process updates. Also, insurance company staff will likely require training to implement the system and process updates.

TDI estimates that the compliance review and implementation efforts previously described may require the services of attorneys, compliance officers, office and administrative support staff, and first-line administrative supervisors. While it is not feasible to determine the actual amount of time it would take any professional to complete their respective tasks, TDI estimates that it could take each profession type 50 - 100 hours. Based on the Occupational Employment and Wage Statistics estimates for Texas (DOL, BLS; May 2024; data.bls.gov/oes/#/area/4800000), the mean hourly wages for these professions are as follows: \$78.29 for an attorney, \$37.76 for a compliance officer, \$22.62 for an office and administrative support worker, and \$33.94 for a first-line supervisor of office and administrative support staff. The actual number, types, and cost of personnel will be determined by the insurer's existing data systems, business processes, and staffing and its business decisions relating to the method of compliance.

In addition to the initial implementation and compliance review costs, insurers will likely incur ongoing costs for reporting the new data to TDI's statistical agents on a monthly or quarterly basis. Because of automation or integration with existing systems, these ongoing costs for computer and database system updates are not expected to be significant for most insurers. Other ongoing costs might arise from data retrieval and aggregation, administrative and internal compliance review of reports, and staff training, as well as collaborations with the designated statistical agents for data verification and error correction cycles.

TDI estimates that these ongoing implementation tasks may require the services of computer and information system managers, database administrators, office and administrative support workers, and compliance officers. While it is not feasible to

determine the actual amount of time it would take any professional to complete their respective tasks, TDI estimates that it could take each profession type 25 - 50 hours for each reporting period. Based on the Occupational Employment and Wage Statistic estimates for Texas (DOL, BLS; May 2024; data.bls.gov/oes/#/area/4800000), the mean hourly wages for these professions are as follows: \$84.06 for a computer and information system manager, \$52.56 for a database administrator, \$22.62 for an office and administrative support worker, \$33.94 for a first-line supervisor of office and administrative support staff, and \$37.76 for a compliance officer. The actual number, types, and cost of personnel will be determined by the insurer's existing data systems, business processes, and staffing and its business decisions relating to the method of compliance.

For both plans, insurers will also be required to provide a new report of the numbers of declined applications and canceled or nonrenewed policies by ZIP code. Because this data is simpler than reasons-related data, the compliance costs for these reports will likely be lower than the costs previously described. For insurers that currently report similar data for the Market Conduct Annual Statement issued by the National Association of Insurance Commissioners, the costs of providing the new report as part of the Auto Plan and Residential Plan may not be significant.

In addition, the designated statistical agent for the applicable plan may charge additional or increased submission fees and special assessment fees for the additional data reports required under the proposed revised plans. Insurers that choose to report data through an outside vendor or managing general agent would incur additional fees charged by those entities.

The non-implementation updates to the plans are not expected to increase costs to regulated entities because the proposed requirements reflect current reporting practices or merely clarify requirements or correct errors. For example, the proposed

revisions to the classification codes and deductible positions in the Auto Plan are not expected to increase the cost of compliance because the new codes are already being used in statistical data reporting by insurers, and the additional deductible position is already included in the reports as a reserved position.

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS. TDI has determined that the sections as proposed will not have an adverse impact on rural communities, but may have an adverse economic effect on small or micro businesses. The cost analysis in this proposal's Public Benefit and Cost Note section also applies to these small or micro businesses. TDI estimates that the sections as proposed may affect approximately 100 small or micro businesses.

This proposal's primary objective is to gather essential data to assess consumers' access to the insurance market. TDI considered the following alternatives to lessen any adverse effect on small or micro businesses while accomplishing the proposal's objectives:

- (1) not proposing the new sections and instead collecting the needed data through ongoing data calls;
- (2) providing additional time for small or micro businesses to comply; and
- (3) exempting small or micro businesses from the proposed requirements that could create an adverse effect.

Not proposing the new sections. Not proposing the new sections would result in TDI needing to rely on the data-call approach to collecting the needed data. There would be no streamlined process for collecting this important data for any insurer, regardless of size. This would mean no cost-savings would result over time due to increased efficiency, and no statistical plan to ensure consistent data is collected that would allow an examination of experience comparisons over time. For these reasons, TDI rejected this option.

Providing additional time for small or micro businesses to comply. TDI determined that extending the compliance deadline for small or micro businesses was not supported by statute; HB 2067 takes effect on January 1, 2026, and requires reporting "at least once a quarter." Providing additional time for some businesses and not others would create an unlevel playing field and provide inequitable protections for consumers depending on whether they purchase or apply for a policy offered by a small or micro business. For these reasons, TDI rejected this option.

Exempting small or micro businesses from the proposed requirements that could create an adverse effect. TDI declined to exempt small or micro businesses from the sections as proposed because these businesses are required to comply with HB 2067 and the rules implementing that bill. In addition, if small or micro businesses were exempt from the new reporting requirements under the statistical plans, they would be required to collect and report the data under HB 2067 via another method, such as responding to monthly or quarterly data calls. These alternative methods would likely be less efficient and more prone to errors. Further, collection of the new data will provide TDI with a holistic view of market activity and allow it to address issues affecting consumer access to insurance products. An exemption would prevent TDI from identifying issues impacting small or micro businesses in particular and from enacting regulations that could benefit these businesses or expand their customer base. For these reasons, TDI rejected this option.

TDI has determined that the proposal will not have an adverse economic impact on rural communities because the rule will apply only to insurers. As a result, and in accordance with Government Code §2006.002(c), it is not necessary for TDI to address rural communities in its regulatory flexibility analysis.

EXAMINATION OF COSTS UNDER GOVERNMENT CODE §2001.0045. TDI has determined that this proposal does impose a possible cost on regulated persons. However, no additional rule amendments are required under Government Code §2001.0045 because the proposed rule is necessary to implement legislation and to protect the health, safety, and welfare of Texas residents. The proposed rule implements Insurance Code §551.006, as added by HB 2067, and §38.202.

GOVERNMENT GROWTH IMPACT STATEMENT. TDI has determined that for each year of the first five years that the sections as proposed 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 create a new regulation;
- will expand, limit, or repeal an existing regulation;
- will increase the number of individuals subject to the rule's applicability; and
- will positively affect the Texas economy.

Although the proposed rule will not affect fees paid to TDI, TDI's designated statistical agent may require additional or increased fees for insurers' submission of the new data. In addition, the proposed amendments to the plans will expand requirements in the existing statistical plans for residential and private passenger automobile lines and will require additional insurers such as farm mutual insurance companies to begin reporting data.

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 November 24, 2025. Consistent with Government Code §2001.024(a)(8), TDI requests public comments on the proposal, including information related to the cost, benefit, or effect of the proposal and any applicable data, research, and analysis. Send your comments to ChiefClerk@tdi.texas.gov or to the Office of the Chief Clerk, MC: GC-CCO, Texas Department of Insurance, P.O. Box 12030, Austin, Texas 78711-2030.

The commissioner of insurance will also consider written and oral comments on the proposal in a public hearing under Docket No. 2860 at 2:00 p.m., central time, on November 13, 2025, in Room 2.035 of the Barbara Jordan State Office Building, 1601 Congress Avenue, Austin, Texas 78701.

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

STATUTORY AUTHORITY. TDI proposes 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.

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.

CROSS-REFERENCE TO STATUTE. Proposed new §5.9503 and §5.9504 implement Insurance Code Chapter 38, Subchapter E, and Chapter 551, Subchapters A - C.

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.

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

(b) Adoption by Reference. The commissioner adopts by reference the *Texas Statistical Plan for Residential Risks*, effective January 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 January 1, 2026.

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

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

Issued in Austin, Texas, on October 13, 2025.

Signed by:
Jessica Barta
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Jessica Barta, General Counsel
Texas Department of Insurance