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TITLE 28. INSURANCE
Part I. Texas Department of Insurance
Chapter 5. Property and Casualty Insurance

Adopted Section
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SUBCHAPTER O. TEXAS COMMERCIAL LINES STATISTICAL PLAN 28 TAC §5.9501

INTRODUCTION. The Texas Department of Insurance adopts amendments to 28 TAC §5.9501, concerning the Texas Commercial Lines Statistical Plan (Plan). The adopted section incorporates by reference a revised Plan, effective July 1, 2017. The amendments to §5.9501 are adopted with changes to the proposed text published in the March 25, 2016, issue of the *Texas Register* (41 TexReg 2305), and the Plan is adopted by reference with changes to the proposed version posted on the department's website with the proposal. The department changed §5.9501(a)(4) and (b) as proposed to provide a later date for insurers to begin mandatory reporting under the revised Plan. In the Plan, the department corrected contact information and added a reference to new reporting codes to the note at the top of page F-33.

REASONED JUSTIFICATION. The revised Plan adopted by reference in the amended section incorporates the same requirements and instructions for the reporting of direct commercial lines insurance premium and loss data to the designated statistical agent as the existing Plan, with the exception of new class codes and two new indicators for insurers that write surety bonds, and updated contact information for the department and the statistical agent.

The department adopts changes to the Plan to require surety insurers to report a small business indicator and an expedited underwriting indicator, and to add new class codes identifying public-private partnerships. The adopted changes to surety risk reporting are for the purpose of standardizing the manner in which those insurers report premium and loss experience. When the Plan was last updated, effective January 1, 2010, the department revised the fields and codes used for reporting premium and loss experience for surety and fidelity risks to be consistent with the standard fields and codes required in the statistical plan used in all other states. In 2015, that statistical plan added new class codes and indicators. The adopted updates to the Plan are necessary to keep its reporting requirements in line with those in the statistical plan used in all other states, which will ease reporting for insurers who write in multiple states; potentially lower compliance costs; and allow for better experience comparison by the department, the designated statistical agent, and the industry in general. Under the amendments to

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§5.9501, insurers are required to begin reporting under the revised Plan by July 1, 2017. Insurers may voluntarily begin reporting under the revised Plan beginning July 1, 2016.

The department also adopts changes to the Plan to update contact information for the department and the designated statistical agent. The changes are necessary to avoid confusion and to facilitate communication among insurers, the department, and the designated statistical agent by ensuring that insurers have accurate and current contact information. Insurers should begin using the updated contact information to communicate with the department and the designated statistical agent immediately, if they are not already doing so.

Adopted amendments to §5.9501(b) adopt by reference the revised Plan. Adopted amendments to §5.9501(a)(4) provide that insurers must use the revised version of the Plan beginning July 1, 2017. These amendments are necessary to implement the revised Plan and set the effective date by which insurers must report under the revised Plan.

Nonsubstantive changes to §5.9501 are also necessary to correct grammar errors and conform the adoption to the department's writing guidelines, and other nonsubstantive changes to the Plan are necessary to make corrections to page cross-references.

The department adopts the rule with a change to the effective date of the Plan and the date insurers must begin reporting under the revised Plan, both July 1, 2017, in order to give insurers a full year from the date of adoption to make any adjustments needed to comply with the new requirements.

In response to a comment on the proposal, the department adopts by reference a revised Plan that includes changes from the proposed Plan and rules that were posted on the department's website. The changes reflect an accurate email address for general reporting questions and the web address of the Texas Operating Procedures Manual provided by the statistical agent. In addition, a conforming change to Page F-33 adds the new reporting codes for public-private partnerships to the note at the top of the page. The changes are in line with the stated goals of providing accurate contact information for use by reporting insurers, and they align the Plan's reporting requirements with those in the statistical plan used in all other states. They do not introduce new subject matter or affect insurers other than those previously on notice from the proposal.

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SUMMARY OF COMMENTS AND AGENCY RESPONSE. The department received three written comments. A hearing was not requested. Commenters for the proposal were: International Fidelity Insurance Company Surety Group and Zurich American Insurance Company. Commenter in support of the proposal, with changes, was: ISO Solutions.

Comment: Two commenters supported the department's proposal to amend the Plan because it facilitates the delivery of information to the department and increases efficiency by allowing insurers to prepare one survey for all states.

Agency Response: The department appreciates the comments.

Comment: A commenter suggested corrections to the email address given in the Plan for general reporting questions and the website address of the Texas Operating Procedures Manual provided by the statistical agent. The commenter also suggested adding a reference to the new classification codes in the note at the top of Page F-33 of the Plan.

Agency Response: The department agrees with the suggestions and makes the changes to the revised Plan, which is adopted by reference in the adopted rule.

STATUTORY AUTHORITY. The amendments are adopted under Insurance Code §§38.202, 38.204(a), 38.205, 38.207, and 36.001.

Section 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 relevant for regulatory purposes.

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

Section 38.205 requires insurers to provide all premium and loss cost data to the commissioner or the designated statistical agent as the commissioner or agent requires.

Section 38.207 authorizes the commissioner to adopt rules necessary to accomplish the purposes of Chapter 38, Subchapter E, relating to statistical data collection.

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Section 36.001 provides the commissioner's general rulemaking authority to adopt any rules necessary and appropriate to implement the powers and duties of the department under the Insurance Code and other laws of the state.

TEXT.

SUBCHAPTER O. TEXAS COMMERCIAL LINES STATISTICAL PLAN

§5.9501. Texas Commercial Lines Statistical Plan.

(a) Purpose and Applicability.

(1) The purpose of this section is to establish requirements for the reporting of premium and loss data by direct commercial lines insurers under Insurance Code Chapter 38, Subchapter E.

(2) Under Insurance Code §38.202, the commissioner has designated a statistical agent for commercial lines of insurance.

(3) As provided by Insurance Code §38.205, all insurers writing direct commercial lines business in Texas are required to provide a report of their premium and loss cost experience to the commissioner or the statistical agent designated under Insurance Code §38.202. The report must comply with the reporting requirements and instructions specified in the Texas Commercial Lines 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 July 1, 2017.

(b) Adoption by Reference. The commissioner adopts by reference the Texas Commercial Lines Statistical Plan, effective July 1, 2017. This document is published by the department and is available on the department's website at www.tdi.texas.gov.

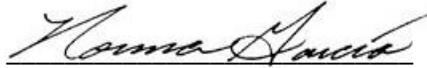
CERTIFICATION. This agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

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The commissioner adopts amendments to §5.9501.



David C. Mattax
Commissioner of Insurance

COMMISSIONER'S ORDER NO. 4485