

**Subchapter F. Inland Marine Insurance, Multi-Peril Insurance, and Commercial
Lines
Division 3. Exempt Commercial Lines
28 TAC §5.5201**

INTRODUCTION. The commissioner of insurance adopts new 28 TAC §5.5201, concerning exempt commercial lines of property and casualty insurance. The new section is adopted without changes to the proposed text published in the October 6, 2023, issue of the *Texas Register* (48 TexReg 5812).

REASONED JUSTIFICATION. New 28 TAC §5.5201 is necessary to implement Senate Bill 1367, 87th Legislature, 2021, which exempts certain commercial lines of insurance from rate and form filing requirements. SB 1367 authorizes the commissioner to exempt additional commercial lines of insurance to promote enhanced competition or more effectively use TDI resources that might otherwise be used to review commercial lines filings.

New §5.5201 identifies 12 additional commercial lines of property and casualty insurance and exempts them from the rate and form filing requirements in Insurance Code Chapter 2251, Subchapter C, and Insurance Code Chapter 2301, Subchapter A. The rule does not exempt these insurance lines from any other applicable statute or rule.

These lines are appropriate to exempt because TDI receives comparatively few rate and form filings or policyholder complaints involving them. These factors indicate that there is less need for TDI to review forms and rates for these lines. Further, exempting these lines of insurance will promote enhanced competition and allow TDI to more effectively use its resources to review other commercial lines filings, as contemplated by SB 1367.

The title of Subchapter F is amended to reflect that a section in it addresses commercial lines and adds new Division 3 to address exempt commercial lines.

SUMMARY OF COMMENTS. TDI did not receive any comments on the proposed new section.

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STATUTORY AUTHORITY. The commissioner adopts new §5.5201 under §§2251.0031, 2301.0031, 36.001, and 36.002.

Insurance Code §2251.0031 exempts certain lines of insurance from rate filing requirements and provides that the commissioner may by rule exempt additional commercial lines of insurance to promote enhanced competition or more effectively use TDI resources. Section 2251.0031 also provides that the commissioner may adopt reasonable and necessary rules to implement §2251.0031.

Insurance Code §2301.0031 exempts certain lines of insurance from form filing requirements and provides that the commissioner may by rule exempt additional commercial lines of insurance to promote enhanced competition or more effectively use TDI resources. Section 2301.0031 also provides that the commissioner may adopt reasonable and necessary rules to implement §2301.0031.

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.

Insurance Code §36.002 provides that the commissioner may adopt reasonable rules that are necessary to effect the purposes of Insurance Code Chapter 2251 and Chapter 2301, Subchapter A.

TEXT.**§5.5201. Exempt Commercial Lines.**

(a) The purpose of this section is to identify commercial lines of insurance that the commissioner of insurance has determined should be exempt from the rate filing requirements in Insurance Code Chapter 2251, Subchapter C, concerning Rate Filings, and the form filing requirements in Insurance Code Chapter 2301, Subchapter A, concerning Policy Forms Generally. These exemptions are in addition to the exceptions for certain lines of insurance listed in Insurance Code §2251.0031(a), concerning Exceptions for Certain Lines, and Insurance Code §2301.0031(a), concerning Exceptions for Certain Lines.

(b) The rate filing requirements in Insurance Code Chapter 2251, Subchapter C, and the form filing requirements in Insurance Code Chapter 2301, Subchapter A, do not apply to any line of the following kinds of insurance written under a commercial insurance policy or contract:

(1) commercial credit insurance products that cover outstanding commercial debt, including trade credit insurance and commercial guaranteed auto protection (GAP) insurance;

(2) crime insurance;

(3) fidelity and surety products, whether referred to as a bond or insurance, including products that cover crime, forgery, and employee dishonesty;

(4) financial guaranty;

- (5) glass insurance;
- (6) hail insurance on farm crops;
- (7) rain insurance;
- (8) employee benefits liability;
- (9) liquor liability;
- (10) owners and contractors protective liability;
- (11) railroad protective liability; or
- (12) commercial tuition withdrawal insurance.

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.

Issued at Austin, Texas, on December 11, 2023.

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New Division 3, containing 28 TAC §5.5201, is adopted.

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Commissioner of Insurance