

Subchapter M. Filing Requirements

Division 4. Filings Made Easy - Transmittal Information and General Filing Requirements for Property and Casualty Form, Rate, Underwriting Guideline, and Credit Scoring Model Filings

28 TAC §§5.9310, 5.9312, and 5.9313

Division 5. Filings Made Easy - Requirements for Property and Casualty Policy Form and Endorsement Filings

28 TAC §§5.9321, 5.9323, and 5.9327

Division 6. Filings Made Easy - Requirements for Rate and Rule Filings

28 TAC §§5.9332 and 5.9334

Division 7. Filings Made Easy - Requirements for Underwriting Guideline Filings

28 TAC §5.9342

Division 9. Filings Made Easy - Reduced Filing Requirements for Certain Residential Property Insurers

28 TAC §§5.9355 and 5.9357

Division 10. Filings Made Easy - Additional Filing Requirements for Certain County Mutual Insurance Companies

28 TAC §5.9361

Division 11. Filings Made Easy - Certificates of Property and Casualty Insurance

28 TAC §§5.9372 and 5.9373

INTRODUCTION. The commissioner of insurance adopts amendments to 28 TAC §§5.9310, 5.9312, 5.9321, 5.9323, 5.9327, 5.9332, 5.9334, 5.9342, 5.9355, 5.9357, 5.9361, 5.9372, 5.9373 and new §5.9313, concerning filing requirements for property and casualty insurance. Among other changes, these adopted amendments reflect the enactment of Senate Bills 965 and 1367, 87th Legislature, 2021. Section 5.9321, concerning General

Filing Requirements, is adopted with a nonsubstantive change to the proposed text published in the July 7, 2023, issue of the *Texas Register* (48 TexReg 3622). The change inserts an omitted word in §5.9321(c)(6)(C). Section 5.9327, concerning Additional Requirements for Personal Automobile and Residential Property Forms, was revised in response to public comments. The remaining sections are adopted without changes to the proposed text. A notice of hearing was published in the September 22, 2023, issue of the *Texas Register* (48 TexReg 5580), and the hearing was held on October 4, 2023.

REASONED JUSTIFICATION. [SB 965](#) repealed the law authorizing the commissioner to establish different filing requirements for certain personal automobile insurers with low market shares. [SB 1367](#) eliminated rate, rule, and form filing requirements for numerous commercial lines of insurance. The amendments conform Subchapter M with the statutory changes.

The amendments make additional changes throughout Subchapter M. The amendments prohibit inapplicable provisions in personal automobile and residential property endorsements (for endorsements filed on or after January 1, 2025); require that insurers file application forms along with personal automobile policy forms; prohibit scanned documents and scanned text in filed property and casualty policy forms, endorsements, and form usage tables; prohibit password-protected or otherwise encrypted documents in filings; clarify the information used to establish an insurer exemption under Insurance Code §2251.252(a); distinguish the filing requirements applicable to advisory organizations; require submission of information on third-party data and models in rate, rule, and underwriting guideline filings; change underwriting guideline filing requirements to require a complete set of underwriting guidelines with

each filing; delete the requirement to file a complete set of underwriting guidelines every three years; and replace TDI mailing addresses with TDI's website, where appropriate.

A change to the text as proposed inserts a word mistakenly omitted from the proposed text in §5.9321(c)(6)(C).

Amendments make minor grammatical, punctuation, and format changes to reflect current TDI drafting style and plain-language preferences.

The following summary describes the amendments to specific sections of the Filings Made Easy rules (FME Rules) found in 28 TAC Chapter 5, Subchapter M, Divisions 4, 5, 6, 7, 9, 10, and 11. The detailed section-by-section summary is organized by division.

Division 4. Filings Made Easy - Transmittal Information and General Filing Requirements for Property and Casualty Form, Rate, Underwriting Guideline, and Credit Scoring Model Filings.

Section 5.9310. Property and Casualty Transmittal Information and General Filing Requirements. The amendments to §5.9310 add text specifying that a filing submitted for one line of insurance (a monoline filing) may also be used in multi-peril insurance. Accordingly, amendments to this section delete references to dual filings, including transmittal information requirements for dual filings. Neither the new multi-peril text nor the deletion of dual filings text will require a separate multi-peril filing. When a filer makes a monoline filing under Insurance Code Chapters 2251 or 2301, the filing may be used for multi-peril insurance without making an additional, separate multi-peril filing.

Amendments implement SB 1367 by changing the definition of multi-peril insurance to exclude a combination of coverages as described in Insurance Code §2251.0031 and §2301.0031, which were added by the bill. These sections list insurance

lines that are exempted from certain filing and approval requirements in Insurance Code Chapters 2251 and 2301.

Amendments also add the option to use the National Association of Insurance Commissioners System for Electronic Rate and Form Filing (SERFF) tracking number as an alternative to the TDI file number for certain required transmittal information.

Amendments also renumber subsections, paragraphs, and subparagraphs as appropriate to reflect the other amendments in the section, and they insert the titles of cited Insurance Code and Administrative Code provisions for consistency with current TDI rule drafting style.

Section 5.9312. Personally Identifiable Information. Amendments make two nonsubstantive clarifying changes to descriptions of personally identifiable information, changing "phone" to "phone number" and "email" to "email address."

Section 5.9313. Filing Format Requirements. New §5.9313 specifies filing format requirements that prohibit encrypted or password-protected documents in filings. Section 5.9313 does not make any changes to a filer's ability to mark documents as confidential or protect documents from public view in SERFF.

Section 5.9313 also specifies that property and casualty policy forms, endorsements, and form usage tables must not be scanned documents; may not include any scanned text or images with text that will be part of the insurance contract; must be in a format that is selectable and searchable; and must be in portrait, rather than landscape, orientation.

These requirements streamline the filing process by ensuring that policy forms, endorsements, and form usage tables are more readily accessible to TDI staff and

compatible with text search tools in SERFF and TDI's form review technology that relies on word recognition software.

Division 5. Filings Made Easy - Requirements for Property and Casualty Policy Form and Endorsement Filings.

Section 5.9321. General Filing Requirements. Amendments specify that unless requested by TDI, filings made by advisory organizations do not need to include proposed effective dates or form usage tables. Amendments allow filers to use a SERFF tracking number instead of a TDI file number to identify previously approved filings. Amendments also make several nonsubstantive wording changes to text and reorganize existing requirements on conditional mandatory addendums within the section for clarity.

Amendments also delete plain-language requirements for personal automobile and residential property insurance as addressed within this section. These requirements are deleted here and added to §5.9327 to clarify that the plain-language requirements only apply to personal automobile and residential property forms.

A change to the proposed text of §5.9321(c)(6)(C) inserts the word "that" in the phrase "form usage table that describes the conditions." The word was mistakenly omitted from the proposed text.

Section 5.9323. Requirements for Reference Filings. The amendment allows the SERFF tracking number to be used as an alternative identifier to the TDI file number for reference filings.

Section 5.9327. Additional Requirements for Personal Automobile and Residential Property Forms. The section heading is amended to address the provisions included in the section.

Amendments add new subsection (a), which specifies requirements for personal automobile and residential property insurance forms. New subsection (a)(2) requires that when filing an endorsement with provisions that do not apply to every policy to which the endorsement will be attached, the provisions must be enclosed with brackets to reflect that the provisions are variable text. New subsection (a)(2) also requires filings to indicate that when the endorsement is attached to a policyholder's specific policy, the endorsement will not include any provisions that are inapplicable to that specific policy. The text in subsection (a)(2) provides an example of how this requirement will operate. The requirements in subsection (a)(2) are effective for endorsements filed on or after January 1, 2025.

These changes are intended to increase consumers' understanding of their insurance policies by reducing or eliminating inapplicable provisions. The delayed implementation date is intended to allow insurers lead time to incorporate the requirements into their business practices.

Plain-language requirements for personal automobile and residential property insurance have been deleted in §5.9321 and similar text has been adopted in §5.9327(a)(1) to clarify that the plain-language requirements apply only to personal automobile and residential property forms. In addition, amendments in §5.9327 redesignate and renumber subsequent provisions as appropriate to reflect the new text.

New subsection §5.9327(c) requires that when making a new automobile insurance policy form filing, insurers must file for informational purposes any automobile insurance application forms that are not part of the policy. The new subsection also clarifies that insurers must file for approval any personal automobile insurance application forms that are part of the insurance policy.

Changes to the proposed text remove a proposed requirement to incorporate mandatory endorsements for policy forms filed on or after January 1, 2025. This change is discussed in detail in the Summary of Comments and Agency Response.

Division 6. Filings Made Easy - Requirements for Rate and Rule Filings.

Section 5.9332. Categories of Supporting Information. Amendments add new categories of supporting information for third-party data and model information. These amendments are intended to modernize the FME Rules to address insurers' increasing use of third-party data and models. The amendments require that the following information be filed for third-party data: the name of the data vendor or source; a description of the data; a description of how the data is used; and a list of the rating variables that reflect the use of the data. Similarly, amendments require that the following information be filed for third-party models: the name of the model vendor or source; the model name and version number; a description of the model; a description of the model input; a description of how the model output is used; and a list of the rating variables that depend on the model's output.

Amendments also allow filers the option of using the SERFF tracking number instead of the TDI file number when providing loss cost information for reference filings.

In addition, amendments renumber a paragraph to reflect addition of the new categories of supporting information, and they insert the titles of cited Insurance Code provisions and make nonsubstantive language changes for consistency with current TDI rule drafting style.

Section 5.9334. Requirements for Rate and Rule Filing Submissions. Amendments distinguish which filing requirements apply to advisory organization rate

and rule filings. The amendments specify that advisory organization filings do not need to include proposed effective dates; written premium and policyholder information; policyholder impact information; historical premium and loss information; expense information; or profit provision information.

Amendments also add third-party data and model information to the list of required elements of rate and rule filing submissions.

In addition, amendments redesignate existing subsections as appropriate to reflect addition of the new provisions, and they insert the titles of cited Insurance Code provisions and make nonsubstantive language changes for consistency with current TDI rule drafting style.

Division 7. Filings Made Easy - Requirements for Underwriting Guideline Filings.

Section 5.9342. Filing Requirements. Amendments remove the requirement to file a comprehensive set of underwriting guidelines every three years. Instead, the amendments require, not later than 10 days after use, a comprehensive set of underwriting guidelines with each underwriting guideline filing. The amendments also require that each underwriting guideline filing include a mark-up or redline version of the guideline, clearly indicating any changes. These amendments reduce the number of underwriting guideline filings and streamline TDI's review of these filings.

The amendments also require that for each third-party data set used in underwriting, the following information be filed: the name of the data vendor or source; a description of the data; a description of how the data is used; and a list of the underwriting guidelines that reflect the use of the data. Similarly, amendments specify that the following information be filed for third-party models: the name of the model

vendor or source; the model name and version number; a description of the model; a description of the model input; a description of how the model output is used; and a list of the underwriting guidelines that depend on the model's output.

The amendments specify that filings must clearly indicate any changes in the underwriting guidelines resulting from a change in third-party data and modeling information, and that no filing is necessary for a change in third-party data and modeling information that does not result in a change to underwriting guidelines. Adding the filing requirement for third-party data and model information modernizes the FME Rules to include information that insurers are increasingly using in their underwriting guideline filings.

In addition, amendments redesignate existing subsections and update references to subsections within the section as appropriate to reflect the new provisions, and they insert the titles of cited Insurance Code provisions for consistency with current TDI rule drafting style.

Division 9. Filings Made Easy - Reduced Filing Requirements for Certain Residential Property Insurers.

An amendment to the title of Division 9 clarifies that the division now applies only to residential property insurers for consistency with SB 965, which repealed Insurance Code §2251.1025, concerning Filing Requirements for Certain Personal Automobile Insurers with Less Than 3.5 Percent of Market.

Section 5.9355. Purpose. An amendment implements SB 965 by eliminating a reference to Chapter 2251, Subchapter C, which previously contained §2251.1025. In

addition, an amendment inserts the title of Insurance Code Chapter 2251, Subchapter F for consistency with current TDI rule drafting style.

Section 5.9357. Filing Requirements. Amendments implement SB 965 by eliminating references to personal automobile insurers and making conforming changes throughout the section. To increase clarity, amendments revise the rule text related to certain insurers exempted from filing and approval requirements. The amendments also include third-party data and model information in the list of supporting information that insurers subject to §5.9357 are not required to file.

Division 10. Filings Made Easy - Additional Filing Requirements for Certain County Mutual Insurance Companies.

Section 5.9361. Additional Requirements. Amendments add the option to use a SERFF tracking number as an alternative to the TDI file number for certain required filing information and insert the title of Insurance Code Chapter 2301 for consistency with current TDI rule drafting style.

Division 11. Filings Made Easy - Certificates of Property and Casualty Insurance.

Section 5.9372. Preparation and Submission of Certificate of Insurance Form Filings. Amendments restructure rule text addressing how TDI will accept filings. The amendments also improve clarity, eliminate obsolete physical and mailing addresses, remove an email address, and specify that mailing addresses and other contact information are available on the Property and Casualty Certificates of Insurance web page on TDI's website. An amendment also inserts the title of Insurance Code Chapter 1811 for consistency with current TDI rule drafting style.

Section 5.9373. Certificate of Insurance Form Filing Transmittal Information.

Amendments remove "request by mail" as an option for filers to obtain the Certificate of Insurance Form Filing Transmittal Form. The request-by-mail option is removed because TDI no longer receives requests by mail; the form is available on TDI's website.

SUMMARY OF COMMENTS AND AGENCY RESPONSE.

Commenters: TDI received comments from 10 commenters. Two speakers representing three of these commenters also spoke at a public hearing on the proposal held on October 4, 2023. Commenters in support of the proposal were Texas Appleseed, Texas Watch, and Consumer Federation of America, who submitted a joint comment letter, and the Office of Public Insurance Counsel (OPIC).

Commenters against the proposal were the American Property Casualty Insurance Association (APCIA); the Insurance Council of Texas (ICT) and the Association of Fire and Casualty Companies of Texas (AFACT), who submitted a joint comment letter; the National Association of Mutual Insurance Companies (NAMIC); the Texas Farm Bureau Insurance Companies; and Insurance Services Office, Inc. (ISO).

Comments and agency responses are grouped by topic.

Requirement to Incorporate Mandatory Endorsements for Policy Forms Filed on or After January 1, 2025

The proposal included a requirement that when an insurer files new or revised personal automobile or residential property policy forms on or after January 1, 2025, the insurer must incorporate the provisions of all associated mandatory endorsements at the

time of the filing. Although four commenters expressed support for the proposed measure, many of the concerns expressed from other commenters were on this requirement. Several commenters misunderstood or misstated the proposed requirement.

Although TDI disagrees with the comments opposing the requirement, TDI has declined to adopt the proposed requirement. However, TDI remains concerned about improving consumer understanding of insurance policies and maintains the position that insurers have a responsibility to minimize consumer confusion, so TDI will continue discussions with stakeholder groups to identify and explore ways for insurers to efficiently and effectively make it easier for consumers to understand their policies.

Comments Misunderstanding or Misstating the Mandatory Endorsement Incorporation Requirement

Comment: Several commenters opposing the requirement make the following factually incorrect statements about the proposed requirement:

- mandatory endorsements would be prohibited on or after January 1, 2025;
- insurers would be required to incorporate all mandatory endorsements before January 1, 2025;
- insurers would be required to maintain a complete policy with all potential mandatory endorsement combinations;
- insurers would be prohibited from customizing insurance policies; and
- insurers would have to amend, print, and mail their base policy form to incorporate future legislative or regulatory requirements instead of using a mandatory endorsement.

Agency Response: Although TDI has declined to adopt the proposed requirement, TDI disagrees with the comments. The requirement would not have prohibited mandatory endorsements, but rather required incorporation only if and when an insurer filed a new policy form or revised an existing policy form using mandatory endorsements. The requirement would not have required any insurer action by January 1, 2025, but rather would have established a new standard for forms filed on or after that date. The requirement would not have required an insurer to maintain a policy with all potential mandatory endorsement combinations. Mandatory endorsements are not a "potential combination"—they are always added to the policy. The requirement would not have prohibited customization of policies, nor would it have required that insurers amend, print, or mail their base policy to incorporate future legislative or regulatory requirements instead of using a mandatory endorsement.

Comments on TDI's Statutory Authority for the Requirement

Comment: Two commenters question TDI's statutory authority to adopt a requirement that insurers incorporate mandatory endorsements when new policy forms are filed or when existing forms are filed for amendment on or after January 1, 2025.

Agency Response: Although TDI has declined to adopt the proposed requirement, TDI maintains that the agency has statutory authority to adopt such a requirement. TDI's authority is in Insurance Code §§36.002(1)(C), 36.002(2)(E), 541.401, 2301.053, 2301.055, Article 5.35(f), and 36.001.

Comment That the Mandatory Endorsement Incorporation Requirement Is Not Authorized by SB 965 or SB 1367

Comment: One commenter states that the mandatory endorsement requirement and some of the adopted amendments go beyond and are not authorized by either SB 965 or SB 1367.

Agency Response: TDI agrees with the comment. The mandatory endorsement incorporation requirement (though not adopted) and several adopted amendments are unrelated to either SB 965 or SB 1367 and are not adopted under the rulemaking authority provided by those bills. Rather, they are adopted under separate authority listed in the Statutory Authority statements in this adoption order. They are included in the same rulemaking proposal as the amendments implementing SB 965 and SB 1367 because they all amend sections in the Filings Made Easy rules.

Comments on Policy Forms Promulgated, Approved, or Adopted by the Commissioner Before June 11, 2003

Comment: Two commenters contend that the mandatory endorsement incorporation requirement conflicts with Insurance Code §1952.052 and §2002.052 that allow insurers to use policy forms that were promulgated, approved, or adopted by the commissioner before June 11, 2003.

Agency Response: Although TDI has declined to adopt the proposed requirement, TDI disagrees with the comments. Insurance Code §1952.052, relating to automobile insurance forms and endorsements, and §2002.052, relating to residential property insurance, allow the use of such forms without filing.

Comments on Different Contract Requirements for Texas

Comment: Several commenters suggest the rule as proposed requires insurers to have a different contract for Texas, and that Texas would be an outlier. These commenters express concern that the rule would prohibit the use of national policy forms, such as Insurance Services Office (ISO) or a company's own standard policy forms.

Agency Response: Although TDI has declined to adopt the proposed requirement, TDI disagrees with the comments. Because policies must comply with Texas laws, insurers already have a different contract for Texas. Many insurers currently create a Texas-specific contract by pairing a policy form with a mandatory endorsement that revises the policy to conform with Texas laws. The requirement would not have changed the contract; instead, it would have required the mandatory endorsement provisions to be incorporated into the policy form itself, changing only the format of the contract.

TDI disagrees that the requirement would have prohibited the use of national policy forms or a company's own standard policy forms. Under the requirement, a company could have continued using its forms until deciding to revise the form itself. Even then, companies would have only been required to incorporate mandatory endorsements the company used at that time. The requirement would not have prohibited the use of future mandatory endorsements with standard policy forms.

Comments on Lack of Substantive Coverage Impact

Comment: One commenter states that the mandatory endorsement incorporation requirement would have no substantive impact on coverage. Another commenter states that although the requirement might reduce policy page counts, the same policy language and contract terms would still need to be included.

Agency Response: TDI agrees with the comments. The requirement was intended to assist consumers in understanding their policies, rather than changing coverage.

Comments on the Impact of the Requirement on Consumer Understanding

Comment: Several commenters state broadly that the mandatory endorsement incorporation requirement would not help consumers understand their policies. Two commenters contend that the requirement would have very little impact in terms of reducing or eliminating the need for consumers to cross-reference endorsements, and that for policies that are national base forms, there will always be some need to cross-reference specific language that is amended or changed. These two commenters state that this is also true of other endorsements that may be requested by policyholders.

Several commenters suggest the opposite, explaining that the mandatory endorsement incorporation requirement would make policies and coverage more understandable, as well as making review less complicated and time-consuming. Another commenter states that insurance policies are long documents full of technical and legal terminology, and that consumers often find multiple endorsements amending various sections of a policy confusing. The commenter states that many insurers make changes to their policy forms using a Texas-specific amendatory endorsement that is often 8 to 10 pages long, and that incorporating mandatory endorsements into the policy would provide transparency and an important protection for Texas consumers.

Agency Response: TDI agrees that insurance policies are long, highly technical contracts that are challenging to read and understand, and the requirement would have added transparency and an important consumer protection.

Although TDI has declined to adopt the proposed requirement, TDI disagrees that the mandatory endorsement incorporation requirement would not have improved consumer understanding of insurance policies.

Comments on the Cost and Efficiency of the Mandatory Endorsement Incorporation Requirement

Comment: Several commenters state that the requirement would decrease efficiency and increase costs for insurers, though the commenters do not provide written estimates for costs or time. The commenters express concern that the requirement would result in significant costs from updating, printing, and mailing entire policies.

One commenter states that the cost relating to the requirement would be for printing and one-time information technology (IT) costs, and that companies doing business in multiple states may need to have multiple programs. The commenter estimates a one-time potential cost of \$25,000 to more than \$100,000.

Agency Response: Although TDI has declined to adopt the proposed requirement, TDI disagrees that the mandatory endorsement incorporation requirement would have necessarily resulted in significant insurer costs. If insurers decided to not modify their policies that use mandatory endorsements, they would have had no costs resulting from the requirement. More specifically, it would have applied only when a company was already in the process of making a change to the underlying policy form, so any costs of incorporating existing mandatory language would be minimal or almost nonexistent.

Comments That the Mandatory Endorsement Incorporation Requirement Would Confuse Claims Adjusters

Comment: Two commenters state that requiring different base contracts every time a mandatory provision is required would be potentially confusing in training and retention of qualified adjusters who handle claims across multiple states. Another commenter states that because claims adjusters often work across multiple states, a forced variation in policy construction creates significant inefficiencies and increased likelihood for error for adjusters accustomed to working with uniform policies that are amended to meet consumer needs.

Agency Response: Although TDI has declined to adopt the proposed requirement, TDI disagrees with the comments. The requirement would not have changed the policy language the adjusters are reading. Also, the requirement would not have prevented a company from providing an annotated version of its policy form to make it easier for claims adjusters to use. The mandatory endorsement incorporation requirement would not have caused confusion for claims adjusters or other insurance industry professionals, but would have improved consumers' understanding of their insurance policies.

Comment on Alternative to Mandatory Endorsement Incorporation Requirement

Comment: Although one commenter states support for the mandatory endorsement incorporation requirement, the commenter also offers an alternative for TDI's consideration. The commenter suggests requiring incorporation of all mandatory endorsements into a single Texas amendatory endorsement every three years as an alternative approach that TDI may consider.

Agency Response: TDI appreciates the comment but declines to make the suggested change. Requiring a filing on a specific time schedule would impose costs on insurers. However, allowing insurers to choose whether and when to schedule the event triggering the incorporation of mandatory endorsements would allow insurers to avoid or minimize any costs relating to the requirement.

Requirement to Bracket Variable Text in Filing and to Exclude Inapplicable Text in Consumer's Policy

The adopted amendments require that when filing a new or amended endorsement form on or after January 1, 2025, with provisions that do not apply to every personal automobile or residential property policy to which the endorsement will be attached, an insurer must bracket the provisions to indicate that they are variable text. The amendments also require the insurer's filing to indicate that when the endorsement is attached to a policyholder's specific policy, the endorsement will not include any provisions that are inapplicable to that specific policy. The following paragraphs address comments received on these requirements.

Comment Misunderstanding the Bracketing Requirement

Comment: One commenter erroneously states that the amendments require the consumer's insurance policy to have brackets around inapplicable provisions.

Agency Response: TDI disagrees with the comment and clarifies that the amendments require that inapplicable provisions be bracketed in endorsement forms only in the versions of those forms filed with TDI. The rule does not require or authorize insurers to use brackets around inapplicable provisions in the documents provided to consumers. To

the contrary, the rule prohibits the inclusion of inapplicable provisions in the documents provided to consumers.

Comment on Cost and Workload for Bracketing Requirement

Comment: One commenter says that the bracketing of variable text has a significant impact on residential property programs that have multiple base coverage forms, which may lead to increased programming and procedural costs for insurers. The commenter also suggests there might not be sufficient time to implement the changes and that insurers might not have a choice regarding the timing of filings needed to respond to legislation. Another commenter states that the requirement may result in significant forms work for personal lines policies and that insurers would likely have 16 or 17 months to implement.

Agency Response: TDI disagrees that the requirement will impose a significant cost or implementation difficulty. Under the requirements of the rule, insurers have complete discretion to decide whether and when they will file with TDI new or amended endorsements with variable text. To the extent that insurers choose not to include variable text in new or revised endorsement forms filed with TDI, insurers will have no costs resulting from the requirement. Allowing insurers to choose whether and when to schedule the event triggering the requirement to bracket variable text allows insurers to avoid or minimize any costs relating to the requirement.

Requirement to File Automobile Insurance Application Forms

Adopted amendments require that insurers file automobile insurance application forms with TDI. Specifically, TDI's adopted amendments include two requirements relating to

filing automobile insurance applications: (1) applications that are part of the policy must be filed for approval, and (2) applications that are not part of the policy must be filed for informational purposes. The first is required by statute, and the second codifies existing agency practice.

Insurance Code §2301.006 requires that TDI review and approve forms used in writing certain insurance lines before an insurer may use those forms. Forms include the policy form and endorsements. Insurance Code §2301.003(b)(14) specifies that this filing and prior approval requirement applies to personal automobile insurance. Therefore, statute requires that insurers file and receive approval for automobile insurance application forms that are made part of the insurance policy.

TDI's current practice is to also request automobile insurance applications that are not part of the policy for informational purposes. Codifying this practice into rule will streamline filing requirements so that filers and agency staff have a clear understanding of filing requirements at the outset of the process.

The following paragraphs address comments relating to the requirement to file for information automobile insurance applications that are not part of the policy.

Comments on Lack of Statutory Authority on Automobile Insurance Application Filing Requirement

Comment: Three commenters state that TDI does not have statutory authority to require insurers to file personal automobile application forms that are not part of the insurance policy.

Agency Response: TDI disagrees with the comments. TDI has authority for the requirement under Insurance Code Chapter 2301 and §36.001. Under Chapter 2301, TDI

must evaluate whether each provision in a policy form or endorsement is unjust or deceptive, encourages misrepresentation, or violates law or public policy. For personal automobile policies, TDI must also look for specific mandatory coverages, such as uninsured motorist coverage and personal injury protection coverage, which must be offered and can only be rejected by named insureds in a specified manner as referenced in Insurance Code §2301.053. Given the breadth of those requirements, TDI needs additional information to understand the context of provisions in a new personal automobile insurance policy form and how it is likely to be understood and operate in the marketplace. Also, Insurance Code §2301.054 specifies that a contract or agreement not written into a personal automobile insurance application and policy is void and violates the Insurance Code.

Accordingly, TDI's current practice is to request that insurers file for informational purposes automobile insurance application forms that are not part of the policy. TDI has found that such application forms could contain contractual terms, some of which might conflict with the remainder of the contract, despite insurer representations otherwise. The informational filing of automobile insurance application forms that are not part of the insurance contract provides an important consumer protection; the filing requirement is necessary for TDI to perform its review-and-approval duties under Chapter 2301.

Comment on Lack of Policyholder Benefit of Automobile Insurance Application Form Filing Requirement

Comment: One commenter states this requirement is unnecessary and has no clear benefit to policyholders.

Agency Response: TDI disagrees with the comment. TDI's current practice is to request automobile insurance application forms as part of the form review process. This requirement increases transparency for filers and streamlines the filing process by requiring application forms be provided at the outset of the filing process.

Language in automobile insurance application forms that is inconsistent with the policy language may cause consumer harm in that consumers may be confused or unable to understand their coverage; it benefits policyholders for TDI to verify that automobile insurance application forms do not have language that conflicts with policy language or statutory requirements.

Comment on Increased Costs from Automobile Insurance Application Form Filing Requirement

Comment: One commenter states that the requirement will increase costs because the commenter's automobile insurance application is not static, but rather dynamic, and changes depending on the inputs.

Agency Response: TDI disagrees with the comment. TDI's current practice is to request automobile insurance application forms as part of the form review process, and including this requirement in the rule streamlines the filing process. TDI has not experienced any companies that have been unable to fulfill this request.

Comment Misunderstanding the Automobile Insurance Application Form Filing Requirement

Comment: One commenter mistakenly states that a company would have to include the application form with a filing anytime the company made a change to its personal automobile policy form.

Agency Response: TDI disagrees with the comment. A change to a personal automobile policy form does not trigger an automobile insurance application form filing under the requirement. The adopted rule text specifies that it applies "when an insurer files a new personal automobile policy form."

Requirement for Third-Party Data in Rate and Rule Filings

The adopted amendments add new categories of supporting information for third-party data and third-party models and require this information in rate and rule filings. The required information consists of basic information about the source of the data and models and how they are used in the ratemaking process. The following paragraphs address comments relating to the requirement to file third-party data and model information in rate and rule filings.

Comments on Breadth and Ambiguity of the Third-Party Information Requirement in Rate and Rule Filings

Comment: Two commenters state that "third-party data" is not defined and is overly broad and vague. These commenters state that this change adds a new level of uncertainty and vagueness on how it will be applied and what insurers will need to file. The commenters also state that the requirement adds another layer of bureaucratic uncertainty because TDI staff may construe this requirement inconsistently.

Agency Response: TDI disagrees with the comments. The requirement adds transparency and specificity by listing the required information, which helps both companies and TDI staff. Companies will know what to include in their filings, and TDI staff will know what is expected to be in the filing.

Comment on Costs of the Third-Party Information Requirement in Rate and Rule Filings

Comment: One commenter states that requiring this information will create greater compliance burdens, which will add to the administrative costs in creating and maintaining policies.

Agency Response: TDI disagrees with the comment. The required third-party data and model information is basic identifying and descriptive information. This requirement is not expected to impose significant costs.

Comments on TDI's Need for Third-Party Information in Rate and Rule Filings

Comment: Two commenters state that the information insurers currently provide is sufficient for TDI to evaluate rate and rule filings. A third commenter states that TDI and OPIC both need this information to fulfill their statutory duty to determine whether rates and rules meet applicable laws and regulations.

Agency Response: TDI disagrees with the comments that the information TDI currently receives is sufficient, and TDI agrees with the comment that the new requirement is necessary for TDI to fulfill its statutory duty. TDI has observed increasingly frequent insurer use of third-party data and models in rate and rule filings. TDI has seen third-party data and models used to develop classification systems, territorial relativities, roof condition scores, and wildfire risk scores. TDI has a statutory responsibility to review rates to verify

compliance with statutory and regulatory standards, and third-party information required by the rule is necessary for TDI to fulfill this statutory responsibility.

Comments on Alternative to Third-Party Information Requirement in Rate and Rule Filings

Comment: Two commenters recommend that the requirement not be adopted, or that TDI instead limit the requirement to specific types of third-party data such as hurricane models used to develop catastrophe loads in rate filings.

Agency Response: TDI disagrees with not adopting the requirement and declines to implement the alternative suggestion. While information on third-party data and models that is used to develop catastrophe loads in rate filings falls within the adopted requirement, limiting the requirement to data used to develop catastrophe loads in rate filings is insufficient for TDI to fulfill its statutory requirement. Insurers are also using third-party data and models to develop classification systems, territorial relativities, roof condition scores, wildfire risk scores, and other supplementary rating information. The use of third-party data and models in these other aspects of ratemaking is as relevant as catastrophe load information is when reviewing filings for compliance.

Requirement for Third-Party Data in Underwriting Guideline Filings

The adopted amendments also require insurers to include information about the use of third-party data and third-party models in underwriting guideline filings. The required information consists of basic information about the source of the data and models and how they are used in the underwriting process. Insurers are required by law to file their

underwriting guidelines for personal automobile, residential property, and workers' compensation insurance.

Insurance Code §38.002 requires each insurer writing personal automobile insurance or residential property insurance to file its underwriting guidelines with TDI and requires that the underwriting guidelines are sound, actuarially justified, substantially commensurate with the contemplated risk, and not unfairly discriminatory. Insurance Code §2053.034 provides that each insurer writing workers' compensation insurance must file with TDI a copy of its underwriting guidelines. Insurance Code §2053.032 requires that underwriting guidelines for workers' compensation insurance be sound, actuarially justified, or otherwise substantially commensurate with the contemplated risk, as well as not be unfairly discriminatory.

The following paragraphs address comments relating to the requirement to file third-party data and model information in underwriting guideline filings.

Comments on Breadth and Ambiguity of the Third-Party Information Requirement in Underwriting Guideline Filings

Comment: Two commenters state that third-party data required in underwriting guideline filings is not defined and is overly broad and vague. They suggest that TDI add some parameters to the third-party data requirement.

Agency Response: TDI disagrees with the comments. "Third-party data" is a common term, and the adopted amendments provide parameters to the requirement by listing the specific information required with underwriting guideline filings. The new requirement adds transparency and specificity, which helps both filers and TDI staff.

Comments on Costs of the Third-Party Information Requirement in Underwriting Guideline Filings

Comment: One commenter states that requiring third-party information in underwriting guideline filings will create greater compliance burdens, which will add to administrative costs in creating and maintaining policies. Two other commenters question why external data should be required in underwriting guideline filings, like data used to determine replacement cost values, building codes that may be used in underwriting, or consumer price indexes. The commenters state that the requirement will increase costs.

Agency Response: TDI disagrees with the comments. The required third-party data and model information is basic identifying and descriptive information. This requirement is not expected to impose significant costs.

Comments on Statutory Authority to Require Third-Party Information Requirement in Underwriting Guideline Filings

Comment: Two commenters state that TDI has no statutory authority to require this information in underwriting guidelines.

Agency Response: TDI disagrees with the comments. Both Insurance Code §38.002 and §2053.032 require that underwriting guidelines be "sound, actuarially justified, or otherwise substantially commensurate with the contemplated risk." Further, both statutes provides that "underwriting guidelines may not be unfairly discriminatory." The third-party information required by the rule is necessary for TDI to fulfill its statutory responsibility to verify that underwriting guidelines comply with these statutory requirements.

Comments on TDI's Need for Third-Party Information in Underwriting Guideline Filings

Comment: Two commenters state that underwriting guidelines pertain to accepting or rejecting a risk and that models are not typically used to accept or reject a risk. A third commenter states that TDI needs this information to fulfill its statutory duty to assess whether underwriting guidelines comply with applicable statutes and regulations.

Agency Response: TDI disagrees with the comments that third-party data and models are not used in underwriting guidelines. TDI has observed increasing use of third-party data and models in underwriting guideline filings. For example, TDI has seen third-party data and models used to develop wildfire risk scores, which have been used in companies' underwriting guideline filings.

TDI agrees with the comment that the information is necessary for TDI to achieve its statutory responsibility to review underwriting guidelines to verify compliance with statutory and regulatory standards.

Prohibition on Password-Protected, Encrypted, or Scanned Documents in Filings

The adopted amendments prohibit password-protected or otherwise encrypted documents in filings. The amendments prohibit scanned documents and scanned text in filed property and casualty policy forms, endorsements, and form usage tables. The following paragraphs address comments relating to these prohibitions.

Comments That TDI Accepts Password-Protected or Encrypted Filings in Other Settings

Comment: Two commenters state that TDI allows filings in other settings that are routinely encrypted, or password protected, and that this prevents the inadvertent release of documents with personal information or sensitive trade secret information.

Agency Response: TDI disagrees with the comments. Property and casualty form, rate, rule, underwriting guidelines, and credit scoring model filings must be submitted through SERFF. There is an existing mechanism within SERFF to keep confidential or trade secret information from public view. Also, because a password may expire or a filer may change the password, it is impractical and inefficient for TDI staff to work with password-protected documents. Although TDI does accept certain password-protected documents or encrypted documents in other settings, they are allowed to protect personally identifiable information (PII) in those documents. Existing FME rules prohibit the filing of PII.

Comments on Password-Protected or Encrypted Documents' Impact on Open Records Requests

Comment: Two commenters state that insurance companies often make open records requests for competitors' rate filings so that they may use those rates in their own filings, and that if the prohibition is adopted, companies may miss the 10-day deadline from the Office of the Attorney General to object to the release of their rate filing information.

Agency Response: TDI disagrees with the comments. TDI does agree that competitors often request other companies' rate filings. However, the Office of Attorney General's

process under the Open Records Act is not at issue in this rule. The rule does not prevent companies from making timely objections to the Office of the Attorney General.

Comments on TDI's Statutory Authority to Prohibit Password-Protected, Encrypted, or Scanned Documents in Filings

Comment: Two commenters state that TDI has no statutory authority to prohibit encrypted, password-protected, or scanned documents in filings.

Agency Response: TDI disagrees with the comments. The requirement is adopted under Insurance Code §§36.002(1)(C), 36.002(1)(F), 36.002(2)(E), 2251.101, 2301.055, 559.004, and 36.001.

Comments on TDI's Rationale for Prohibiting Scanned or Unsearchable Documents

Comment: Two commenters question why TDI is prohibiting scanned and unsearchable documents.

Agency Response: The adopted amendments prohibit scanned documents and scanned text in filed policy forms, endorsements, and form usage tables to ensure that filings are compatible with text search tools in SERFF and TDI's current form review technology, which rely on word recognition software. This technology helps TDI review form filings more consistently and efficiently. If a PDF or other document is scanned or includes scanned text, the technology might not work.

Changes to Underwriting Guideline Filing Requirements

The adopted amendments remove the requirement to file a complete set of underwriting guidelines every three years. Instead, the amendments require insurers to file a complete set with each revision of their underwriting guidelines.

The following paragraphs address general comments received on the adopted underwriting guideline filing requirements. Comments about the third-party-information requirement in underwriting guideline filings are already addressed above.

Comment Misunderstanding the Adopted Amendments for Underwriting Guideline Filings

Comment: One commenter states that replacing the requirement to file underwriting guidelines every three years with the requirement to file not later than 10 days after use could reduce the volume of filings.

Agency Response: TDI agrees that adopted amendments remove the requirement to file a full set of underwriting guidelines every three years, which will reduce the volume of filings. TDI also clarifies that the text requiring filing underwriting guidelines not later than 10 days after use is not new. It has been in the FME rule for years.

Comment Requesting Rule Text Limiting TDI's Review to New or Amended Underwriting Guidelines

Comment: One commenter suggests that TDI include rule text limiting the agency's review of underwriting guideline filings. The commenter requests that the rule text specify that only new or amended underwriting guidelines will be subject to approval or disapproval.

Agency Response: TDI disagrees with the comment and declines to implement the suggestion. TDI has a statutory responsibility to verify that filed underwriting guidelines --in their entirety--satisfy statutory and regulatory requirements, which may have changed since the prior filing. TDI also clarifies that TDI reviews underwriting guidelines for compliance but does not approve or disapprove underwriting guideline filings.

Comment Supporting Requirement to File a Comprehensive Set of Underwriting Guidelines with Each Filing

Comment: One commenter expresses support for TDI's requirement that filers include a comprehensive set of underwriting guidelines with each personal automobile, residential property, or workers' compensation underwriting guideline filing. The commenter states that underwriting guidelines often contain interdependent elements that cannot be reviewed individually for legal compliance. The commenter states that the requirement will allow TDI reviewers to efficiently consider filed changes within the full context of the underwriting structure, and better identify and understand potential legal violations.

Agency Response: TDI agrees with the comment. Agency reviewers may have difficulty evaluating a change in underwriting guidelines without the context of the complete set of guidelines.

Comment on Allowing Monoline Filings to Be Used in Multi-Peril Insurance

Comment: One commenter expresses support for the amendment that allows a monoline filing to be used for multi-peril insurance without making an additional, separate multi-peril filing. The commenter suggests it will likely have a positive impact on insurers by reducing the number of multi-peril filings.

Agency Response: TDI appreciates the comment.

Comment on Requiring SERFF Filing for Change in Policy Form Use

TDI also received a comment that suggests adding an additional requirement to the FME rules, which is discussed in the following paragraphs.

Comment: One commenter suggests adding an express requirement that any changes in policy form usage be filed in SERFF for informational purposes.

Agency Response: TDI appreciates the suggestion but declines to make the change. To the extent the suggested change may create a new requirement, it would need another rule proposal to allow an opportunity for stakeholders and the public to comment. TDI would also need to weigh the potential merits and costs of the suggested change.

Subchapter M. Filing Requirements.

**Division 4. Filings Made Easy - Transmittal Information and General Filing Requirements for Property and Casualty Form, Rate, Underwriting Guideline, and Credit Scoring Model Filings.
28 TAC §§5.9310, 5.9312, and 5.9313**

STATUTORY AUTHORITY. The commissioner adopts the amendments to §5.9310 and §5.9312 and new §5.9313 under Insurance Code §§36.002(1)(C), 36.002(1)(F), 36.002(2)(E), 2251.101, 2301.001, 2301.007, 2301.055, 559.004, and 36.001.

Insurance Code §36.002(1)(C) authorizes the commissioner to adopt reasonable rules that are necessary to effect the purposes of a provision of Insurance Code Chapter 2301, Subchapter A. Insurance Code §2301.001 states that the purpose of Insurance Code

Chapter 2301, Subchapter A, includes regulating insurance forms to ensure that they are not unjust, unfair, inequitable, misleading, or deceptive, and to provide regulatory procedures for the maintenance of appropriate information reporting systems. Also, Insurance Code §2301.007 states that the commissioner may disapprove a form or withdraw approval of a form if it violates any law or contains a provision, title, or heading that is unjust or deceptive, encourages misrepresentation, or violates public policy.

Insurance Code §36.002(1)(F) authorizes the commissioner to adopt reasonable rules necessary to effect the purposes of a provision of Insurance Code Chapter 2251.

Insurance Code §36.002(2)(E) authorizes the commissioner to adopt reasonable rules appropriate to accomplish the purposes of a provision of Subtitles B, C, D, E, F, H, or I of Title 10 of the Insurance Code.

Insurance Code §2251.101 provides that each insurer must file its rates, rating manuals, supplementary rating information, and additional information with TDI as required by the commissioner. It also provides that the commissioner adopt rules on the information to be included in rate filings and prescribe the process by which TDI may request supplementary rating information and supporting information.

Insurance Code §2301.055 provides that the commissioner may adopt reasonable and necessary rules to implement Insurance Code Chapter 2301, Subchapter B.

Insurance Code §559.004 authorizes the commissioner to adopt rules necessary to implement Insurance Code Chapter 559.

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.

§5.9310. Property and Casualty Transmittal Information and General Filing Requirements.

(a) Purpose. The purpose of this division is to specify the transmittal information and general filing requirements for property and casualty form, rate, rule, underwriting guideline, and credit scoring model filings.

(b) Definitions. Terms not defined in this division may be defined in Insurance Code Chapters 2053, concerning Rates for Workers' Compensation Insurance; 2251, concerning Rates; and 2301, concerning Policy Forms and have the same meaning when used in this division. The following terms when used in this division have the following meanings unless the context indicates otherwise:

(1) Interline filing--A filing that may be used for more than one line of insurance submitted for:

(A) a policy jacket, declarations page, signature page, notice of cancellation, disclosure, schedule, general change form, company name change, or policyholder notice filed under Division 5 of this subchapter, relating to Filings Made Easy - Requirements for Property and Casualty Policy Form and Endorsement Filings; or

(B) policy fees, service fees, and other fees that are charged or collected by the insurer under Insurance Code §550.001, concerning Solicitation or Collection of Certain Payments, or §4005.003, concerning Fees, filed under Division 6 of this subchapter (relating to Filings Made Easy - Requirements for Rate and Rule Filings).

(2) Multi-peril insurance--Policies and rates for two or more lines of insurance that are subject to regulation under Insurance Code Chapters 2251 and 2301. This definition does not include a combination of coverages described in:

(A) Insurance Code §2251.002, concerning Definitions, and §2301.002, concerning Definitions, and filed as commercial property insurance; or

(B) Insurance Code §2251.0031, concerning Exceptions for Certain Lines, and §2301.0031, concerning Exceptions for Certain Lines.

(3) NAIC--The National Association of Insurance Commissioners.

(4) Reference filing--A filing that references the use of policy forms, endorsements, rules, loss costs, rating manuals, other supplementary rating information, or credit scoring models that TDI has adopted, approved, or accepted.

(5) SERFF--The NAIC System for Electronic Rate and Form Filing.

(6) TDI--Texas Department of Insurance.

(7) TDI file number--The number TDI assigns to a filing.

(c) Transmittal information. Each filing must contain the following transmittal information:

(1) company name as used for financial reporting to the NAIC and company number assigned by the NAIC;

(2) company group name and group NAIC number;

(3) whether the filing is new, or revises or replaces an existing filing;

(4) TDI file number or SERFF tracking number of the revised or replaced filing;

(5) TDI file number or SERFF tracking number for the previously approved policy that the proposed form will be attached to;

(6) TDI file number or SERFF tracking number of associated or companion filings of other filing types;

(7) line of insurance:

(A) all filings must specify the line of insurance; and

(B) interline filings must specify all lines of insurance to which the filing applies.

(8) type of filing;

(9) proposed effective date; and

(10) contact person, including name, telephone number, and mailing address.

(d) Multi-peril use. A filing submitted for a line of insurance that is subject to regulation under Insurance Code Chapters 2251 and 2301 may also be used in multi-peril insurance.

(e) Filings Made Easy Guide. TDI maintains the Filings Made Easy Guide to help insurers submit filings and comply with statutory requirements. Insurers may obtain this guide from TDI's website at www.tdi.texas.gov.

(f) Letter of authorization. A third party representing an insurer on a filing must provide a letter of authorization signed by the insurer on the insurer's letterhead. A letter of authorization applies only to the filing with which it is submitted.

(g) Submission of filing. Filings under Divisions 5, 6, 7, 8, and 9 of this subchapter (relating to Filings Made Easy - Requirements for Property and Casualty Policy Form and Endorsement Filings; Filings Made Easy - Requirements for Rate and Rule Filings; Filings Made Easy - Requirements for Underwriting Guideline Filings; Filings Made Easy - Requirements for Credit Scoring Model Filings for Personal Insurance; and Filings Made Easy - Reduced Filing Requirements for Certain Insurers) must be submitted through SERFF.

(h) Public disclosure of contact information. To the extent that a filing includes company contact information, by submitting a filing the company affirmatively consents to the release and disclosure of its company contact information, including any email addresses. The filer also certifies that each person associated with an email address that appears in the filing has affirmatively consented to the release and disclosure of that email address.

§5.9312. Personally Identifiable Information.

Filings must not include any policyholders' personally identifiable information. Filings that include this type of information may be rejected. As used in this subchapter, personally identifiable information means information that can be used either alone or in combination to distinguish an individual's identity. Examples of personally identifiable information include:

- (1) any individual policyholder identification, including name, address, phone number, or email address;
- (2) social security numbers;
- (3) insurance policy numbers;
- (4) drivers' license, identification card, vehicle identification, and license plate numbers;
- (5) debit card, credit card, bank account, and routing numbers; and
- (6) health information about a specific individual.

§5.9313. Filing Format Requirements.

(a) Documents included in filings may not be encrypted or password protected. TDI staff must be able to fully process and review the documents without a password or other decryption process.

(b) The policy forms, endorsements, and form usage tables submitted in a filing under Division 5 of this subchapter (relating to Filings Made Easy - Requirements for Property and Casualty Policy Form and Endorsement Filings) must:

- (1) not be scanned documents;
- (2) not include any scanned text, or scanned images with text, that will be part of the insurance contract;
- (3) be in a format that is selectable and searchable; and
- (4) be in portrait, not landscape, orientation.

Division 5. Filings Made Easy - Requirements for Property and Casualty Form and Endorsement Filings.
28 TAC §§5.9321, 5.9323, and 5.9327

STATUTORY AUTHORITY. The commissioner adopts the amendments to §§5.9321, 5.9323, and 5.9327 under Insurance Code §§36.002(1)(C), 36.002(2)(E), 541.401, 2301.001, 2301.007, 2301.053, 2301.054, 2301.055, Article 5.35(f), 2051.201, and 36.001.

Insurance Code §36.002(1)(C) authorizes the commissioner to adopt reasonable rules that are necessary to effect the purposes of a provision of Insurance Code Chapter 2301, Subchapter A. Insurance Code §2301.001 states that the purpose of Insurance Code Chapter 2301, Subchapter A, includes regulating insurance forms to ensure that they are not unjust, unfair, inequitable, misleading, or deceptive, and to provide regulatory

procedures for the maintenance of appropriate information reporting systems. Also, Insurance Code §2301.007 states that the commissioner may disapprove a form or withdraw approval of a form if it violates any law or contains a provision, title, or heading that is unjust or deceptive, encourages misrepresentation, or violates public policy.

Insurance Code §36.002(2)(E) authorizes the commissioner to adopt reasonable rules appropriate to accomplish the purposes of a provision of Subtitles B, C, D, E, F, H, or I of Title 10 of the Insurance Code.

Insurance Code §541.401 specifies that the commissioner may adopt and enforce reasonable rules the commissioner determines necessary to accomplish the purposes of Insurance Code Chapter 541. Insurance Code §541.001 states that the purpose of Insurance Code Chapter 541 is to regulate insurance trade practices by defining or providing for the determination of trade practices that are unfair methods of competition or unfair or deceptive acts or practices and prohibiting those trade practices.

Insurance Code §2301.053 provides that a form may not be used unless it is written in plain language.

Insurance Code §2301.054 specifies that a contract or agreement not written into a personal automobile insurance application and policy is void and violates the Insurance Code.

Insurance Code §2301.055 provides that the commissioner may adopt reasonable and necessary rules to implement Insurance Code Chapter 2301, Subchapter B.

Insurance Code Article 5.35(f) specifies timelines for commissioner form and endorsement approval, and states that for good cause shown the commissioner may withdraw approval of a form or endorsement at any time.

Insurance Code §2051.201 authorizes the commissioner to adopt and enforce all reasonable rules necessary to carry out the provisions of a law referenced in Insurance Code §2051.002(1), (2), or (3).

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.**§5.9321. General Filing Requirements.**

(a) Filings must be submitted for one line of insurance only, except for multi-peril and interline filings.

(b) Filings submitted under this division may not be combined with any other filing types submitted under this subchapter.

(c) Filings must contain the following:

(1) the transmittal information required in §5.9310 of this title (relating to Property and Casualty Transmittal Information and General Filing Requirements);

(2) a copy of the proposed policy forms or endorsements;

(3) a form number for each proposed form;

(4) an edition date for each proposed form, if applicable;

(5) the TDI file number or SERFF tracking number for the previously approved policy to which the proposed form will be attached, if applicable;

(6) a form usage table that includes:

(A) the form name and form number for each proposed form;

(B) information indicating whether each proposed form is optional, mandatory, or conditional mandatory; and

(C) for conditional mandatory forms, an addendum to the form usage table that describes the conditions that make each form mandatory. For filings other than personal automobile, residential property, or personal multi-peril, the filer may describe the conditions elsewhere in the filing;

(7) a memorandum that:

(A) explains in detail the reasons for the filing;

(B) describes each proposed policy form or endorsement; and

(C) details each policy form or endorsement's use, including the type of risk or risks for which the forms or endorsements will be used.

(d) Filings must also meet the following requirements.

(1) Filings must include all provisions required by statute, administrative rule, or Commissioner's order. Filers may add the required provisions to a policy form by including a Texas amendatory endorsement. The filing must include the amendatory endorsement, or the filing may reference an approved amendatory endorsement that applies to the policy forms in the filing.

(2) For amended policy forms or endorsements, copies of the previously approved or adopted policy forms or endorsements indicating the differences between the approved or adopted policy forms or endorsements and the filed policy forms or endorsements must be included. New text must be underlined, and deleted text must be in brackets with a strikethrough. Alternatively, the changes can be indicated by other clearly identified or highlighted editorial notations referencing new and replaced text. The marked changes must be in a separate single document for each filed form.

(e) Unless requested by TDI, filings made by advisory organizations do not need to include:

- (1) the proposed effective date specified in §5.9310(c)(9) of this title; or
- (2) the form usage table specified in subsection (c)(6) of this section.

§5.9323. Requirements for Reference Filings.

(a) Reference filings for policy forms and endorsements should not include a copy of the referenced material.

(b) In addition to the transmittal information, a reference filing must include:

(1) the name of the insurance company or advisory organization whose filing is being referenced; and

(2) the TDI file number or SERFF tracking number of the filing being referenced.

(c) For personal automobile, residential property, and personal multi-peril insurance, the filing must also include:

(1) a list of each form and endorsement that the insurer will use from each referenced filing; and

(2) a form usage table, as described in §5.9321(c)(6) of this title (relating to General Filing Requirements), that includes each form and endorsement that the insurer will use from each referenced filing.

(d) If a filer wants to change a form or endorsement approved for another insurer or an advisory organization, the filer may not submit the form as a reference filing. The filer must submit the amended form for approval with the information required by §5.9321 and §5.9322 of this title (relating to Additional Information).

§5.9327. Additional Requirements for Personal Automobile and Residential Property Forms.

(a) Personal automobile and residential property insurance forms are subject to this subsection.

(1) Filed forms must meet the plain-language requirements described in Insurance Code §2301.053, concerning Requirements for Forms; Plain-Language Requirement, and Commissioner's Order No. 92-0573. Filings must also include the Flesch Reading Ease Test readability score for the forms.

(2) When filing an endorsement form with provisions that do not apply to every policy to which the endorsement will be attached, the provisions must be enclosed with brackets to reflect that the provisions are variable text. The filing must also indicate that when the endorsement is attached to a policyholder's specific policy, the endorsement will not include any provisions that are inapplicable to that specific policy. For example, an insurer may file an endorsement with provisions that amend an HO-3 policy and an HO-5 policy. If certain provisions apply only to the HO-5, those must be bracketed in the filed form, and must not be visible to the policyholder when the form is used to endorse the HO-3. This paragraph applies to new or amended endorsements filed on or after January 1, 2025.

(b) Insurers must file residential property policy declarations page forms for approval.

(1) Declarations pages include renewal declarations pages, renewal certificates, amended declarations pages, and separate disclosure pages allowed under

§5.9700 of this title (relating to Residential Property Declarations Pages and Deductible Disclosures).

(2) Filed declarations page forms must be completed with sample--not actual--policyholder information sufficient to demonstrate how the insurer will comply with this rule and Insurance Code §2301.056, concerning Requirement for Forms; Declarations Page Requirement.

(c) Insurers must file personal automobile insurance application forms as follows:

(1) new or amended application forms that are part of the insurance policy must be filed for approval; and

(2) application forms that are not part of the insurance policy must be filed for informational purposes when an insurer files a new personal automobile policy form.

**Division 6. Filings Made Easy - Requirements for Rate and Rule Filings.
28 TAC §5.9332 and §5.9334**

STATUTORY AUTHORITY. The commissioner adopts the amendments to §5.9332 and §5.9334 under Insurance Code §§36.002(1)(F), 36.002(2)(E), 912.056, 2251.101, and 36.001.

Insurance Code §36.002(1)(F) authorizes the commissioner to adopt reasonable rules necessary to effect the purposes of a provision of Insurance Code Chapter 2251.

Insurance Code §36.002(2)(E) authorizes the commissioner to adopt reasonable rules appropriate to accomplish the purposes of a provision of Subtitles B, C, D, E, F, H, or I of Title 10 of the Insurance Code.

Insurance Code §912.056 provides that certain county mutual insurance companies that have appointed managing general agents, created districts, or organized local chapters to manage a portion of their business must, for each managing general agent,

district, or local chapter program, file the rating information that the commissioner requires by rule.

Insurance Code §2251.101 provides that each insurer must file its rates, rating manuals, supplementary rating information, and additional information with TDI as required by the commissioner. It also provides that the commissioner adopt rules on the information to be included in rate filings and prescribe the process by which TDI may request supplementary rating information and supporting information.

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.**§5.9332. Categories of Supporting Information.**

The categories of supporting information addressed in this section describe the different items that may be required or requested in a rate and rule filing. Section 5.9334 of this title (relating to Requirements for Rate and Rule Filing Submissions) lists the categories of supporting information that different rate and rule filings require. Categories of supporting information include:

(1) Rate filing checklists. These are found in the Filings Made Easy Guide and show the information filers need to include with the filing.

(2) Actuarial memorandum. This memorandum describes the methodologies for determining each component used in developing the actuarial support, and a qualitative discussion on the selections for each component. It includes an

explanation for any changes in methodologies or any changes to the component selections from the previous analysis.

(3) Actuarial support. This type of support consists of sufficient documentation and analysis to allow a qualified actuary to understand and evaluate the rates, each component used in developing the rates, and the appropriateness of each material assumption. Actuarial support is divided into the following subcategories:

(A) Rate indications consist of the analyses the insurer relies on to support its filed rates, each component used to develop the rate indications, and support for each of these components, including the data and methodologies used by the insurer. Rate indications may be on an overall basis or by coverage, class, form, or peril when appropriate. Rate indications must include each of the following with documentation in support of each, to the extent applicable:

- (i) premiums, on-level factors, and premiums at current rate level;
- (ii) incurred and paid losses;
- (iii) loss and claim development factors;
- (iv) premium and loss trend factors;
- (v) hurricane and nonhurricane catastrophe factors or loss provisions, including the definition of a catastrophe and how the definition has changed over the experience period used to calculate the provisions;
- (vi) off-balance factors if there are changes in relativities, for example: discounts, surcharges, or territorial definitions;
- (vii) the measure of credibility, the complement of credibility, the criteria for full credibility, and the method for determining partial credibility;

(viii) expenses, including: general expenses; other acquisition expenses; commissions and brokerage expenses; taxes, licenses, and fees; loss adjustment expenses; and expense offsets from fee income;

(ix) the net cost of reinsurance;

(x) for rates filed under Insurance Code Chapter 2251, concerning Rates, profit provisions, including risk loads;

(xi) for rates filed under Insurance Code Chapters 2053, concerning Rates for Workers' Compensation Insurance, and 3502, concerning Mortgage Guaranty Insurance, profit and contingency provisions, including risk loads;

(xii) the effect on premiums of individual risk variations based on loss or expense considerations; and

(xiii) any other component used in developing a rate indication.

(B) Relativity analysis consists of both the analysis and support for the selected rating factors, including the loss experience and methodologies used by the insurer to derive the indicated rating factors. Supporting information must include:

(i) the current relativity;

(ii) the indicated relativity;

(iii) support for the indicated relativities, including the loss experience and methodologies used by the insurer to derive the indications;

(iv) the selected relativity;

(v) support for the selected relativities if they differ from the indicated relativities; and

(vi) the percent change from current to selected relativity.

(C) Other actuarial support consists of both the analysis and support for the selected rates, including the loss experience and methodologies used by the insurer to derive them. The support must clearly demonstrate why the proposed rates are not excessive, inadequate, or unfairly discriminatory. A rate is reasonable and not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer. These costs include claims, claim settlement expenses, operational and administrative expenses, and the cost of capital.

(4) SERFF rate data. This data consists of all information necessary to complete the company rate information fields in SERFF.

(5) Policyholder impact information. Policyholder impact information must reflect the changes for all policyholders. This information consists of the following provided separately by form or coverage:

(A) a histogram that graphically depicts the impact of the filed changes to policyholders in 5 percentage point intervals;

(B) the policy counts in each interval displayed in either the histogram or a separate table;

(C) the minimum and maximum policyholder impact; and

(D) a description of the changes that contributed to the minimum and maximum policyholder impact.

(6) Average rate change by county. This is the average impact of all changes included in a filing by county, provided separately by form or coverage.

(7) Rate change information. Rate change information must reflect the changes for all policyholders.

(A) For loss cost reference filings, rate change information consists of:

(i) the proposed percentage change in the underlying loss costs;

(ii) the change in the insurer's loss cost multiplier;

(iii) the combined change in the loss costs and the loss cost multipliers;

(iv) a six-year rate change history; and

(v) the effect that changes in fee income have on the total average rate change for all coverages and forms combined.

(B) For all other filings, rate change information consists of:

(i) the average proposed rate change for each applicable coverage or form;

(ii) the total average rate change for all applicable coverages and forms combined;

(iii) a six-year rate change history; and

(iv) the effect that changes in fee income have on the total average rate change for all applicable coverages and forms combined.

(8) Historical premium and loss information. This information consists of an insurer's most recent five-year experience, for both Texas and countrywide, of direct premiums written, direct premiums earned, direct losses and defense and cost containment expenses paid, direct losses and defense and cost containment expenses incurred, and the ratio of the direct losses and defense and cost containment expenses incurred to direct earned premiums. The Texas experience is the amounts, or a subset of

the amounts, pertinent to the line of business reported on the Exhibit of Premiums and Losses (Statutory Page 14 Data) in the insurer's Annual Statement. The countrywide experience is the amounts, or a subset of the amounts, pertinent to the line reported on the insurer's Insurance Expense Exhibit (IEE), Part III in the insurer's Annual Statement.

(9) Expense information. This information consists of Texas experience and, if applicable, countrywide experience. The loss adjustment expenses must be shown as a dollar amount and as a ratio to incurred losses. All other expenses must be shown as a dollar amount and as a ratio to premium. All expense items must be on a direct basis.

(A) Three years of historical Texas experience must be included for commissions and brokerage expenses incurred; taxes, licenses, and fees incurred; losses incurred; and defense and cost containment expenses incurred. These must be the amounts, or a subset of the amounts, reported on the Exhibit of Premiums and Losses (Statutory Page 14 Data) in the insurer's Annual Statement.

(B) Three years of historical countrywide experience must be included for commissions and brokerage expenses incurred, other acquisition expenses incurred, general expenses incurred, losses incurred, defense and cost containment expenses incurred, and adjusting and other loss adjustment expenses incurred. These must be the amounts, or a subset of the amounts, reported in the insurer's IEE, Part III in the insurer's Annual Statement.

(C) Three years of historical countrywide experience must be included for each category of disallowed expenses. These must be the amounts reported in the insurer's response to the annual TDI Disallowed Expense Call. Other acquisition and general expenses, each adjusted to remove disallowed expenses, must be listed separately. The total adjusted general expense percentage must reflect any necessary

adjustment due to the capping of general expenses at 110% of the industry median for the line of insurance.

(D) To the extent that the expense provisions differ from the historical expenses, the filing must provide additional support for the expense provisions underlying the rates. Provisions for commissions and brokerage expenses; other acquisition expenses; general expenses; taxes, licenses, and fees; and profit and contingencies must be displayed and a sum computed. For filings submitted under Insurance Code Chapter 2251, the expense provisions must exclude disallowed expenses.

(E) When additional expense provisions are included, such as the net cost of reinsurance or an expense offset from fee income, the filing must include expected or historical experience. Support for provisions for the net cost of reinsurance may include reinsurance premiums, expected reinsurance recoverables, and a description of reinsurance coverage including attachment points and limits.

(10) Loss cost information for reference filings. This information consists of the following:

(A) the TDI file number or SERFF tracking number of the loss costs being referenced;

(B) the derivation of the proposed loss cost multiplier including any loss cost modification factor and the following expense and profit provisions:

(i) commissions and brokerage expenses;

(ii) other acquisition expenses, adjusted to remove disallowed expenses;

(iii) general expenses, adjusted to remove disallowed expenses;

(iv) taxes, licenses, and fees; and

(v) underwriting profit and contingencies;

(C) supporting documentation for loss cost modification factors other than 1.00;

(D) the loss cost multiplier to be used as of the effective date of the filing;

(E) the loss cost multiplier used immediately before the effective date of the filing; and

(F) the effective rate-level change due to any change in the loss cost multiplier.

(11) Profit provision information. This information consists of a description of the methodology, assumptions, and support for the assumptions used to arrive at the profit provisions underlying the proposed rates.

(12) A side-by-side comparison. This comparison must show any differences between the previously filed and the proposed rates, rating manual, rules, or other supplementary rating information.

(13) A mark-up. This is a copy of the previously filed rates, rating manuals, rules, or other supplementary rating information indicating the differences between it and the revised version, with any new language or factors underlined and the deleted language or factors in brackets with a strikethrough, or other clearly identified or highlighted editorial notations referencing the new and replaced language or factors.

(14) Sample premium impacts by selected ZIP codes. These are sample premiums and premium changes based on all changes included in a filing for certain specified policy types and ZIP codes.

(15) Rate filing templates. These are found in the Filings Made Easy Guide and provide insurers with an optional means of providing certain supporting information and supplementary rating information.

(16) Third-party data information. For each third-party data set, this information consists of the following:

(A) the name of the data vendor or source;

(B) a description of the data, such as a data dictionary, that includes the name for each data element and the corresponding definition;

(C) a description of how the data is used in ratemaking or otherwise used to determine rates or premiums; and

(D) a list of the rating variables that reflect use of the data.

(17) Third-party model information. For each third-party model, this information consists of the following:

(A) the name of the model vendor or source;

(B) the model name and version number;

(C) a description of the model;

(D) a description of the model input;

(E) a description of how the model output is used in ratemaking or otherwise used to determine rates or premiums; and

(F) a list of the rating variables that depend on the output of the model.

(18) Other information. This includes any other information required by the Commissioner necessary to determine that the rates meet the rate standards.

§5.9334. Requirements for Rate and Rule Filing Submissions.

(a) Insurers must file any new rates or revisions to previously filed rates governed by Insurance Code Chapter 2053, concerning Rates for Workers' Compensation Insurance, at least 30 days before they become effective. The insurer must file any supplementary rating information not prescribed under Insurance Code Article 5.96, concerning Promulgated Lines.

(b) For rates governed by Insurance Code Chapter 2251, concerning Rates, insurers must file any new rates, rating manuals, rules, all other supplementary rating information, and fees, or revisions to these items and all other information required by this section. An insurer may use the information filed under this division on and after the date of the filing, unless the insurer is subject to prior approval under Insurance Code Chapter 2251, Subchapter D, concerning Prior Approval of Rates Under Certain Circumstances.

(c) Insurers must file any new rates and supplementary rating information or revisions to previously filed rates and supplementary rating information governed by Insurance Code Chapter 3502, concerning Mortgage Guaranty Insurance, at least 15 days before they become effective.

(d) All rate and rule filings must be submitted for only one line of insurance except for multi-peril and interline filings.

(e) Each filing must include the transmittal information required in §5.9310 of this title (relating to Property and Casualty Transmittal Information and General Filing Requirements).

(f) Insurers must inform TDI of a change in the effective date of a rate and rule filing on or before the effective date in the filing.

(g) Each filing must include a filing memorandum that explains the purpose of the filing and provides all material background details relating to the filing, including a statement on the overall impact of the filing. The filing memorandum must briefly describe each change to the rates, rating manuals, rules, any other supplementary rating information and fees used by the insurer, and briefly describe the supporting information provided for each change. A brief summary of any related policy form or endorsement filings, including the coverages, limitations, and exclusions, must be included.

(h) Except as provided in Division 9 of this subchapter (relating to Filings Made Easy - Reduced Filing Requirements for Certain Insurers), or subsection (j) of this section, each filing must include supporting information. Sufficient supporting information is necessary for TDI to establish that a filing produces rates that are not excessive, inadequate, unreasonable, or unfairly discriminatory for the risks to which they apply. Insurers must provide sufficient documentation to justify specific rates or revisions they are proposing. To the extent the information originally submitted in a rate and rule filing is insufficient, TDI may request additional information as deemed necessary by TDI or the Commissioner. Each filing must contain the following items:

- (1) a completed rate filing checklist;
- (2) rate change information;
- (3) SERFF rate data;
- (4) loss cost information, if the filing references an advisory organization loss cost filing;
- (5) an actuarial memorandum;
- (6) actuarial support appropriate to the rating information being filed, as specified in subparagraphs (A) - (C) of this paragraph:

(A) All filings that propose changes to relativities, such as territory or class, and those implied by discounts, surcharges, or tiers, must include relativity analyses. This requirement applies when the proposed rate changes vary across a characteristic, regardless of presentation. The related territory codes and descriptions, classification systems and descriptions, or rules must also be included.

(B) All except the following filings must include rate indications:

(i) filings for new rates that will not replace, modify, or supersede any existing rates, unless the rates are derived from the experience of an affiliate, including an eligible surplus lines insurer;

(ii) fee filings; or

(iii) filings containing changes only to supplementary rating information with no overall rate impact. Examples include filings with no overall rate impact that contain only items such as relativity changes or rates for endorsements.

(C) Filings must include other actuarial support when neither the relativity analysis in subparagraph (A) of this paragraph nor the rate indications in subparagraph (B) of this paragraph apply;

(7) policyholder impact information for owner-occupied homeowner and personal automobile filings that include changes that will result in a difference between the minimum and maximum policyholder impact that is greater than 5%;

(8) the average rate change by county for owner-occupied homeowners rate filings;

(9) historical premium and loss information, if the filing changes or replaces existing rates;

(10) expense information;

- (11) profit provision information;
- (12) third-party data information; and
- (13) third-party model information.

(i) Filings submitted by advisory organizations do not need to include:

- (1) the proposed effective date as specified in §5.9310(c)(9) of this title;
- (2) the written premium and policyholder information in the SERFF rate data as specified in subsection (h)(3) of this section;
- (3) policyholder impact information as specified in subsection (h)(7) of this section;
- (4) historical premium and loss information as specified in subsection (h)(9) of this section;
- (5) expense information as specified in subsection (h)(10) of this section; or
- (6) profit provision information as specified in subsection (h)(11) of this section.

(j) Instead of the items in subsection (h) of this section, short track filings must include:

- (1) a completed rate filing checklist;
- (2) rate change information;
- (3) SERFF rate data; and
- (4) a side-by-side comparison or a mark-up, if applicable.

(k) Each filing submitted must be legible, accurate, internally consistent, complete, and contain all required documents. In each filing:

- (1) each table must be clearly labeled, including titles and column and row headings to clearly identify the contents;

(2) row and column headings must be repeated on each page of tables displayed on multiple pages;

(3) all pages must print to at least 10-point type in black ink, unless the pages are a mark-up;

(4) text shading, other than yellow highlighting, may not be used; and

(5) each page should include a page number or other unique identifier.

(l) Paragraphs (1) - (3) of this subsection address public information.

(1) If an insurer believes a portion of the information required to be filed under Insurance Code Chapter 2053 or Chapter 2251 is confidential and excepted from disclosure under Government Code Chapter 552, concerning Public Information, the insurer must mark each page excepted.

(2) For filings submitted under Insurance Code Chapters 2053 or 2251 that include information that is marked confidential, TDI will request an attorney general decision under Government Code Chapter 552 before making the information open for public inspection. TDI does not consider the following excepted from disclosure under Government Code Chapter 552: loss cost multipliers, rates, rating factors and relativities, rating manuals, fees, or summary information about the filing, including date filed, rate impact, effective dates, or a summary of the changes. TDI does not consider the following categories of supporting information excepted from disclosure under Government Code Chapter 552: rate change information, SERFF rate data, average rate change by county, sample premium impacts by selected ZIP codes, historical premium and loss information, or historical expense information.

(3) Each filing submitted under Insurance Code Chapter 3502, including any supporting information filed, will be open for public inspection as of the date of the filing.

(m) The insurer is responsible for ensuring that its filing complies with Texas statutes and rules.

(n) TDI maintains the Filings Made Easy Guide to help insurers comply with Texas statutes and rules. Insurers may refer to the Filings Made Easy Guide for rate filing templates or exhibits that insurers can use to display necessary supporting information required in subsection (h) of this section. Insurers may obtain this guide from TDI's website at www.tdi.texas.gov.

(o) Filings under this division may not be combined with any other filing types submitted under this subchapter.

**Division 7. Filings Made Easy - Requirements for Underwriting Guideline Filings.
28 TAC §5.9342**

STATUTORY AUTHORITY. The commissioner adopts the amendments to §5.9342 under Insurance Code §§36.002(2)(E), 38.002, 38.003, 2053.034, and 36.001.

Insurance Code §36.002(2)(E) authorizes the commissioner to adopt reasonable rules appropriate to accomplish the purposes of a provision of Subtitles B, C, D, E, F, H, or I of Title 10 of the Insurance Code.

Insurance Code §38.002 requires each insurer writing personal automobile insurance or residential property insurance to file its underwriting guidelines with TDI and to ensure that the underwriting guidelines are sound, actuarially justified, substantially commensurate with the contemplated risk, and not unfairly discriminatory.

Insurance Code §38.003 provides that TDI may obtain a copy of the underwriting guidelines of an insurer for lines other than personal automobile insurance or residential property insurance.

Insurance Code §2053.034 provides that each insurer writing workers' compensation insurance must file with TDI a copy of its underwriting guidelines.

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.

§5.9342. Filing Requirements.

(a) Not later than 10 days after use, an insurer writing personal automobile, residential property, or workers' compensation insurance must file with TDI a comprehensive set of underwriting guidelines used by the insurer or its agent.

(b) A filing made under subsection (a) of this section must contain:

(1) a comprehensive set of underwriting guidelines;

(2) a mark-up or redline version of the underwriting guidelines, clearly indicating any changes in the underwriting guidelines;

(3) for each third-party data set used in underwriting, the following information:

(A) the name of the data vendor or source;

(B) a description of the data, such as a data dictionary, that includes the name for each data element and the corresponding definition;

(C) a description of how the data is used in underwriting; and

(D) a list of the underwriting guidelines that reflect use of the data;

and

(4) for each third-party model used in underwriting, the following information:

- (A) the name of the model vendor or source;
- (B) the model name and version number;
- (C) a description of the model;
- (D) a description of the model input;
- (E) a description of how the model output is used in underwriting;

and

(F) a list of the underwriting guidelines that depend on the output of the model.

(c) Filings must clearly indicate any changes in the underwriting guidelines resulting from the change in third-party data and modeling information. No filing is necessary for a change in third-party data and modeling information that does not result in a change to underwriting guidelines.

(d) For purposes of compliance with this section, an oral or electronic underwriting guideline must be converted to written form.

(e) An insurer group or group of affiliated insurers may file one set of underwriting guidelines on behalf of individual insurers in the group under the requirements of this section if the group clearly identifies which underwriting guidelines apply to each insurer within the group.

(f) An insurer that files underwriting guidelines under this section must submit the filing transmittal information required in §5.9310 of this title (relating to Property and Casualty Transmittal Information and General Filing Requirements) with each underwriting guideline filing.

(g) All filings for underwriting guidelines must relate to only one line of insurance.

(h) Underwriting guidelines contemplated by Insurance Code §38.003, concerning Underwriting Guidelines for Other Lines; Confidentiality, other than workers' compensation insurance, are required only if requested. Underwriting guidelines submitted in response to a request under Insurance Code §38.003 must be filed in compliance with subsections (d), (e), and (f) of this section.

(i) Filings under this division may not be combined with any other filings submitted under this subchapter.

(j) Information used to classify risks for the purpose of determining a rate must be filed under Division 6 of this title (relating to Filings Made Easy--Requirements for Rate and Rule Filings), even if the information is included in an underwriting guideline filing under this division.

Division 9. Filings Made Easy - Reduced Filing Requirements for Certain Residential Property Insurers.
28 TAC §5.9355 and §5.9357

STATUTORY AUTHORITY. The commissioner adopts the amendments to §5.9355 and §5.9357 under Insurance Code §§36.002(1)(F), 36.002(2)(E), and 36.001.

Insurance Code §36.002(1)(F) authorizes the commissioner to adopt reasonable rules necessary to effect the purposes of a provision of Insurance Code Chapters 2251.

Insurance Code §36.002(2)(E) authorizes the commissioner to adopt reasonable rules appropriate to accomplish the purposes of a provision of Subtitles B, C, D, E, F, H, or I of Title 10 of the Insurance Code.

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.**§5.9355. Purpose.**

The purpose of this division is to specify requirements for certain insurers who qualify for reduced rate filing requirements under the provisions of Insurance Code Chapter 2251, Subchapter F, concerning Exemptions for Certain Insurers from Rate Filing and Approval Requirements.

§5.9357. Filing Requirements.

(a) Insurers writing residential property in underserved areas that may qualify under Insurance Code Chapter 2251, Subchapter F, concerning Exemptions for Certain Insurers from Rate Filing and Approval Requirements, must submit rate and rule filings in compliance with this subsection and with all provisions of §5.9334 (relating to Requirements for Rate and Rule Filing Submissions) not listed in paragraph (2) of this subsection. If TDI determines that an insurer is not exempted under Insurance Code §2251.252(a), concerning Exemption from Certain Other Law, the insurer must file in compliance with Division 6 of this subchapter (relating to Filings Made Easy - Requirements for Rate and Rule Filings).

(1) Insurers must include a form meeting the elements in subparagraphs (A) and (B) of this paragraph. The Certification of §2251.251 and §2251.252 Exemption

Compliance (EC-1) Form, found in the Filings Made Easy Guide, may be used to satisfy these requirements.

(A) The form must include the following statement: "{Insurance company name} certifies to the Texas Department of Insurance that the insurance company meets the requirements of Insurance Code Sections 2251.251 and 2251.252 and qualifies for the reduced filing requirements of 28 Texas Administrative Code Section 5.9357."

(B) The form must be dated and include the name, signature, and title of the insurance company representative certifying the statement.

(2) Insurers exempted under Insurance Code §2251.252(a) are not required to file the supporting information described in §5.9334(h)(5), (6), (9), (10), (11), (12), and (13) of this title.

(b) The reduced rate and rule filing requirements provided under this division do not affect the requirements under §5.9941 of this title (relating to Differences in Rates Charged Due Solely to Difference in Credit Scores) and §5.9960 of this title (relating to Exception to Rating Territory Requirements under §2253.001 of the Insurance Code).

(c) TDI maintains the Filings Made Easy Guide to help insurers comply with Texas statutes and rules. Insurers may obtain this guide from TDI's website at www.tdi.texas.gov.

Division 10. Filings Made Easy - Additional Filing Requirements for Certain County Mutual Insurance Companies.
28 TAC §5.9361

STATUTORY AUTHORITY. The commissioner adopts the amendments to §5.9361 under Insurance Code §§36.002(1)(F), 36.002(2)(E), 912.056, 2251.101, and 36.001.

Insurance Code §36.002(1)(F) authorizes the commissioner to adopt reasonable rules necessary to effect the purposes of a provision of Insurance Code Chapters 2251.

Insurance Code §36.002(2)(E) authorizes the commissioner to adopt reasonable rules appropriate to accomplish the purposes of a provision of Subtitles B, C, D, E, F, H, or I of Title 10 of the Insurance Code.

Insurance Code §912.056 requires that certain county mutual insurance companies that have appointed managing general agents, created districts, or organized local chapters to manage a portion of their business must, for each managing general agent, district, or local chapter program, file the rating information that the commissioner requires by rule.

Insurance Code §2251.101 requires that each insurer must file its rates, rating manuals, supplementary rating information, and additional information with TDI as required by the commissioner. It also requires that the commissioner adopt rules on the information to be included in rate filings and prescribe the process by which TDI may request supplementary rating information and supporting information.

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.**§5.9361. Additional Requirements.**

(a) Filing transmittal. In addition to the information required by Division 4 of this subchapter (relating to Filings Made Easy--Transmittal Information and General Filing

Requirements for Property and Casualty Form, Rate and Rule, Underwriting Guideline, and Credit Scoring Model Filings), the following information must be included:

(1) the name and license number of the managing general agent, district, or local chapter of a county mutual insurance company; and

(2) contact information for the county mutual insurance company, if the county mutual insurance company's contact information has not already been provided under §5.9310(c)(10) of this title (relating to Property and Casualty Transmittal Information and General Filing Requirements).

(b) Rate and rule filings.

(1) All rate and rule filings must be made directly by the county mutual insurance company on the county mutual insurance company's letterhead, unless the county mutual insurance company submits written notice with the filing authorizing the submission of rate filings by the managing general agent, district, or local chapter.

(2) Each rate and rule filing must include:

(A) all information required under §5.9334 of this title (relating to Requirements for Rate and Rule Filing Submissions), which must be specific to the managing general agent, district, or local chapter; and

(B) a list of policy forms and endorsements, including their name, number, and the TDI file number or SERFF tracking number, used by the managing general agent, district, or local chapter. The submission of a list of policy forms and endorsements under this subsection does not constitute a form filing under Insurance Code Chapter 2301, concerning Policy Forms.

**Division 11. Filings Made Easy - Certificates of Property and Casualty Insurance.
28 TAC §5.9372 and §5.9373**

STATUTORY AUTHORITY. The commissioner adopts the amendments to §5.9372 and §5.9373 under Insurance Code §1811.003 and §36.001.

Insurance Code §1811.003 allows the commissioner to adopt rules necessary or proper to accomplish the purposes of Insurance Code Chapter 1811.

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.**§5.9372. Preparation and Submission of Certificate of Insurance Form Filings.**

(a) Approval required. A certificate of insurance issued on property or casualty operations or a risk located in Texas, regardless of where the certificate holder, policyholder, insurer, or agent is located, must be on a form that has been filed and approved before use.

(b) Filing content. All filings for new or amended certificate of insurance forms submitted under Insurance Code Chapter 1811, concerning Certificates of Property and Casualty Insurance, must comply with the filing requirements in this division, any other applicable rules the Commissioner has adopted, and any applicable Commissioner's orders.

(1) All filings must contain transmittal information as required by §5.9373 of this title (relating to Certificate of Insurance Form Filing Transmittal Information).

(2) All filings must contain a copy of the subject certificate of insurance form. For identification purposes, the certificate of insurance must contain a form number and edition date.

(c) Combined filings. Do not combine a certificate of insurance form filing with any other filing types.

(d) Filing submission.

(1) TDI will accept a filing required under this division:

- (A) by mail;
- (B) by hand delivery;
- (C) by email; or
- (D) through SERFF.

(2) Mailing addresses and other contact information are available on the Property and Casualty Certificates of Insurance web page on TDI's website.

(3) TDI will not collect a filing fee for a certificate of insurance filing.

(e) Public inspection of filing.

(1) A certificate of insurance form and any supporting information filed with TDI under this division is open to public inspection as of the date of the filing.

(2) To the extent that a filing includes company contact information, the company affirmatively consents to the release and disclosure of its company contact information, including any email addresses.

§5.9373. Certificate of Insurance Form Filing Transmittal Information.

(a) Required information. The filing transmittal information must be typed and must contain, at a minimum, the following:

- (1) company name;
- (2) NAIC number if the filing is submitted by an insurer;
- (3) FEIN if the filing is submitted by an entity other than an insurer or agent;

and

(4) contact person, including name, telephone number, mailing address, fax number, and email address (if available).

(b) Transmittal information format.

(1) The Certificate of Insurance Form Filing Transmittal Form is available on TDI's website at www.tdi.texas.gov.

(2) Filers may submit transmittal information in a format other than the form provided by TDI if the information included in the transmittal form, or in an addendum to the transmittal form, contains all the information required under subsection (a) of this section.

(c) SERFF filings. Persons filing through SERFF must follow existing procedures for SERFF filings.

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 18, 2023.

DocuSigned by:
Jessica Barta
5DAC5618BBC74D4...


Jessica Barta, General Counsel
Texas Department of Insurance

2023-8418

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

Adopted Sections
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The amendments to 28 TAC §§5.9310, 5.9312, 5.9321, 5.9323, 5.9327, 5.9332, 5.9334, 5.9342, 5.9355, 5.9357, 5.9361, 5.9372, 5.9373 and new 28 TAC §5.9313 are adopted.

DocuSigned by:

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Cassie Brown
Commissioner of Insurance

Commissioner's Order No. 2023-8418