

1-1 By: Paul, et al. (Senate Sponsor - Middleton) H.B. No. 3388
1-2 (In the Senate - Received from the House May 12, 2025;
1-3 May 13, 2025, read first time and referred to Committee on Business
1-4 & Commerce; May 25, 2025, reported favorably by the following vote:
1-5 Yeas 11, Nays 0; May 25, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to group property and casualty insurance policies.
1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-23 SECTION 1. Section 2171.001, Insurance Code, is amended to
1-24 read as follows:
1-25 Sec. 2171.001. DEFINITIONS [DEFINITION]. In this chapter:
1-26 (1) "Large [~~,"large~~] risk" means an insured described
1-27 by Section 2301.004.
1-28 (2) "Member" means an owner or person with an
1-29 insurable interest in a property covered under a policy issued
1-30 under Section 2171.002.
1-31 SECTION 2. Chapter 2171, Insurance Code, is amended by
1-32 adding Sections 2171.006, 2171.007, 2171.008, and 2171.009 to read
1-33 as follows:
1-34 Sec. 2171.006. DISCLOSURES REQUIRED. (a) During an
1-35 application for an insurance policy issued under Section 2171.002,
1-36 an insurer must provide to each applicant a written disclosure of
1-37 whether the policy has a shared aggregate limit and, if applicable,
1-38 the amount of the limit.
1-39 (b) Not later than the 30th day after the date an insurer
1-40 issues, delivers, or renews an insurance policy under Section
1-41 2171.002, the insurer must deliver the following documents to each
1-42 member covered by the policy:
1-43 (1) a copy of the certificate of insurance; and
1-44 (2) a copy of the policy.
1-45 Sec. 2171.007. INCIDENTAL CASUALTY AND LIABILITY COVERAGE.
1-46 An insurance policy issued under Section 2171.002 may contain
1-47 casualty and liability coverage that is incidental to the property
1-48 risk covered under the policy.
1-49 Sec. 2171.008. APPLICABILITY TO SURPLUS LINES. (a)
1-50 Eligible surplus lines insurers are subject to this chapter, other
1-51 than Sections 2171.003, 2171.004, and 2171.005.
1-52 (b) A surplus lines agent is required to make a diligent
1-53 effort, as described by Section 981.004(a)(1), only with respect to
1-54 a group policy issued under Section 2171.002 and only on an annual
1-55 basis, rather than individually for each group member added during
1-56 the policy period.
1-57 (c) Notwithstanding Section 981.213, a surplus lines agent
1-58 is required to report to and file with the Surplus Lines Stamping
1-59 Office of Texas only the group policy issued under Section
1-60 2171.002, rather than each certificate or evidence of insurance
1-61 issued to the group members.

2-1 Sec. 2171.009. RULES. The commissioner may adopt rules to
 2-2 implement and administer this chapter.

2-3 SECTION 3. Subtitle G, Title 10, Insurance Code, is amended
 2-4 by adding Chapter 2172 to read as follows:

2-5 CHAPTER 2172. PERSONAL LINES GROUP PROPERTY AND CASUALTY INSURANCE

2-6 Sec. 2172.001. DEFINITION. In this chapter, "permitted
 2-7 group" means a group of 10 or more certificate holders who have a
 2-8 preexisting relationship to each other through:

2-9 (1) a common trade;

2-10 (2) an association;

2-11 (3) an affiliation; or

2-12 (4) any other relationship that is separate and
 2-13 distinct from any group insurance arrangement of the group.

2-14 Sec. 2172.002. APPLICABILITY OF CHAPTER. (a) This
 2-15 chapter, other than Section 2172.005, applies to an eligible
 2-16 surplus lines insurer.

2-17 (b) This chapter does not apply to an insurance policy
 2-18 issued under and in accordance with:

2-19 (1) Chapter 2153, 2171, or 2201; or

2-20 (2) Section 706.002, 2152.003, or 4055.154.

2-21 Sec. 2172.003. GROUP INSURANCE. (a) An insurer may provide
 2-22 a personal lines property and casualty insurance policy to a
 2-23 permitted group, on a group basis, provided that:

2-24 (1) the issuance of the policy results in economies of
 2-25 scale in administrative, marketing, or brokerage costs;

2-26 (2) the benefits provided under the policy are
 2-27 reasonable to the premiums charged; and

2-28 (3) the policy does not contain a shared aggregate
 2-29 limit.

2-30 (b) An insurance policy that provides group coverage under
 2-31 this chapter may not include a provision under which the payment of
 2-32 a certificate holder's claims is limited by the claims or losses
 2-33 incurred by another certificate holder.

2-34 (c) An insurer may not renew an insurance policy that
 2-35 provides group coverage under this chapter to a group that includes
 2-36 fewer than 10 certificate holders as part of the group at the time
 2-37 of renewal.

2-38 Sec. 2172.004. APPLICABILITY OF INSURANCE LAWS. (a)
 2-39 Except as otherwise provided by this chapter, a provision of this
 2-40 code applies to each certificate issued under a group policy issued
 2-41 under Section 2172.003 as if the certificate is an insurance policy
 2-42 and the certificate holder is an insured, if the provision would
 2-43 apply to the policy if the policy was issued on an individual basis.

2-44 (b) Insurance laws applicable under Subsection (a) include:

2-45 (1) Section 525.002;

2-46 (2) Section 542.003;

2-47 (3) Section 542.059;

2-48 (4) Section 551.002;

2-49 (5) Section 551.107;

2-50 (6) Section 558.002;

2-51 (7) Section 2002.001;

2-52 (8) Section 2002.102;

2-53 (9) Section 2251.005; and

2-54 (10) Section 2254.003.

2-55 Sec. 2172.005. RATE AND FORM FILINGS. An insurer shall
 2-56 comply with all applicable rate and form filing requirements of
 2-57 this title for an insurance policy issued under Section 2172.003.

2-58 Sec. 2172.006. INCIDENTAL LIABILITY COVERAGE. An insurance
 2-59 policy issued under Section 2172.003 may contain liability coverage
 2-60 that is incidental to the property risk covered under the policy.

2-61 Sec. 2172.007. SURPLUS LINES REQUIREMENTS. (a) A surplus
 2-62 lines agent is required to make a diligent effort, as described by
 2-63 Section 981.004(a)(1), only with respect to a group policy issued
 2-64 under Section 2172.003 and only on an annual basis, rather than
 2-65 individually for each group member added during the policy period.

2-66 (b) Notwithstanding Section 981.213, a surplus lines agent
 2-67 is required to report to and file with the Surplus Lines Stamping
 2-68 Office of Texas only the group policy issued under Section
 2-69 2172.003, rather than each certificate or evidence of insurance

3-1 issued to the group members.

3-2 Sec. 2172.008. DISCLOSURES REQUIRED. Not later than the
3-3 30th day after the date an insurer issues, delivers, or renews an
3-4 insurance policy under Section 2172.003, the insurer must deliver
3-5 the following documents to each member covered by the policy:

3-6 (1) a copy of the certificate of insurance; and

3-7 (2) a copy of the policy.

3-8 Sec. 2172.009. GROUP ENROLLER EXEMPTION. Notwithstanding
3-9 the requirements of Chapter 4001, a person who secures and
3-10 furnishes information for the purpose of enrolling entities or
3-11 individuals under an insurance policy issued under Section
3-12 2172.003, issues certificates or evidences of insurance under the
3-13 policy, or otherwise assists in administering the policy, including
3-14 by collecting and remitting premiums, is not required to be
3-15 licensed as an insurance agent under Chapter 4001, provided that
3-16 the person does not receive a commission with respect to the sale of
3-17 the policy or any related enrollments.

3-18 Sec. 2172.010. RULES. The commissioner may adopt rules to
3-19 implement and administer this chapter.

3-20 SECTION 4. The changes in law made by this Act apply only to
3-21 an insurance policy delivered, issued for delivery, or renewed on
3-22 or after the effective date of this Act.

3-23 SECTION 5. This Act takes effect immediately if it receives
3-24 a vote of two-thirds of all the members elected to each house, as
3-25 provided by Section 39, Article III, Texas Constitution. If this
3-26 Act does not receive the vote necessary for immediate effect, this
3-27 Act takes effect September 1, 2025.

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