

INSURANCE CODE

TITLE 10. PROPERTY AND CASUALTY INSURANCE

SUBTITLE D. FIRE INSURANCE AND ALLIED LINES,
INCLUDING RESIDENTIAL PROPERTY INSURANCE

CHAPTER 2006. PREMIUM RATE DISCOUNTS AND RATING PROGRAMS

SUBCHAPTER A. OPTIONAL PREMIUM DISCOUNT FOR USE OF INSULATING
CONCRETE FORM SYSTEM

Sec. 2006.001. DEFINITIONS. In this subchapter:

(1) "Applicant" includes:

- (A) an applicant for new insurance coverage; and
- (B) a policyholder renewing insurance coverage.

(2) "Insulating concrete form system" means a building construction system primarily used to frame exterior walls in which polystyrene foam forms are placed in the walls of a structure under construction and filled with concrete and steel reinforcing material to become a permanent part of the structure.

(3) "Insurer" means an insurer authorized to write property and casualty insurance in this state, including:

- (A) a county mutual insurance company;
- (B) a farm mutual insurance company;
- (C) a Lloyd's plan; and
- (D) a reciprocal or interinsurance exchange.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 2, eff. April 1, 2007.

Sec. 2006.002. OPTIONAL PREMIUM DISCOUNT. (a) In accordance with the rules adopted by the commissioner under this subchapter, an insurer may grant to an applicant a discount in the applicant's homeowners insurance premiums for insured property on receipt of written verification from the applicant that the property was constructed with an insulating concrete form system.

(b) The commissioner by rule shall prescribe the requirements for determining that a structure was constructed with an insulating concrete form system.

(c) Verification under this section must comply with the

requirements prescribed by the commissioner.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2006.003. PROPERTY INSPECTION. (a) If determined necessary by the commissioner, the rules adopted under this subchapter may require an inspection of the property to be insured.

(b) The applicant shall pay the costs of a required inspection.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2006.004. PREMIUM DISCOUNT; EXCEPTION. (a) The commissioner by rule shall establish the premium discount under this subchapter based on sound actuarial principles.

(b) The commissioner may approve a premium discount greater or less than the discount established by rule under Subsection (a) if:

(1) the insurer files the proposed discount with the department; and

(2) the commissioner determines that the proposed discount is actuarially justified.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2006.005. RULES. The commissioner may adopt rules as necessary to implement this subchapter in addition to other rules adopted under this subchapter.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

SUBCHAPTER B. OPTIONAL PREMIUM DISCOUNTS AND RATING PROGRAMS FOR CERTAIN RESIDENTIAL PROPERTY INSURANCE POLICIES

Sec. 2006.051. DEFINITIONS. In this subchapter:

(1) "Affiliate" means an entity classified as an affiliate under Section 823.003.

(2) "Insurer" means an insurer authorized to write residential property insurance, including:

- (A) a county mutual insurance company;
- (B) a farm mutual insurance company;
- (C) a Lloyd's plan; and
- (D) a reciprocal or interinsurance exchange.

(3) "Residential property insurance" means property or property and casualty insurance covering a dwelling, including:

- (A) homeowners insurance;
- (B) residential fire and allied lines insurance;
- (C) farm and ranch insurance; and
- (D) farm and ranch owners insurance.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2006.052. OPTIONAL PREMIUM DISCOUNT. (a) Except as provided by Section 2006.053, an insurer that issues a residential property insurance policy may:

(1) discount the premiums that would otherwise be charged for the policy by not less than three percent if the policyholder:

(A) has continuously been a residential property insurance policyholder with the insurer or an affiliate of the insurer; and

(B) has not filed a residential property insurance claim during the three years before the effective date of the policy; and

(2) increase the amount of the discount by one percent for each subsequent year in which the policyholder:

(A) has been a residential property insurance policyholder with the insurer or an affiliate of the insurer; and

(B) has not filed a residential property insurance claim.

(b) This section applies to an insurer that uses a tier classification or discount program that has a premium consequence based in whole or in part on claims experience, regardless of whether any of the policies that continuously covered the

policyholder was a different kind of residential property insurance policy from the policy eligible for the premium discount.

(c) A residential property insurance claim under this section does not include a claim:

- (1) resulting from a loss caused by natural causes;
- (2) that is filed but is not paid or payable under the policy; or
- (3) that an insurer is prohibited from using under Section [544.353](#).

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. [2636](#)), Sec. 3B.040(a), eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 921 (H.B. [3167](#)), Sec. 9.040(a), eff. September 1, 2007.

Sec. 2006.0521. COMPLIANCE WITH OTHER LAW REQUIRED. Any change in the amount of a premium discount provided under this subchapter must comply with the requirements of Section [551.107](#).

Added by Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. [2636](#)), Sec. 3B.040(b), eff. September 1, 2007.

Added by Acts 2007, 80th Leg., R.S., Ch. 921 (H.B. [3167](#)), Sec. 9.040(b), eff. September 1, 2007.

Sec. 2006.053. APPROVAL OF CERTAIN ACTUARIALLY JUSTIFIED PREMIUM DISCOUNTS AND RATING PROGRAMS. The commissioner may approve:

(1) a premium discount filed with the department that is greater or less than the discount specified by Section [2006.052](#) if the commissioner determines the discount is actuarially justified; or

(2) a rating program filed with the department that is based on claim or loss experience and is not a discount described by Section [2006.052](#) or Subdivision (1) if the commissioner determines the program is actuarially justified.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 2, eff.

April 1, 2007.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 569 (H.B. 2776), Sec. 3, eff. September 1, 2015.

Sec. 2006.054. LIMIT ON PREMIUM DISCOUNT. An insurer that provides a premium discount under Section 2006.052 is not required to provide the discount in an amount that exceeds 10 percent of the premiums that would otherwise be charged for the residential property insurance policy.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 569 (H.B. 2776), Sec. 3, eff. September 1, 2015.

Sec. 2006.055. RULES AND GUIDELINES. (a) The commissioner shall adopt rules as necessary to implement Section 2006.052.

(b) The commissioner by rule shall establish guidelines under which an insurer that provides a premium discount under Section 2006.052 shall determine the appropriate discount based on sound actuarial principles.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 569 (H.B. 2776), Sec. 3, eff. September 1, 2015.