

INSURANCE CODE

TITLE 5. PROTECTION OF CONSUMER INTERESTS

SUBTITLE C. DECEPTIVE, UNFAIR, AND PROHIBITED PRACTICES

CHAPTER 551. PRACTICES RELATING TO DECLINATION, CANCELLATION, AND  
NONRENEWAL OF INSURANCE POLICIES

SUBCHAPTER A. GENERAL PROVISIONS

The following section was amended by the 89th Legislature. Pending publication of the current statutes, see H.B. [2067](#), 89th Legislature, Regular Session, for amendments affecting the following section.

Sec. 551.001. RULES. (a) The commissioner may, as necessary, adopt and enforce reasonable rules, including notice requirements, relating to the cancellation and nonrenewal of any insurance policy regulated by the department under:

- (1) Chapter 5;
- (2) Chapter [1804](#), [1805](#), [2171](#), or [2301](#); or
- (3) Subtitle C, D, E, or F, Title 10.

(a-1) Notwithstanding Subsection (a), Subsection (a) does not apply to:

- (1) an insurance policy subject to Subchapter B or C of this chapter; or
- (2) a marine insurance policy other than inland marine.

(b) In adopting rules under this section, the commissioner shall consider the reasonable needs of the public and the operations of the insurers.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. [2636](#)), Sec. 2D.012, eff. April 1, 2009.

The following section was amended by the 89th Legislature. Pending publication of the current statutes, see H.B. [2067](#), 89th Legislature, Regular Session, for amendments affecting the following section.

Sec. 551.002. WRITTEN STATEMENT OF REASONS FOR DECLINATION, CANCELLATION, OR NONRENEWAL. (a) The commissioner shall require an insurer, on request by an applicant for insurance or a policyholder, to provide to the applicant or policyholder a written statement of the reasons for the declination, cancellation, or nonrenewal of an insurance policy to which Section 551.001 applies.

(b) An insurer's written statement giving the reasons for the declination, cancellation, or nonrenewal of an insurance policy must fully explain a decision that adversely affects an applicant for insurance or a policyholder by denying the applicant or policyholder insurance coverage or continued coverage.

(c) The statement must:

(1) state the precise incident, circumstance, or risk factors applicable to the applicant for insurance or the policyholder that violates any applicable guidelines;

(2) state the source of information on which the insurer relied regarding the incident, circumstance, or risk factors; and

(3) specify any other information considered relevant by the commissioner.

(d) The commissioner shall adopt rules as necessary to implement this section.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Sec. 551.003. IMMUNITY FROM LIABILITY. An insurer or agent or an employee of an insurer or agent is not liable, and a cause of action does not arise against that individual or entity, for a statement, disclosure, or communication made in good faith under this subchapter. Immunity under this section does not apply to:

(1) disclosure of information known to be false; or

(2) a disclosure made with malice or the wilful intent to injure any person.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Sec. 551.004. TRANSFER NOT CONSIDERED A REFUSAL TO RENEW. For purposes of this chapter and Subchapters C and D, Chapter 1952, the transfer of a policyholder between admitted companies within

the same insurance group is not considered a refusal to renew.

Added by Acts 2005, 79th Leg., Ch. 1295 (H.B. [2614](#)), Sec. 4, eff. September 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. [2636](#)), Sec. 3B.024, eff. September 1, 2007.

Sec. 551.005. MEMBERSHIP DUES. (a) In this section, "insurer" includes a county mutual insurance company, a Lloyd's plan, and a reciprocal or interinsurance exchange.

(b) Except as otherwise provided by law, an insurer may require that membership dues in its sponsoring organization be paid as a condition for issuance or renewal of a policy.

Added by Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. [2636](#)), Sec. 3B.0245, eff. September 1, 2007.

Added by Acts 2007, 80th Leg., R.S., Ch. 921 (H.B. [3167](#)), Sec. 9.0245(a), eff. September 1, 2007.

#### SUBCHAPTER B. CANCELLATION AND NONRENEWAL OF CERTAIN LIABILITY AND COMMERCIAL PROPERTY INSURANCE POLICIES

Sec. 551.051. DEFINITIONS. In this subchapter:

(1) "Commercial property insurance" has the meaning assigned by Section [2251.002](#).

(1-a) "Insurer" means an insurance company or other entity admitted to engage in business and authorized to write liability insurance or commercial property insurance in this state, including a county mutual insurance company, a Lloyd's plan, and a reciprocal or interinsurance exchange. The term does not include a county mutual fire insurance company that writes exclusively industrial fire insurance as described by Section [912.310](#) or a farm mutual insurance company.

(2) "Liability insurance" means:

- (A) general liability insurance;
- (B) professional liability insurance other than medical professional liability insurance;
- (C) commercial automobile liability insurance;

(D) commercial multiperil insurance; and

(E) any other type or line of liability insurance designated by the department.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 72 (S.B. 590), Sec. 2, eff. September 1, 2019.

Sec. 551.052. CANCELLATION PROHIBITED; EXCEPTIONS. (a) An insurer may not cancel a liability insurance or commercial property insurance policy that is a renewal or continuation policy.

(b) An insurer may not cancel a liability insurance or commercial property insurance policy during the initial policy term after the 60th day following the date on which the policy was issued.

(c) Notwithstanding Subsections (a) and (b), an insurer may cancel a liability insurance or commercial property insurance policy at any time during the term of the policy for:

(1) fraud in obtaining coverage;

(2) failure to pay premiums when due;

(3) an increase in hazard within the control of the insured that would produce a rate increase; or

(4) loss of the insurer's reinsurance covering all or part of the risk covered by the policy.

(d) Notwithstanding Subsections (a) and (b), an insurer may cancel a liability insurance or commercial property insurance policy at any time during the term of the policy if the insurer is placed in supervision, conservatorship, or receivership and the cancellation or nonrenewal is approved or directed by the supervisor, conservator, or receiver.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 72 (S.B. 590), Sec. 3, eff. September 1, 2019.

Sec. 551.053. WRITTEN NOTICE OF CANCELLATION REQUIRED. Not later than the 10th day before the date on which the cancellation of

a liability insurance or commercial property insurance policy takes effect, an insurer must deliver or mail written notice of the cancellation to the first-named insured under the policy at the address shown on the policy.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 72 (S.B. [590](#)), Sec. 3, eff. September 1, 2019.

Sec. 551.054. WRITTEN NOTICE OF NONRENEWAL REQUIRED.

(a) An insurer may refuse to renew a liability insurance or commercial property insurance policy if the insurer delivers or mails written notice of the nonrenewal to the first-named insured under the policy at the address shown on the policy.

(b) The notice must be delivered or mailed not later than the 60th day before the date on which the policy expires. If the notice is delivered or mailed later than the 60th day before the date on which the policy expires, the coverage remains in effect until the 61st day after the date on which the notice is delivered or mailed.

(c) Earned premium for any period of coverage that extends beyond the expiration date of the policy shall be computed pro rata based on the previous year's rate.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 72 (S.B. [590](#)), Sec. 4, eff. September 1, 2019.

The following section was amended by the 89th Legislature. Pending publication of the current statutes, see H.B. [2067](#), 89th Legislature, Regular Session, for amendments affecting the following section.

Sec. 551.055. REASON FOR CANCELLATION OR NONRENEWAL REQUIRED. In a notice to an insured relating to cancellation or refusal to renew, an insurer must state the reason for the cancellation or nonrenewal. The statement must comply with:

(1) Sections [551.002](#)(b) and (c); and

(2) rules adopted under Section [551.002](#)(d).

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Sec. 551.056. CHANGES TO POLICY ON RENEWAL. (a) In this section, "material change" means a change to a policy that, with respect to a previous or existing policy:

- (1) reduces coverage;
- (2) changes conditions of coverage; or
- (3) changes the duties of the insured.

(b) A change to a liability insurance or commercial property insurance policy provision on renewal is not a nonrenewal or cancellation under this subchapter if the insurer provides the insured with written notice in accordance with this section of any material change in each form of the policy offered to the insured on renewal from the form of the policy held immediately before renewal.

(c) Notice provided under Subsection (b) must:

- (1) appear in a conspicuous place in the notice of renewal;
- (2) clearly indicate each material change to the policy being made on renewal;
- (3) be written in plain language; and
- (4) be provided to the insured not later than the 30th day before the renewal date.

(d) In addition to the notice to the insured provided under Subsection (b), if an insurer elects to make a material change to a policy form on renewal, not later than the 30th day before the earliest renewal date on which the new policy form is used, the insurer shall provide written notice to each agent of the insurer that clearly indicates each material change being made to the policy form. An insurer may provide the notice to the agents in a single notice given to each agent of the insurer that summarizes substantially similar material changes to more than one policy form.

(e) This section does not apply if:

- (1) the policy form meets at least one of the conditions in Section [2301.004](#) both before and after renewal of the

policy; or

(2) before the renewal date:

(A) the insured requests the change; or

(B) the insured and the insurer agree to the change.

Added by Acts 2019, 86th Leg., R.S., Ch. 72 (S.B. 590), Sec. 5, eff. September 1, 2019.

#### SUBCHAPTER C. DECLINATION, CANCELLATION, AND NONRENEWAL OF CERTAIN PROPERTY AND CASUALTY POLICIES

Sec. 551.101. DEFINITION. In this subchapter, "insurer" means any authorized insurer writing property and casualty insurance in this state, including:

(1) a county mutual insurance company;

(2) a Lloyd's plan;

(3) a reciprocal or interinsurance exchange; and

(4) a farm mutual insurance company.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Sec. 551.102. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to:

(1) a personal automobile insurance policy, other than a policy written through the Texas Automobile Insurance Plan Association;

(2) a homeowners or farm or ranch owners insurance policy;

(3) a standard fire insurance policy insuring:

(A) a one-family dwelling or a duplex; or

(B) the contents of a one-family dwelling, a duplex, or an apartment; or

(4) an insurance policy providing property and casualty coverage, other than a fidelity, surety, or guaranty bond, to:

(A) this state;

(B) an agency of this state;

(C) a political subdivision of this state,

including:

- (i) a municipality or county;
- (ii) a school district or junior college district;
- (iii) a levee improvement district, drainage district, or irrigation district;
- (iv) a water improvement district, water control and improvement district, or water control and preservation district;
- (v) a freshwater supply district;
- (vi) a navigation district;
- (vii) a conservation and reclamation district;
- (viii) a soil conservation district;
- (ix) a communication district; and
- (x) a river authority; or

(D) any other governmental agency whose authority is derived from the laws or constitution of this state.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Sec. 551.103. CANCELLATION. For the purposes of this subchapter, an insurer has canceled an insurance policy if the insurer, without the consent of the insured:

- (1) terminates coverage provided under the policy;
- (2) refuses to provide additional coverage to which the insured is entitled under the policy; or
- (3) except as provided by Section [551.1055](#), reduces or restricts coverage under the policy by endorsement or other means.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 60 (S.B. [417](#)), Sec. 1, eff. September 1, 2017.

Sec. 551.104. AUTHORIZED CANCELLATION OF POLICIES. (a) An insurer may cancel an insurance policy only as provided by this section.

(b) An insurer may cancel any policy if:



(1) the named insured does not pay any portion of the premium when due;

(2) the insured submits a fraudulent claim; or

(3) the department determines that continuation of the policy would result in a violation of this code or any other law governing the business of insurance in this state.

(c) An insurer may cancel a policy, other than a personal automobile insurance policy, if there is an increase in the hazard covered by the policy that is within the control of the insured and that would produce an increase in the premium rate of the policy.

(d) An insurer may cancel a personal automobile insurance policy if the driver's license or motor vehicle registration of the named insured or any other motor vehicle operator who resides in the same household as the named insured or who customarily operates an automobile covered by the policy is suspended or revoked. An insurer may not cancel a policy under this subsection if the named insured consents to an endorsement terminating coverage under the policy for the person whose license is suspended or revoked.

(e) Cancellation of a policy under Subsection (b), (c), or (d) does not take effect until the 10th day after the date the insurer mails notice of the cancellation to the insured.

(f) An insurer may cancel a personal automobile insurance policy effective on any 12-month anniversary of the original effective date of the policy if the insurer mails to the named insured written notice of the cancellation not later than the 60th day before the effective date of the cancellation.

(g) An insurer may cancel any insurance policy other than a personal automobile or homeowners insurance policy if the policy has been in effect less than 90 days. An insurer may cancel a personal automobile insurance policy if the policy has been in effect less than 60 days. An insurer may cancel a homeowners insurance policy if the policy has been in effect less than 60 days and:

(1) the insurer identifies a condition that:

(A) creates an increased risk of hazard;

(B) was not disclosed in the application for insurance coverage; and

(C) is not the subject of a prior claim; or

(2) before the effective date of the policy, the insurer does not accept a copy of a required inspection report that:

(A) was completed by an inspector who is licensed by the Texas Real Estate Commission or who is otherwise authorized to perform inspections; and

(B) is dated not earlier than the 90th day before the effective date of the policy.

(h) For purposes of Subsection (g), an inspection report is considered accepted if an insurer does not reject the inspection report given to the insurer under Subsection (g)(2) before the 11th day after the date the inspection report is received by the insurer. Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005. Amended by:

Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 11.019(a), eff. September 1, 2005.

Acts 2023, 88th Leg., R.S., Ch. 428 (H.B. 1900), Sec. 1, eff. September 1, 2023.

Sec. 551.1041. RULEMAKING AUTHORITY RELATING TO NOTICE OF CANCELLATION OF CERTAIN PERSONAL AUTOMOBILE INSURANCE COVERAGES. The commissioner shall exercise the commissioner's rulemaking authority to adopt rules under which an insurer that cancels a personal automobile insurance policy that provides comprehensive or collision physical damage coverage for an automobile that is subject to a purchase money lien is required to notify the lienholder, if known, that the coverage will be canceled.

Added by Acts 2017, 85th Leg., R.S., Ch. 752 (S.B. 1450), Sec. 3, eff. September 1, 2017.

Sec. 551.105. NONRENEWAL OF POLICIES; NOTICE REQUIRED. Unless the insurer has mailed written notice of nonrenewal or renewal with written notice of change in coverage as provided by Section 2002.001 to the insured not later than the 60th day before the date on which the insurance policy expires, an insurer must renew an insurance policy, at the request of the

insured, on the expiration of the policy. Notwithstanding the failure of an insurer to comply with this section, the policy shall terminate on the effective date of any replacement or succeeding insurance policy with another carrier with respect to the insured (a) personal automobile, (b) home, farm, ranch, dwelling, duplex, or apartment, or (c) other real or personal property.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 527 (H.B. [2382](#)), Sec. 1, eff. September 1, 2011.

Acts 2011, 82nd Leg., R.S., Ch. 1018 (H.B. [2655](#)), Sec. 2, eff. September 1, 2011.

Acts 2023, 88th Leg., R.S., Ch. 428 (H.B. [1900](#)), Sec. 2, eff. September 1, 2023.

Sec. 551.1053. MANDATORY NONRENEWAL OF PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICIES. (a) If an insured under a private passenger automobile insurance policy fails or refuses to cooperate with an insurer in the investigation, settlement, or defense of a third-party liability claim or action or the insurer is unable to contact the insured using reasonable efforts for those purposes, the insurer shall provide written notice to the named insured that states:

(1) how the insured failed or refused to cooperate, including failure as a result of the insurer's inability to contact the insured;

(2) the claim or action for which the insurer is requesting cooperation; and

(3) the insurer will not renew the policy if the insured continues to fail or refuse to cooperate.

(b) Notwithstanding Sections [551.105](#) and [551.106](#), an insurer may not renew a private passenger automobile insurance policy if the insured fails or refuses to cooperate with the insurer in the investigation, settlement, or defense of the third-party liability claim or action described by the notice provided under Subsection (a).

Added by Acts 2021, 87th Leg., R.S., Ch. 886 (S.B. [1602](#)), Sec. 1,

eff. September 1, 2021.

Amended by:

Acts 2023, 88th Leg., R.S., Ch. 496 (H.B. [2065](#)), Sec. 1, eff. September 1, 2023.

Sec. 551.1055. CHANGES TO POLICY ON RENEWAL. (a) In this section, "material change" means a change to a policy that, with respect to a prior or existing policy:

- (1) reduces coverage;
- (2) changes conditions of coverage; or
- (3) changes the duties of the insured.

(b) Notwithstanding Section [551.103](#), a change to a policy provision on renewal is not a nonrenewal or cancellation under this subchapter if the insurer provides the insured with written notice in accordance with this section of any material change in each form of the policy offered to the insured on renewal from the form of the policy held immediately before renewal.

(c) Notice provided under Subsection (b) must:

- (1) appear in a conspicuous place in the notice of renewal;
- (2) clearly indicate each material change to the policy being made on renewal;
- (3) be written in plain language; and
- (4) be provided to the insured not later than the 30th day before the renewal date.

(d) In addition to the notice to the insured provided under Subsection (b), if an insurer elects to make a material change to a policy form on renewal, not later than the 30th day before the earliest renewal date on which the new policy form is used, the insurer shall provide written notice to each agent of the insurer that clearly indicates each material change being made to the policy form. An insurer may provide the notice to the agents in a single notice given to each agent of the insurer that summarizes substantially similar material changes to more than one policy form.

(e) Notwithstanding this section, for a personal automobile insurance policy, an insurer must comply with Sections [551.105](#) and

[551.106](#)(b).

Added by Acts 2017, 85th Leg., R.S., Ch. 60 (S.B. [417](#)), Sec. 2, eff. September 1, 2017.

Sec. 551.106. RENEWAL AND REINSTATEMENT OF PERSONAL AUTOMOBILE INSURANCE POLICIES. (a) An insurer may not refuse to renew a personal automobile insurance policy solely because of the age of the person covered by the policy.

(b) An insurer shall renew a personal automobile insurance policy that was written for a term of less than one year, except that the insurer may refuse to renew the policy on any 12-month anniversary of the original effective date of the policy.

(c) An insurer may reinstate a personal automobile insurance policy canceled for nonpayment of premium if the premium owed is paid not later than the 60th day after date of cancellation. Coverage under the policy lapses on the date of cancellation and is not again effective until the date the payment is received by the insurer. Premium is not owed for any period in which the policy is not in effect.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Amended by:

Acts 2005, 79th Leg., Ch. 1159 (H.B. [3300](#)), Sec. 1, eff. June 18, 2005.

Acts 2005, 79th Leg., Ch. 1159 (H.B. [3300](#)), Sec. 2, eff. June 18, 2005.

Sec. 551.107. RENEWAL OF CERTAIN POLICIES; PREMIUM SURCHARGE AUTHORIZED; NOTICE. (a) This section applies only to a standard fire, homeowners, or farm or ranch owners insurance policy.

(b) A 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](#).

(c) An insurer may assess a premium surcharge at the time an

insurance policy is renewed if the insured has filed two or more claims in the preceding three policy years. The amount of the surcharge must be based on sound actuarial principles.

(d) Subject to Subsection (e), an insurer may refuse to renew an insurance policy if the insured has filed three or more claims under the policy in any three-year period.

(e) An insurer may notify an insured who has filed two claims in a period of less than three years that the insurer may refuse to renew the policy if the insured files a third claim during the three-year period. If the insurer does not notify the insured in accordance with this subsection, the insurer may not refuse to renew the policy because of claims. The notice form must:

(1) list the policyholder's claims; and

(2) contain the sentence: "The filing by you of another claim, except for a claim resulting from a loss caused by natural causes, a claim filed but not paid or payable under the policy under which it was filed, or an appliance-related claim that we are prohibited from using under Section [544.353](#), Texas Insurance Code, could cause us to refuse to renew your policy."

(f) In this section, "premium surcharge" means an additional amount that is added to the base rate. The term does not include a reduction or elimination of a discount previously received by an insured, reassignment of an insured from one rating tier to another, re-rating an insured, or re-underwriting an insured by using multiple affiliates.

(g) The commissioner shall adopt rules as necessary to implement this section.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Amended by:

Acts 2005, 79th Leg., Ch. 291 (S.B. [14](#)), Sec. 5, eff. September 1, 2005.

Acts 2007, 80th Leg., R.S., Ch. 252 (S.B. [978](#)), Sec. 1, eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. [2636](#)), Sec. 2D.013, eff. April 1, 2009.

Sec. 551.108. INSURER RECORDS. (a) An insurer shall

maintain information regarding cancellation or nonrenewal of insurance policies in accordance with the insurer's ordinary practices for maintaining records of expired policies.

(b) The insurer shall make the information available to the department on request.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

The following section was amended by the 89th Legislature. Pending publication of the current statutes, see H.B. [2067](#), 89th Legislature, Regular Session, for amendments affecting the following section.

Sec. 551.109. INSURER STATEMENT. An insurer shall, at the request of an applicant for insurance or an insured, provide a written statement of the reason for a declination, cancellation, or nonrenewal of an insurance policy. The statement must comply with:

- (1) Sections [551.002](#)(b) and (c); and
- (2) rules adopted under Section [551.002](#)(d).

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Sec. 551.110. LIABILITY FOR DISCLOSURE. An insurer or agent or an employee of an insurer or agent is not liable for a notice, statement, or disclosure made in good faith under this subchapter unless the notice, statement, or disclosure was:

- (1) known to be false; or
- (2) made with malice or wilful intent to injure any person.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 60 (S.B. [417](#)), Sec. 3, eff. September 1, 2017.

Sec. 551.111. EFFECT OF NONCOMPLIANCE. A cancellation of an insurance policy made in violation of this subchapter has no effect.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Sec. 551.112. RULES. The commissioner may adopt rules

relating to the cancellation and nonrenewal of insurance policies.  
Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Sec. 551.113. DECLINATION, NONRENEWAL, OR CANCELLATION PROHIBITED; CONSIDERATION OF CONSUMER INQUIRY. (a) This section applies only to:

(1) a standard fire, homeowners, or farm and ranch owners insurance policy; or

(2) a personal automobile insurance policy.

(b) When deciding to issue or to decline to issue an insurance policy to an applicant for insurance, an insurer may not consider a customer inquiry as a basis for declination.

(b-1) An insurer may not consider a customer inquiry as a basis for nonrenewal or cancellation of an insurance policy.

(c) For purposes of this section, "customer inquiry" means a telephone call or other communication made to an insurer that does not result in an investigation or claim and that is in regard to the general terms or conditions of or coverage offered under an insurance policy. The term includes a question concerning the process for filing a claim, and whether a policy will cover a loss, unless the question concerns specific damage that has occurred and that results in an investigation or claim.

Added by Acts 2005, 79th Leg., Ch. 922 (H.B. 363), Sec. 2, eff. September 1, 2005.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 570 (S.B. 736), Sec. 2, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 570 (S.B. 736), Sec. 3, eff. September 1, 2013.

Acts 2015, 84th Leg., R.S., Ch. 1137 (S.B. 189), Sec. 2, eff. September 1, 2015.

#### SUBCHAPTER D. CANCELLATION OR NONRENEWAL OF CERTAIN POLICIES ISSUED TO ELECTED OFFICIALS

Sec. 551.151. DEFINITION. In this subchapter, "insurer" has the meaning assigned by Section 551.101.



Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Sec. 551.152. ELECTED OFFICIALS. An insurer may not cancel or refuse to renew an insurance policy based solely on the fact that the policyholder is an elected official.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

#### SUBCHAPTER E. PORTABLE ELECTRONICS INSURANCE

Sec. 551.201. DEFINITIONS. In this subchapter, "customer," "portable electronic devices," and "vendor" have the meanings assigned by Section 4055.251.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1174 (S.B. 839), Sec. 1, eff. September 1, 2013.

Sec. 551.202. REQUIRED NOTICE OF TERMINATION OR CHANGE TO POLICY. (a) Except as otherwise provided by this subchapter, an insurer may terminate or change the terms and conditions of a policy of portable electronics insurance only after notice to the master or group policyholder and each enrolled customer. Notice under this section must be provided not later than the 30th day before the date of the termination or change.

(b) If the insurer changes the terms and conditions of the policy, the insurer shall:

(1) provide to the master or group policyholder a revised policy or endorsement; and

(2) provide to each enrolled customer:

(A) a revised certificate, revised endorsement, updated brochure, or other document indicating that a change in the terms and conditions has occurred;

(B) a summary of the material changes; and

(C) a disclosure, in a font that is capitalized, boldfaced, italicized, or underlined or is larger than or set off from the remainder of the document, that enrollment in coverage is optional and that provides information on how to discontinue enrollment.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1174 (S.B. 839), Sec. 1,

eff. September 1, 2013.

Sec. 551.203. TERMINATION FOR FRAUD OR MISREPRESENTATION.

(a) An insurer may terminate the coverage of an enrolled customer under a portable electronics insurance policy for fraud or material misrepresentation in obtaining coverage or in the presentation of a claim under the coverage.

(b) Termination of coverage under this section may not be effective before the 15th day after the date the insurer provides the customer notice of the termination.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1174 (S.B. 839), Sec. 1, eff. September 1, 2013.

Sec. 551.204. TERMINATION WITHOUT NOTICE. (a) An insurer may terminate the coverage of an enrolled customer under a portable electronics insurance policy without notice:

(1) for nonpayment of premium;

(2) if the enrolled customer ceases to have an active service with the vendor of portable electronics; or

(3) if the enrolled customer exhausts the aggregate limit of liability, if any, under the terms of the portable electronics insurance policy.

(b) If a portable electronics insurance policy is terminated under Subsection (a)(3), the insurer must send notice of termination to the enrolled customer not later than the 30th day after the date of exhaustion of the limit. If the notice is not timely sent, the insurer shall continue the customer's coverage, and the aggregate limit of liability is waived, until the insurer sends the notice of termination to the enrolled customer.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1174 (S.B. 839), Sec. 1, eff. September 1, 2013.

Sec. 551.205. TERMINATION BY POLICYHOLDER. A master or group policyholder who terminates a portable electronics insurance policy shall provide notice to each enrolled customer advising the enrolled customer of the termination of the policy and the effective date of termination. The notice must be provided to the

enrolled customer not later than the 30th day before the date the termination becomes effective.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1174 (S.B. [839](#)), Sec. 1, eff. September 1, 2013.

Sec. 551.206. FORM OF NOTICE OR CORRESPONDENCE. (a) A notice required by this subchapter, or another notice or correspondence with respect to a portable electronics insurance policy that is required by law, must be:

(1) in writing; and

(2) sent within the notice period, if any, specified by the statute or rule requiring the notice or correspondence.

(b) Notwithstanding any other law, the notice or correspondence may be sent by mail or by electronic means.

(c) If the notice or correspondence is mailed:

(1) it must be sent to the master or group policyholder at the policyholder's mailing address specified for this purpose and to each affected enrolled customer's last known mailing address on file with the insurer; and

(2) the insurer or master or group policyholder shall maintain proof of mailing in a form authorized or accepted by the United States Postal Service or other commercial mail delivery service.

(d) If the notice or correspondence is sent by electronic means:

(1) it must be sent to the master or group policyholder at the policyholder's e-mail address specified for this purpose and to each affected enrolled customer's last known e-mail address as provided by the customer to the insurer or master or group policyholder; and

(2) the insurer or master or group policyholder shall maintain proof that the notice or correspondence was sent.

(e) For purposes of Subsection (d), an enrolled customer's provision of an e-mail address to the insurer or master or group policyholder is considered consent to receive notices and correspondence by electronic means.

(f) A notice or correspondence described by this section may

be sent on behalf of an insurer or master or group policyholder by a licensed agent or agency appointed by the insurer.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1174 (S.B. [839](#)), Sec. 1, eff. September 1, 2013.