

March 8, 2015

Senate Business and Commerce Committee
Texas Capitol

RE: Testimony on SB 494

Committee Members:

The National Association of Mutual Insurance Companies (NAMIC) appreciates the opportunity to comment on SB 494. **Please note we are neutral the bill.** I am providing written testimony as I expect to be out of state on another advocacy matter when the hearing is scheduled.

NAMIC is the largest and most diverse property/casualty trade association in the country, with 1,400 regional and local mutual insurance member companies serving more than 135 million auto, home, and business policyholders and writing in excess of \$196 billion in annual premiums that account for 50 percent of the automobile/ homeowners market and 31 percent of the business insurance market. More than 200,000 people are employed by NAMIC member companies. In Texas, 178 member companies do business here, comprising a market share of 38%.

We are neutral on the bill as we believe consumers should have access to information in order to make good buying decisions. This is especially true when it comes to insurance products. We encourage consumers to do their own research and consult with a trusted insurance agent to make educated purchases.

NAMIC does have some concerns from a logistical perspective as to how this would work. Some concerns include:

With almost 4,300 policy filings at TDI covered under Chapter 1812 of the Insurance Code, will OPIC file specimen policies for each of these?¹ It's not clear to us how this would work. Would OPIC publish specimen copies of all policies and endorsements on file at TDI? If OPIC were to only post certain policies of certain insurers, what factors would be considered in making the decision to publish a certain policy?

¹ Annual Report of the Texas Department of Insurance, 2014. Figure 18, pg. 29. Chapter 1812 of the Texas Insurance Code only applies to personal automobile, commercial automobile, inland marine and residential property insurance. *Texas Insurance Code sec. 1812.001.*

How will mandatory endorsement forms – which are critical to understanding the exact coverage a policy provides – be addressed? Certain policies have mandatory endorsements, which may expand or contract coverage. Posting the policy form without the endorsement would result in a misleading message to the consumer regarding the coverages provided by that particular policy.

How will optional endorsement forms be included on the website in a way that is meaningful to consumers? The policies affected by this section of the Insurance Code have a number of optional endorsements. These optional endorsements affect both the coverage provided by the policy as well as the premium a consumer would be charged. Will all of the endorsements offered on published policy forms be provided on the website? How will this be done in a manner that helps consumers?

As policy forms change over time, how will consumers determine which policy posted on the OPIC website is theirs? Companies change insurance forms from time to time. We are concerned that our members' customers will look at the website and wonder why their policy is different than the one displayed on the website.

NAMIC supports efforts that promote transparency in a helpful way. While we do not object to OPIC publishing policies and endorsements in concept (and prefer that such postings be done on a voluntary basis), we do believe these questions should be addressed as this legislation is vetted.

As always, we are more than happy to discuss these concerns in more detail or answer any questions the committee might have. We appreciate your time in hearing our support for this bill.

Sincerely,

A handwritten signature in black ink that reads "Paul Martin". The signature is written in a cursive style with a large, sweeping initial "P" and "M".

Paul Martin
Director – State Affairs