



## **Texas Department of Insurance**

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January 14, 2014

### **COMMISSIONER'S BULLETIN NO. B-0003-14**

**TO: ALL INSURANCE COMPANIES, CORPORATIONS, EXCHANGES, MUTUALS, COUNTY MUTUALS, RECIPROCAL, ASSOCIATIONS, LLOYDS, OR OTHER INSURERS WRITING RESIDENTIAL PROPERTY INSURANCE IN THE STATE OF TEXAS, AND THE PUBLIC GENERALLY**

**RE: Premium Reduction Certificates**

**Purpose.** This bulletin notifies insurers writing residential property insurance and the public that TDI intends to discontinue issuing premium reduction certificates for the installation of certain safety and security devices. TDI no longer has statutory authority to issue these certificates, and no statute requires a certificate in order for insurers to offer premium discounts for the installation of safety and security devices.

**Background.** The premium reduction certificate was adopted by reference in 1982 to implement former Insurance Code Articles 5.33A and 5.33B, which required insurers to offer premium discounts on homeowners insurance for certain safety and security devices (such as burglar alarms, deadbolts, sprinkler systems), and also required TDI to issue certificates to policyholders with these eligible devices. TDI issues these certificates to homeowners who submit an inspection report certifying that the homeowner has installed certain safety and security devices.

Senate Bill 14, 78th Legislature, Regular Session (2003), repealed Articles 5.33A and 5.33B, effective June 11, 2003. With the passage of Senate Bill 14, TDI no longer establishes benchmark rates or premium discounts for personal lines of insurance. Insurers now file their rates, rating manuals, and other supplementary rating information with TDI for review under Insurance Code Chapter 2251.

**Phase out of Premium Reduction Certificates.** Because TDI no longer has statutory authority to issue these certificates, TDI intends to repeal 28 Texas Administrative Code §5.3401, which prescribes the premium reduction certificate. Insurers may only make applicable changes to existing policies renewing on or after the effective date of the rule repeal. TDI strongly encourages insurers that still rely on premium reduction certificates to determine what information they will accept instead of a premium reduction certificate to continue offering premium discounts to their policyholders. Policyholders can work directly with their insurers to obtain applicable discounts for security and safety devices.

**Required Action.** Insurers that reference premium reduction certificates or former Insurance Code Articles 5.33A and 5.33B in their rating manual and policy forms will need to submit a new filing to reflect the information they will accept instead of a premium reduction certificate to continue offering a discount for certain safety and security devices.

**Questions.** Please direct questions regarding this bulletin to the TDI Personal and Commercial Lines Office either by email at [CommercialPC@tdi.texas.gov](mailto:CommercialPC@tdi.texas.gov), or by phone at 512-305-6711.

A handwritten signature in black ink that reads "Julia Rathgeber". The signature is written in a cursive style with a horizontal line underneath the name.

Julia Rathgeber

Commissioner of Insurance