

October 21, 2024

Committee on State Affairs  
Texas House of Representatives  
P.O. Box 2910  
Austin, Texas 78768-2910

Dear Chairman Hunter, Vice Chair Hernandez, and Members of the Committee:

We appreciate the Committee's work to find solutions to improve property & casualty insurance for Texas families. Below are policy solutions for your consideration, grouped by subject area:

## I. Rates & Coverage

- Adopt a **prior approval** oversight system to prevent overcharges.
- Alternatively, return to the **"flex-rate" or "benchmark" system** where the Texas Department of Insurance (TDI) studies the market and promulgates a fair rate, allowing carriers to deviate above or below this rate by a defined percentage, such as 30%. This would require the reintroduction of a common policy form, such as the HO-B, which provided solid coverage and served many Texans well for years.
- In light of falling inflation, direct TDI to conduct a **comprehensive review** of all homeowners and automobile rates in effect, ordering reductions wherever warranted.
- Require TDI to closely **monitor loss reserves** to avoid inflation by carriers over-evaluating the cost of reported incurred claims and incurred but unreported claims.
- Use part of the state's "rainy day fund" to **self-insure** the state from a layer of our catastrophic risk, reducing reinsurance premiums in the process.
- Establish **telematics guardrails**, including but not limited to the following: (1) require insurers to demonstrate the actuarial basis for the collection and use of this intrusive "black box" data in our vehicles; (2) obtain informed consumer consent for the use of consumers' data and prohibit insurers from the use, sale, renting, or sharing of telematics data for non-insurance purposes; and (3) require insurers to avoid disparate impact on protected classes if using this technology.
- Eliminate the **widow and widower's penalty** to ensure fair treatment after the loss of a spouse.
- Investigate **capping deductibles** at a set percentage so consumers can actually receive policy benefits.
- **Improve disclosure** of resources like [Helpinsure.com](https://www.helpinsure.com) to assist consumers in shopping the market.
- To ensure financial responsibility, raise our **minimum auto limits**, which were last adjusted in 2011.

## II. Claims Handling

- Require a balanced, two-way **appraisal** clause in all automobile policies to promptly resolve simple disputes about the value of property loss. For all appraisal clauses in the state, establish clear deadlines, such as initiation of the process within 90 days of proof of loss. Remove the "get out of jail free" card for carriers created by the Supreme Court of Texas in its [Rodriguez v. Safeco](#) decision, which allows insurers to avoid paying fees through the late payment of appraisal awards and interest on weather claims.
- **Avoid gamesmanship** when carriers wrongfully claim their insured has not requested a defense by establishing a legal presumption of one.
- Promote the prompt resolution of claims by requiring carriers to **disclose coverage** upon written request.
- Protect schools by requiring **surplus lines** disputes in our state be resolved here in Texas under Texas law.

Respectfully submitted,



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Executive Director