

RESOLUTION

Reform Homeowners Insurance

A RESOLUTION TO: Bring about true insurance reform and to deliver meaningful insurance rate relief to seniors in Texas:

WHEREAS, The Texas Department of Insurance determined that homeowners insurance companies overcharged Texas policyholders and ordered rate reductions that have been slow in coming due to length, costly legal challenges and contingent, phased-in settlements with the department; and

WHEREAS, Texas homeowners insurance companies are enjoying exceptionally low loss ratios, leading to concern that Texas policyholders continue to pay excessive premiums as these companies pocket excessive profits; and

WHEREAS, Legislature intent has not been fully implemented with respect to capping the effect credit scoring has on homeowners insurance rates; now, therefore, be it

RESOLVED, That the 11th Texas Silver-Haired Legislature encourage and strongly recommend that the 80th Texas Legislature

- Strengthen statutory penalties for insurance companies that overcharge their policyholders;
- Require periodic review of insurance rates to determine if they are unjustified or excessive and if rate reductions are in order;
- Pass an industry-wide cap limiting the effect of credit scoring on homeowners and personal automobile insurance rates at no more than 8%;
- Require disclosure in layman's terms of actual coverage being offered;
- Prohibit carriers from inserting "right-of-rescission" clause, except for non-payment of premiums.

PASSED AND APPROVED this 13th day of September, 2006, by
the Insurance Committee.

A.G. Hinojosa, Sr., Chair

PASSED AND APPROVED this 14th day of September, 2006, by
the Texas Silver-Haired Legislature.

Charlotte Parks, Speaker

ATTEST:

Carlos Higgins, Secretary