

Committee Assigned: Insurance

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 in August 2003 that homeowners insurance companies overcharged Texas policyholders by more than \$500 million dollars and ordered rate reductions that have been slow in coming due to lengthy, costly legal challenges and contingent, phased-in settlements with the department; and,

WHEREAS: Texas homeowners insurance companies are enjoying exceptionally low loss ratios, including loss ratios of 58% for the top companies in 2003 and 35% for the industry during the first quarter of 2004, leading to concern that Texas policyholders continue to pay excessive premiums as these companies pocket excessive profits; and,

WHEREAS: Legislative 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 10th Texas Silver-Haired Legislature encourage and strongly recommend that the 79th 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 10%.
- Enact legislation that would prevent stigmatization of real property and individuals when an insurance claim is filed.
- Require disclosure in layman’s terms of actual coverage being offered.
- Prohibit carriers from inserting “right-of-rescission” clauses, except for non-payment of premiums.

PASSED AND APPROVED this 14th day of September, 2004, by
the Insurance Committee.

Oscar Garcia, Chair

PASSED AND APPROVED this ____ day of September, 2004, by
by the Texas Silver-Haired Legislature.

Chris Kyker, Speaker

ATTEST:

Al Campbell, Secretary