

Recommendations Submitted to the House Committee on Insurance by Texas Watch

October 5, 2026

Texas Watch is a non-partisan, non-profit organization that has advocated for the rights of policyholders at the Capitol for over 25 years. We offer the following recommendations to assist in your efforts as you conduct important work on the interim charges before the committee.

1. Consumer Protection

For decades, Texans have **paid more for insurance** policies that cover less. In 2003, the **insurance lobby** pushed through its preferred rate review system. Under this "[file and use](#)" system, they have the leverage to negotiate rate increases year over year. In 2017, the insurance lobby made it even [harder to challenge property insurers](#) when weather-related claims are denied or delayed. *The Wall Street Journal* now calls homeowners' insurance claims a "[coin flip](#)," because large insurers deny nearly half of them.

Oklahoma courts are [unearthing internal documents](#) showing **Texans were systematically underpaid** on wind and hail claims. State Farm evidently launched a [pilot program in Dallas County](#) before spreading this scheme across Texas and the nation, pocketing \$1.4 billion in the process.

The insurance industry must be investigated. We recently sent a [joint letter](#) to the Insurance Commissioner, asking her to ensure strong consumer representation on the Insurance Fraud Task Force and conduct a comprehensive and data-driven investigation of the insurance market, including a focus on non-claims spending, loss ratios, selling expense inflation, and claims handling practices.

The insurance lobby is already hard at work, attempting to deflect and redirect attention away from its own pricing and claims handling practices. Nationally, property-casualty carriers are [inflating insurance premiums by \\$150 billion](#) each year. In 2022 and 2023, CEOs for the top ten insurers were [paid more than \\$250 million](#). **Trimming the fat inside of the insurance industry is the best way to lower costs.**

To protect your constituents, **the Legislature must pass strong laws to [stop insurance overcharges](#)** before they start; [Alabama may serve as a model](#) on this matter. Further, we must restore policyholder protections in court when claims are wrongfully denied, delayed, or underpaid. Cost of living is a top concern for a reason. The status quo is unsustainable for Texas families. **Only real insurance reform, focused on insurance companies' conduct, will deliver the relief that Texans deserve.**

2. SB 458

The passage of SB 458 last session presents the opportunity to remove gamesmanship and delay from the **insurance appraisal process** if it is implemented correctly.

We testified before the Insurance Commissioner in June and submitted [comments](#) in favor of a final rule with **clear and fixed deadlines**; the right of the consumer to **ask a court to select an impartial appraisal** umpire if the parties cannot agree; and **real enforcement**. Each of these provisions would further the Legislature's intent in passing this important legislation.

Appraisal can help to resolve cost disputes if agency rules require the process to be used early in the process on a **"use-it-or-lose-it" basis** as the Legislature intended.

Respectfully,
Ware Wendell
Executive Director