



Date: October 5, 2026

To: Chairman Jay Dean and the Members of the House Committee on Insurance  
CC: Vice Chair Hubert Vo, Rep. Jessica González, Rep. Vikki Goodwin, Rep. Andy Hopper,  
Rep. Matt Morgan, Rep. Dennis Paul, Rep. David Spiller, Rep. Trey Wharton  
*Via hand delivery and by email.*

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**Re: Cost Drivers Impacting Property and Casualty Insurance Premiums; Consumer  
Protection – testimony of Public Citizen**

Dear Chairman Dean and Members of the Committee:

Public Citizen appreciates the opportunity to testify before this committee on the subjects of cost drivers impacting property and casualty insurance premiums and consumer protection. Public Citizen's mission is to be the voice of the people in the halls of power. We have one million members and supporters across the United States including 60,000 in Texas.

**I. Climate change is destabilizing property insurance markets in Texas and across the country.**

The impacts of climate change are having significant destabilizing effects on property insurance markets in Texas and across the country. In response to increasingly frequent, severe, and costly climate disasters, property insurers are raising rates at a rapid pace. Property insurance prices increased by an estimated 12% nationally in 2025 following an estimated 24% increase between 2021 and 2024.<sup>1</sup> Though insurance costs are rising across geographies, costs are most burdensome in particularly climate-vulnerable areas. In Texas, the average property insurance premium topped \$4,900 this year, making Texas the fifth most expensive state for property insurance in the country.<sup>2</sup>

The cost of property insurance is creating financial strain for many homeowners. Research published by the Federal Reserve Bank of Dallas found that rising property insurance costs are driving up household indebtedness as well as mortgage and credit card delinquencies.<sup>3</sup> In some geographies, high quality private insurance is unavailable entirely, as major insurers have

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<sup>1</sup> Matt Brannon, [Insurify Projects Home Insurance Rates Will Rise for the 5th Consecutive Year, After a 12% Increase in 2025](#), Insurify (2026); Sharon Cornelissen et al., [Overburdened: The Dramatic Increase in Homeowners Insurance Premiums and its Impacts on American Homeowners](#), The Consumer Federation of America (April 2025).

<sup>2</sup> Rachael Green, [These 10 States Have the Most Expensive Home Insurance in 2026](#), Kiplinger (Aug. 7, 2026).

<sup>3</sup> Shan Ge, Stephanie Johnson, and Nitzan Tzur-Ilan, [Climate Risk, Insurance Premiums, and the Effects on Mortgage and Credit Outcomes](#), the Federal Reserve Bank of Dallas (Jan. 2025).

stopped writing policies in these areas. In communities where insurers have retreated, homeowners are turning to non-admitted carriers (surplus lines) or residual markets (FAIR plans). These insurers frequently provide low-quality coverage for a high price. In the case of non-admitted carriers, these plans can also forgo key consumer protections.

In other cases, rising prices are causing homeowners to cut back on their insurance coverage or forgo insurance coverage altogether. Researchers estimate that if insurance price increases continue at current rates, between 17 percent and 31 percent of households will be forced to substantially reduce insurance coverage due to cost constraints.<sup>4</sup> Uninsured and underinsured homeowners can face financial devastation in the event of a climate disaster, taking on repair and rebuilding costs left by gaps in their coverage or the absence of coverage altogether.

The rising cost and reduced availability of property insurance is having significant and growing impacts on communities. Banks and other mortgage lenders require borrowers to purchase homeowners insurance to protect against losses, as a lack of insurance can impair a borrower's ability to make mortgage payments in the event of a disaster. As such, the loss of insurance in an area can bring about the loss of other financial services. As Chair Powell testified at a Senate Banking Committee hearing in February 2025, "If you fast forward 10 or 15 years, there will be regions of the country where you can't get a mortgage, there won't be ATMs, banks won't have branches and things like that."<sup>5</sup> Lack of insurance and mortgage credit, alongside other climate-related impacts, are expected to erode real estate values in climate-vulnerable geographies. First Street estimates a \$1.4 trillion reduction in unadjusted real estate values due to climate-related risks by 2055.<sup>6</sup> Sharp declines in property values, the largest store of wealth for American households, will increase financial precarity and depress economic activity.

## **II. The insurance industry remains profitable despite climate change impacts.**

The insurance industry's approach of managing growing losses through rate increases and retreat has proved profitable for insurers. The industry has posted record profits in recent years, making \$68.7 billion in underwriting profit last year—the strongest underwriting gain in nearly 20 years—and \$111.6 billion in investment income.<sup>7</sup> In 2025, property insurance net loss ratios averaged 66.5%, meaning insurers paid out just two thirds of the premiums they collected in claims, net of reinsurance costs. At year-end, the insurance industry's surplus—the financial

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<sup>4</sup> Parinitha Sastry et al., [The Limits of Insurance Demand and the Growing Protection Gap](#), Harvard Business School (May 31, 2024).

<sup>5</sup> Claire Boston, [Powell predicts a time when mortgages will be impossible to get in parts of US](#), Yahoo Finance (Feb. 15, 2025).

<sup>6</sup> First Street, [Property Prices in Peril](#), (Feb. 3, 2025).

<sup>7</sup> Lois Parshley and Kenny Stancil, [Insurers Score Record Profits While Consumers Pay](#), Public Citizen and Revolving Door Project (June 16, 2026).

cushion that insurance companies keep on hand to ensure they can pay claims—hit a new all-time high of \$1.27 trillion.

Despite the risks climate change poses to property insurance markets and the financial well-being of policyholders and communities, insurers continue to underwrite and invest in projects and activities that worsen the climate crisis. The largest U.S. insurers each collect upward of \$500 million in annual premiums from fossil fuel companies, and through their aggregate \$9 trillion investment portfolios, insurers finance fossil fuel companies and other carbon-intensive industries.<sup>8</sup>

### **III. Texas must protect consumers from rising prices and growing climate risks.**

*Require insurers to invest in resilience rather than retreat.*

Across states—including Oklahoma, Mississippi, and Louisiana—insurance departments are incentivizing investments in climate resilience by providing grant funding to homeowners for property-level resilience upgrades. The majority of these programs provide grant funding for upgraded roofs that can better withstand high winds and hail from hurricanes and severe convective storms. Many of these property-level resilience grant programs are modeled off the Strengthen Alabama Homes Program, through which owners of existing, owner-occupied, single-family homes in certain counties in Alabama are eligible for a grant up to \$10,000 for a roof upgrade meeting the IBHS FORTIFIED Roof standard.<sup>9</sup> Funding for the Alabama program and several other state programs comes from fees or premium taxes on the insurance industry. In July, Governor Abbott proposed a Texas Roof Fortification Program to provide grant funding for fortified roof upgrades.<sup>10</sup> Texas should follow the lead of Alabama and require that insurance companies operating in Texas help fund this program. For more information on these programs, see: [Principles for Resilient Homes Grant Programs](#).

Insurers should also be required to offer minimum premium discounts, commensurate with cost savings, set by the state for properties that have made resilience upgrades. Texas can look to action taken by Alabama and Louisiana, among other states, in setting benchmark discounts that insurers must provide to homeowners for resilience upgrades.<sup>11</sup> Insurers should also be required

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<sup>8</sup> Insure our Future, [Pollution Premiums](#) (Nov. 2023); Michele Wong, [U.S. Insurance Industry's Cash and Invested Assets Rise Over 5% to Close in on \\$9 Trillion as of Year-End 2024](#), National Association of Insurance Commissioners (May 2025).

<sup>9</sup> Alabama Department of Insurance, Strengthen Alabama Homes, <https://www.strengthenalabamahomes.com/>.

<sup>10</sup> Megan Kimble and Benjamin Wermund, [Greg Abbott pushes \\$400M plan to help homeowners install storm-resilient roofs](#), Houston Chronicle (July 15, 2026).

<sup>11</sup> Carleen Bongat, [Louisiana orders every property insurer to discount fortified homes by January 2027](#), Insurance Business (May 13, 2026); Smart Home America, [Fortified Policy And Incentives](#).

to update catastrophe models and wildfire risk models to reflect resilience measures that have been taken by property owners to further lower prices, as Colorado has required.<sup>12</sup>

*Address insurer underwriting and investment in fossil fuels.*

Texas should address the role that insurance companies play in worsening the climate crisis and destabilizing property insurance markets through their underwriting and investment in fossil fuels. Legislators can look to existing legislation, for example, the Rhode Island Insurance Market Protection Act, that would require insurers to reduce underwriting and investment in industries driving the climate crisis.<sup>13</sup> The Rhode Island Insurance Market Protection Act would prohibit insurers from underwriting new fossil fuel projects and expanding fossil fuel investments and would require insurers to phase out their existing fossil fuel underwriting and investments by 2035. The bill would also address insurer withdrawals—prohibiting insurers from leaving the state unless they can prove withdrawal is necessary to preserve their solvency or the insurer can identify replacement carriers for current policyholders. Another approach to address the insurance industry’s role supporting fossil fuel companies and projects has been proposed in Connecticut. A proposed bill would establish a 5% surcharge on insurance policies for oil, gas and coal projects, the proceeds of which would fund flood mitigation projects in the state.<sup>14</sup>

*Institute consumer protections.*

Texas can expand consumer protections to promote property insurance market functioning and protect consumers from predatory practices by the insurance industry.

- *Extend nonrenewal notice periods:* Texas should increase the required notice period insurers must give policyholders for nonrenewals from 60 days. Insurance companies should also be required to disclose the reason for a dropped policy in writing, along with any specific near-term actions the homeowner could take to reinstate coverage. Gaps in insurance coverage due to short nonrenewal notice periods can have significant financial consequences for homeowners. Inability to find insurance coverage with another admitted carrier can push homeowners onto expensive surplus lines or residual market plans. Homeowners with a mortgage that fail to find alternative coverage can be put into a lender-placed (also known as forced-placed) insurance plan, expensive and incomplete coverage that protects the lender but not the homeowner’s equity in their property. Property owners that choose to go without coverage entirely following nonrenewal, even

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<sup>12</sup> Risk Model Use in Property Insurance Policies, H.B.25-1182, 75th Gen. Assem., 1st Sess. (Colo. 2025)

<sup>13</sup> Rhode Island Insurance Market Protection Act, H.B. 8219, 2025-2026 Gen. Assem., 2nd Sess. (R.I. 2026)

<sup>14</sup> An Act Concerning a Climate Change Related Surcharge of Insurance Policies, No. 453, 115th Gen. Assem., 2nd Sess. (Conn. 2026)

for a short period of time, open themselves up to financial devastation in the event of a disaster.

- *Penalize insurers for outrageous claims practices:* Too many insurers low-ball, deny, and delay claims, leaving policyholders in a state of financial uncertainty when they are most vulnerable. Texas should stand up to these abuses by establishing tighter timelines for payouts, increasing the amount and frequency of penalties, and requiring payment of interest on claims to disincentivize delays. Texas should also require insurers to provide immediate payout of contents coverage for total losses, removing the onerous burden of collecting and filing receipts for every item. Texas should also ensure policyholders have access to the courts to sue insurers who engage in bad faith, an essential form of recourse.
- *Ban the use of credit-based scores in property insurance:* Texas should prohibit insurance companies from using credit-based scores in underwriting and pricing decisions for property insurance. Credit scores have no connection to property-level risk and using them to price insurance perpetuates racial discrimination and penalizes low-income homeowners.<sup>15</sup> Insurance companies' use of credit scores to determine home insurance premiums disproportionately exposes lower-credit-score households to unaffordable insurance premiums and disproportionately raises prices on low-income policyholders and homeowners of color. Moreover, insurance is not a credit product and thus credit-based scores have no place in insurance.

Thank you for your attention to this important issue. Public Citizen welcomes the opportunity to work with members of the committee to advance these policy recommendations.

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<sup>15</sup> Annie Norman & Caroline Nagy, [AFREF Commentary: 4 Reasons Why We Should Ban the Use of Credit Scores in Property Insurance](#), Americans for Financial Reform (April 9, 2026).