



Southwestern Insurance Information Service

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HOMEOWNERS INSURANCE REFORM

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Six years after the Legislature voted to make it easier for insurers to change rates for homeowners, some lawmakers are trying to tighten the system.

Legislators in a press conference Thursday outlined some of more than two dozen homeowners' insurance reform bills they said will protect homeowners already struggling in a volatile economy.

"The system quite frankly is out of control. Each year homeowners pay more money for policies that cover less and less. The system is devastating the pocketbooks of households already struggling to pay their bills," said Sen. Eddie Lucio, Jr., D-Brownsville. Lucio has filed three bills, one of which would limit insurers from varying rates more than 15 percent in one county.

Other proposals would standardize insurance forms and prohibit the use of credit scores in deciding insurance rates.

Legislation supported by several lawmakers, Texas Watch and the AARP would require the state insurance commissioner to approve all insurance rate changes before they are passed to the public. The current file-and-use system approved in 2003 allows insurers to change rates as soon as they file a notice with the Texas Department of Insurance.

Insurance companies said the file-and-use system encourages competition, and some said the focus should be more on curbing discriminatory or excessive rate practices.

"Returning to government control of rates, discounts and products give insurers no incentive to compete in the marketplace because insurance becomes one size fits all and that is simply not a consumer-friendly environment," said Sandra Helin, a spokeswoman for the Southwestern Insurance Information Service, in a written statement. The group represents insurers in Texas and Oklahoma.

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