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## INSURANCE NEWS

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### ***White urges state approval of insurance rates***

Addressing an issue that hits the pocketbooks of many Texas voters, Democratic candidate for governor [Bill White](#) said Thursday that insurers should be required to get approval from the state before raising rates for homeowner policies.

'Texas has a crisis in homeowners insurance,' Democratic candidate for governor Bill White said at the [Lake Highlands](#) home of James (left) and Fran White (no relation).

"Texas has a crisis in homeowners insurance," White said at the home of a Lake Highlands couple whose insurance premiums have skyrocketed over the last decade. "We need a governor who will stick up for the homeowners. Homeowners insurance is like a hidden tax on home ownership."

Texans pay the second-highest insurance rates in the country, exceeded only by Florida.

White said that since Perry has been in office, homeowners insurance policy rates have gone up almost 50 percent. He said Perry, who acknowledged the situation in 2002, had done nothing to help reduce premiums and instead watched as 10 of his former staffers made millions from jobs in the insurance industry.

"Things haven't gotten better, and we know why," White said. "No wonder why things haven't changed on insurance regulation to protect homeowners."

Perry's record

Perry campaign spokesman Mark Miner said Texas consumers have received hundreds of millions of dollars in homeowners insurance savings since 2003, when the state ordered most of the top insurance companies to lower rates an average of 12.3 percent. State Farm, however, didn't comply.

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"The governor has and will continue working with the Legislature to address homeowners insurance," Miner said. "Bill White's two policy initiatives so far have been to increase taxes and increase regulations."

Miner said it was irrelevant that former Perry aides had left the administration for lucrative jobs in the insurance industry.

"People aren't allowed to work?" he asked. "Look at what's happened. Insurance rates have gone down."

The issue provides one of the clearest distinctions between the candidates on an issue that directly affects consumers. And White's proposal follows repeated calls by consumer groups and insurance industry critics for a prior-approval requirement for auto or homeowners rate increases.

Under current law, approved by the Legislature in 2003, companies can immediately increase rates once they have notified the Texas Department of Insurance.

The insurance commissioner can review rate hikes and reject any he finds excessive, but insurers can go to court to block such action, and several have.

State Farm, for example, was told to reduce its homeowners rates 12 percent in 2003 and immediately went to court. Seven years later, the case is unresolved and State Farm has yet to reduce its rates or refund a penny of what the insurance department contends are hundreds of millions of dollars in overcharges.

State Farm, the largest property insurer in Texas, has argued that its rates are fair and in line with what other companies charge.

Asked about White's call for prior approval of rates, State Farm spokesman Kevin Davis said Thursday that the company "favors the current regulatory system. We believe competition is the best regulator of rates in the marketplace."

### Rates debate

State Farm also has come under fire from the insurance department for two increases over the past year that boosted rates by more than a third in many parts of Dallas County. In [Fort Worth](#), the increases have ranged as high as 39 percent.

"Texas homeowners have been beaten up by the insurance industry for too long," said Alex Winslow of Texas Watch, a leading consumer group, voicing support for White's proposal.

Winslow, noting that 23 states now require prior approval of insurance rates, said insurers have grossed more than \$12 billion in profits in Texas since 2004, when the file-and-use system was launched.

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Industry representatives said White's proposal would undermine competition among insurers and lead to higher rates in the long run.

"A return to state-regulated rates would stifle competition and create little or no incentive for insurers to compete for the best price," said Jerry Johns, president of Southwestern Insurance Information Service.

Noting that Texas led the nation in weather-related losses last year – running up nearly a quarter of total losses across the country – Johns said it is "a real stretch of the imagination for anyone to say homeowners insurance rates are out of control." He also insisted home insurance companies lost money in Texas over much of the last decade.

Democratic leaders in the Legislature already have signaled their intention to seek prior approval of insurance rate increases next year, but it's likely to be a tough measure to pass. Last session, the Senate rejected along party lines a Democratic proposal for prior approval of insurance premiums.

White, the former Houston mayor trying to become the first [Democrat](#) elected governor in two decades, is looking for issues that resonate with a cross-section of voters.

He said Thursday that dealing with rising insurance premiums was an issue that cuts across party lines. But the sniping over his plan had familiar partisan tones.

### Partisan takes

The Perry campaign continued to cast White as bent on bringing liberal principles to Texas.

"Bill White's answer to everything is to increase taxes and increase regulations," Miner said. "It's not surprising that a liberal trial lawyer would address this issue by proposing to increase regulations that would most likely result in increased rates for Texans."

White cast his plan as a "commonsense approach that's worked in states all over the country." And he criticized Perry for failing to act on the issue.

White visited the Lake Highlands home of James and Fran White (no relation). The couple says their homeowners insurance bill has climbed from about \$1,600 in 1997 to over \$2,200 today. Their home is insured by Traveler's Insurance.

"Anything from the current Wild West atmosphere is a plus," said [James White](#), a Democrat who supports Bill White for governor.

Gromer Jeffers Jr. reported from Dallas, and Terrence Stutz reported from Austin.

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