Texas Department of Insurance
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September 14, 2026

The Honorable Greg Abbott
Governor, State of Texas
Office of the Governor
P.O. Box 12428
Austin, TX 78711-2428

Dear Governor Abbott:

Thank you for the opportunity to respond to your directive to identify more actions the Texas Department of Insurance (TDI) can take to protect consumers and make property and casualty insurance more affordable for Texans. In response to your direction, TDI evaluated actions available under its existing authority, as well as statutory changes that could further these goals.

This memorandum outlines possible TDI administrative actions and identifies legislative changes for consideration during the upcoming session. As always, TDI is available as a resource for policymakers as they consider the advantages and risks of these concepts.

TDI Administrative Actions:

A. Actions Directed by the Governor

TDI Bulletin on Fortified Roofs

Texas law requires that insurance price should be correlated to the risk of each property. If a company is not considering mitigation in setting rates, there is opportunity to better align with that standard. The department plans to issue a bulletin emphasizing that companies should offer premium discounts for homes that have implemented mitigation measures for wind, hail, or wildfire.

TDI Rule on Individual Components

Today, companies might try to use the age of individual components as an indicator for the condition of a home when deciding whether to write or renew coverage. This effort circumvents the rule prohibiting use of the age of the property. The department plans to propose a rule clarifying the prohibition on considering the age of individual components.

TDI Bulletin on Price Optimization

The department issued a bulletin on September 2, 2026, reminding insurance companies that it is illegal to use factors unrelated to insurance risk or a company's expense to set home and auto insurance rates. That includes the practice of price optimization, which is when companies alter price to obtain sales or retention outcomes, rather than as a reflection of risk.

Create Insurance Fraud Task Force

Insurance losses due to fraud are paid for by all consumers, making insurance more expensive. The department will invite other law enforcement organizations, anti-fraud groups, consumers, and other key stakeholders to participate in the Insurance Fraud Task Force. With this shared expertise, the task force will be able to further prevent and identify fraud in the insurance system.

Study on Claim Costs

The department will closely examine data already available to TDI to provide as much insight as possible concerning what drives claim costs in those insurance lines. The study will consider data from Market Conduct Annual Statements (MCAS), company product and rate filings, and financial statements. TDI will also seek additional details on claims closed without payment to ensure companies are meeting their statutory responsibility to consumers. To allow policymakers to have this insight prior to the upcoming legislative session, TDI plans to produce this information in a concise, web-based format by the end of 2026.

B. Additional Administrative Actions

Analysis of the use of AI in property and casualty (P&C) claims handling and underwriting

Through a recently issued bulletin, TDI has made it clear to companies that any use of AI in making a consequential decision for policyholders must include a human review of the decision. But beyond this guidance, policymakers and consumers have an interest in knowing how companies are currently using AI for claim handling and underwriting decisions. Using data from TDI exams and company surveys, TDI will produce a concise analysis of P&C insurers' use of AI prior to the legislative session.

P&C coverage overviews

Texas law allows plain language coverage summaries, but many companies do not provide these to consumers. TDI could create a template disclosure statement or coverage checklist that companies can use voluntarily to make shopping and policy comprehension easier for consumers.

HelpInsure update

HelpInsure.com is a state-established website where consumers can search and compare policies from some Texas insurance companies, including the 25 largest insurance groups. TDI could explore enhancing the site with more up-to-date home values, more company information, and a better ability to directly compare products.

Publish non-confidential financial orders

Currently, only Commissioner's orders of interest and disciplinary orders are published on TDI's website. Publishing non-confidential financial orders on TDI's website can give policymakers and consumers transparency into company status and the department's oversight.

Declarations pages

Some companies list policy endorsements or deductibles on the declarations page with a form number rather than a plain language name or description. TDI could adopt a rule requiring the use of plain language names or descriptions on declaration pages to increase consumer clarity of their coverage.

Publish market data earlier

TDI publishes market data, such as carrier market share and premium volume, in the Annual Report at the end of each calendar year. Publishing the data when it becomes available in the Spring would allow more current information for stakeholders interested in that data.

Statistical plan RFI

TDI uses statistical agents to collect certain data for use by policymakers and consumers. For some lines of property and casualty insurance, TDI could launch a new statistical agent solicitation. This would ensure that TDI is making the best use of data collected by providing more in-depth analysis on company performance and market trends.

Streamline company applications

TDI has identified questions that can be removed from company licensing applications to reduce barriers to entry for non-insurer market participants. This can increase competition in Texas, benefiting consumers on price and quality.

Legislative Considerations:

Grant program for homeowner mitigation

Data shows that homes built to a higher standard can better withstand weather-related damage and have lower repair costs. Other states have had success incentivizing homeowners to fortify roofs with mitigation grants that can lead to lower home insurance rates in response to the lower risk. The Legislature could create a similar program for Texas homeowners.

Market consistency in driving record

Currently, only county mutual insurers are allowed to assign a rate consequence for moving violations in auto insurance. Updating statute to allow all carriers to rate on moving violations will promote fair competition, reduce administrative costs in auto insurance, and reward good driving behavior.

Limit advertising costs in rate factors

Statute allows insurers to include some advertising costs in expense components of rates. Disallowing any advertising expenses to be included in rate filings and passed along to consumers will improve the credibility of rates charged by insurers.

Add a delayed implementation requirement for home and personal auto rates

Currently, companies may use new rates as soon as they file them with TDI, even though the department has not had a chance to review them for statutory compliance. If TDI finds an issue in its review, the resolution for affected policyholders is more limited than for a rate not yet in effect. The Legislature could consider adding a delay between a rate filing and its use in the market to allow TDI staff time to review the filing.

Renewal price disclosure and time to shop

Homeowners and personal auto insurers must give consumers 60-days' notice for policy nonrenewal. The Legislature could consider requiring 60-day notice of the renewal premium, which would give consumers more time to shop for a better price or update coverage terms if needed.

Update readability requirements for forms

Statute requires personal auto and residential property policies to be written in plain language but specifically allows a Flesch score as the benchmark. The Flesch score is an outdated metric.

The Legislature could update standards in statute to a more modern plain language benchmark or allow TDI to adopt one by rule.

Claim deadline consistency & disclosure

Claim deadlines aren't consistent across home policies, and claimants may not know what deadlines exist. Insurers may deny or reduce claim payments if claimants miss a deadline. Legislators could create consistent deadlines and require personal lines insurers to provide a list of claim-related deadlines, including any applicable repair deadlines, when acknowledging receipt of claim.

Claim acceptance or denial notice

Many insurers are not affirmatively accepting or rejecting claims, making determination of compliance and prompt payment penalties difficult. To address this issue, the Legislature could clarify statute to require acceptance, rejection, or denial in writing for all claims.

Create licensure or voluntary registration database for roof contractors

Policymakers, consumers, and insurance companies have expressed concern about not having a way to verify the quality of contractors for roof repairs. Texas licenses other critical professionals like electricians and mold remediators. Many other states have some type of licensure for roofers, including Florida, Louisiana, and Alabama. A state license for roofing companies, or alternatively, a registration and certification program, would give consumers reassurance in the contractor working on the claim. It would also give insurers more confidence in the quality of the data they receive in the claim submission.

Short Term Limited Duration (STLD) health plans

STLD plans provide another option for those that don't need a full year of coverage. However, STLDs utilization in Texas is currently undercut by statute which strictly limits the products to the current federal product definition. The Legislature could update Texas statute to take full advantage of the product while still abiding federal guidance.

Increase availability of cash prices

Health care providers are not sure if they can allow insured patients the option to pay the "cash price" upfront. The Legislature could clarify statute to ensure that patients are entitled to cash prices regardless of insurance status and require published prices or "good faith estimates" in advance of a scheduled appointment similar to federal requirements.

Establish insurance literacy training programs

The Legislature could consider establishing insurance literacy training programs for secondary and college students, as well as for Texans already out of school. This would include basic insurance concepts, shopping for insurance, and how insurance works within the national and global economy. It could also include training in insurance-industry and industry-adjacent roles for building a resilient workforce in this area. Funds to create and administer these programs could come from TDI disciplinary action penalties and possibly targeted payments to the funds from settlements with licensed insurers.

Next Steps

TDI will continue implementing your directives and pursuing the administrative actions identified above under its existing authority. The legislative considerations identified in this memorandum provide additional opportunities for the Legislature to strengthen consumer protection, promote competition, and address factors contributing to insurance costs.

Sincerely,

Amanda Crawford
Commissioner of Insurance