Insurance Council of TEXAS

P&C MARKET REPORT

2025

Table of Contents

Message from the Executive Director 3
Industry Overview and Impact 4
Texas Market Overview 5
Premiums and Losses in Texas 6
Cost of Goods and Services 7
Industry Issue Spotlight: Navigating the Rate Narrative—Balancing Costs, Coverage, and Market Stability 8
The Cost of Litigation - Nationwide 9
The Cost of Litigation - Texas 10
Industry Issue Spotlight: Litigation Abuse 11
Employment and Economic Contributions 12
Motor Vehicle Crashes and Driving Factors 13
Vehicle Theft 14
Private Passenger Auto 15
Homeowners Multi-Peril 17
Residential Fire and Allied 19
Commercial Auto 21
Commercial Fire and Allied 23
Commercial Multi-Peril 25
General Liability 27
Product Liability 29
Surplus Lines 31
Cybercrime and Identity Theft 32
Flood Insurance Overview: 2024 Insights 33
Industry Issues Spotlight: The Flood Insurance Gap 34
Natural Catastrophes - Wildfires and Convective Storms 35
Industry Issues Spotlight: The Case for Resiliency 36
Residual Markets - Texas Windstorm Insurance Association (TWIA) 37
Industry Issue Spotlight - TWIA Rates 42
Residual Markets - Texas FAIR Plan Association (TFPA) 43
Residual Markets - Texas Automobile Insurance Plan Association (TAIPA) 46
Texas Legislature 47
Key P&C Related Bills that Passed in the 89th Texas Legislature 48
TDI Rulemaking and Regulatory Activity 49
TDI Data Calls 50
Sources 52

Message from the Executive Director

Dear ICT Members,

On behalf of the Insurance Council of Texas (ICT) staff and board of directors, we are pleased to share the 2025 State of the Texas Property & Casualty Insurance Market Report. This annual publication highlights key market conditions, trends, and challenges shaping our dynamic industry.

Texas remains one of the most competitive property and casualty markets in the country, with 1,167 groups and 3,107 companies writing coverage. In 2024, the market grew to nearly $83.1 billion in direct written premiums, led by personal auto with more than $35.2 billion. Insurance tax revenue also surged, exceeding $4 billion—making it the state's fifth-largest source of tax revenue.

However, our industry continues to face significant challenges. In 2024, losses exceeded $47 billion—a 4.2% increase over the previous year. Contributing factors included severe weather, inflation, higher operating and reinsurance costs, legal system abuse, and legislative hurdles. The first half of 2025 has already seen major disasters, including widespread hailstorms and flooding across Texas.

While headlines have focused on availability and affordability concerns, Texas remains more stable than other states where insurers have pulled back. Our strong economy and growing population continue to attract insurers, but the rising frequency and severity of weather events require urgent attention to mitigation, resilience, and affordability.

This year also marked a historic shift for ICT. For the first time in our nearly 30-year history, we launched a formal legislative advocacy program. Backed by our board, we engaged directly at the Capitol, built relationships with lawmakers, and influenced policy outcomes on key issues affecting P&C insurance.

ICT remains committed to informing, advocating for, and supporting a strong and stable property and casualty market in Texas. Thank you for your continued trust and support. We hope this report is a valuable resource.

Please don't hesitate to contact us with any questions.

Sincerely,

Albert Betts

Executive Director,
Insurance Council of Texas

Industry Overview and Impact

Growth in Property and Casualty Insurance

+$331B
since 2023

In 2024, U.S. property and casualty (P&C) insurance direct written premiums (DWP) reached **$1.3 trillion**, up from $968.7 billion in 2023.[1]

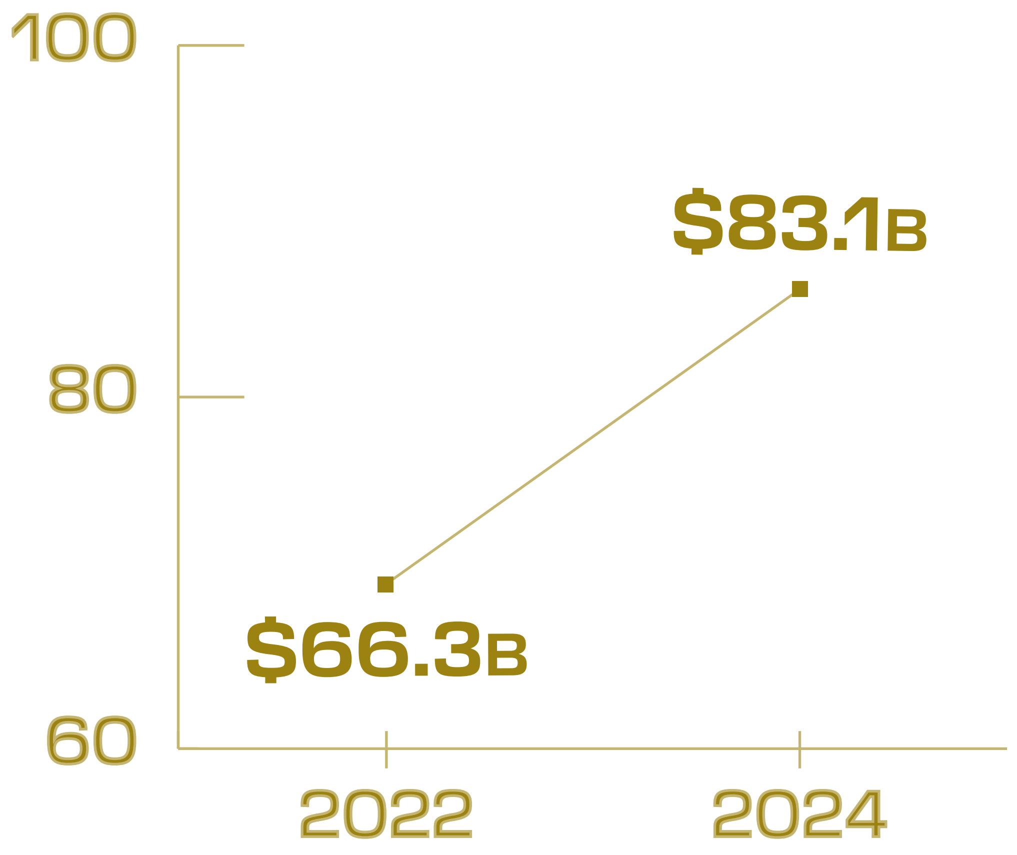
+79.4%
P&C premiums

P&C premiums in the United States grew by **79.4%** from 2015 to 2024.[1]

Texas as a Key Contributor

Texas saw strong growth in the property and casualty insurance market, with DWP rising from $66.3 billion in 2022 to **$83.1 billion in 2024**—a **25.3% increase** over two years. This consistent double-digit growth reflects both rising demand and mounting cost pressures.

Texas ranks second in the nation for property and casualty direct written premiums—behind California and ahead of Florida—highlighting its major role in the U.S. insurance market.[2]



+25.3%
DWP

Texas Market Overview

The Texas insurance market saw continued growth in 2024, with growth in both the number of groups and companies engaged in writing property and casualty insurance. The Texas market remains competitive.

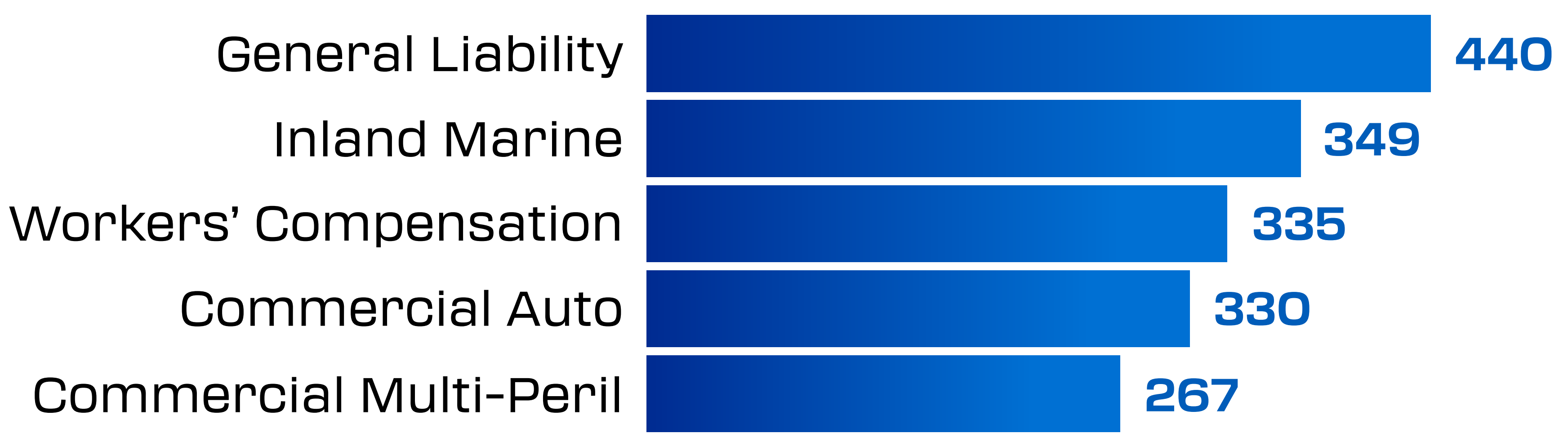
- **Insurer groups: 1,167** in 2024, up slightly from 1,162 in 2023 and reflecting a **5% increase** from 1,109 in 2022
- **Insurance companies: 3,107** in 2024, up from 3,086 in 2023 and representing a **4% increase** from 2,989 in 2022

5% Group increase since 2022

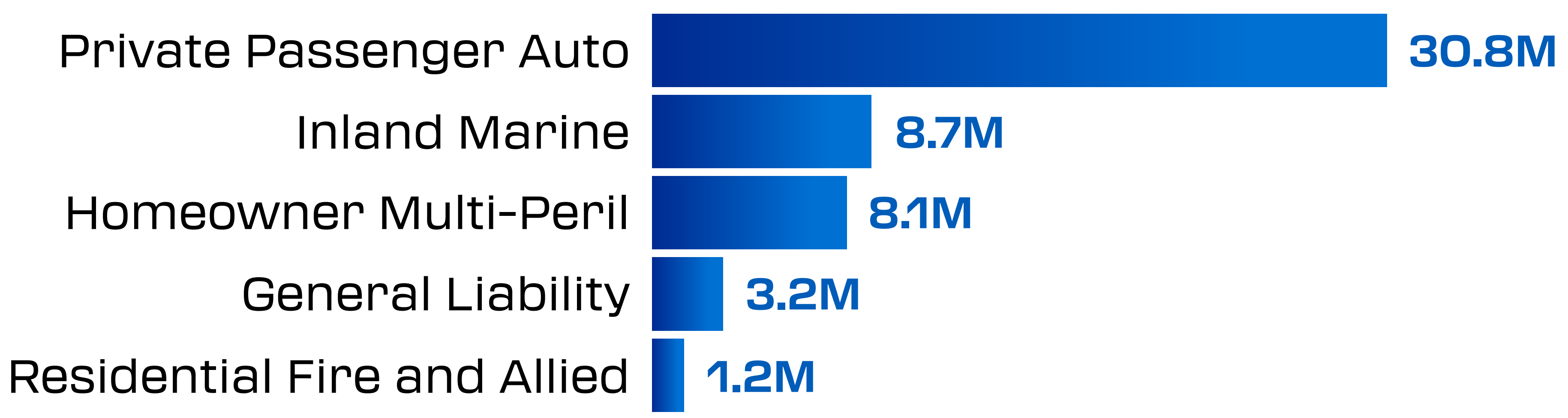
4% Company increase since 2022

Texas continues to be a hub for domestic insurance companies with 353 domestic admitted insurance companies in 2024.[1]

Top Five Lines of Insurance Based on Number of Companies Writing Policies



Top Five Lines of Insurance Based on Number of Policies Written



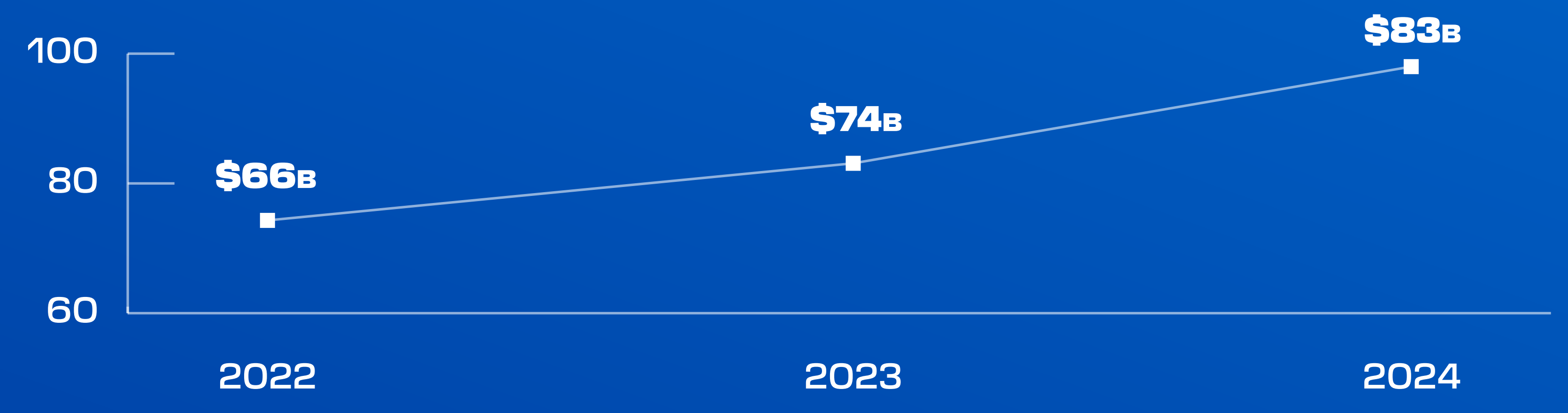
55.2 million policies written in Texas in 2024

Overall, the total number of policies written in Texas reached 55.2 million in 2024, up from 54.4 million in 2023, reflecting continued growth in insured exposure across the state.

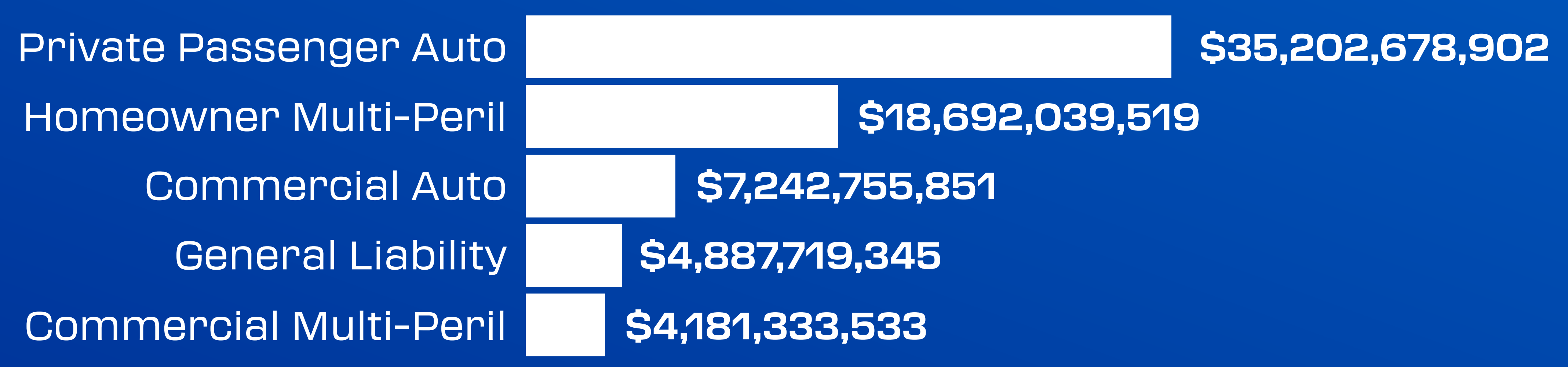
Premiums in Texas

In 2024, DWP for property and casualty in Texas totaled $83.1 billion, a growth of 25.3% since 2022 and 12% from 2023 to 2024.

Total Direct Written Premiums



Top Five Direct Written Premiums by Lines of Insurance in 2024

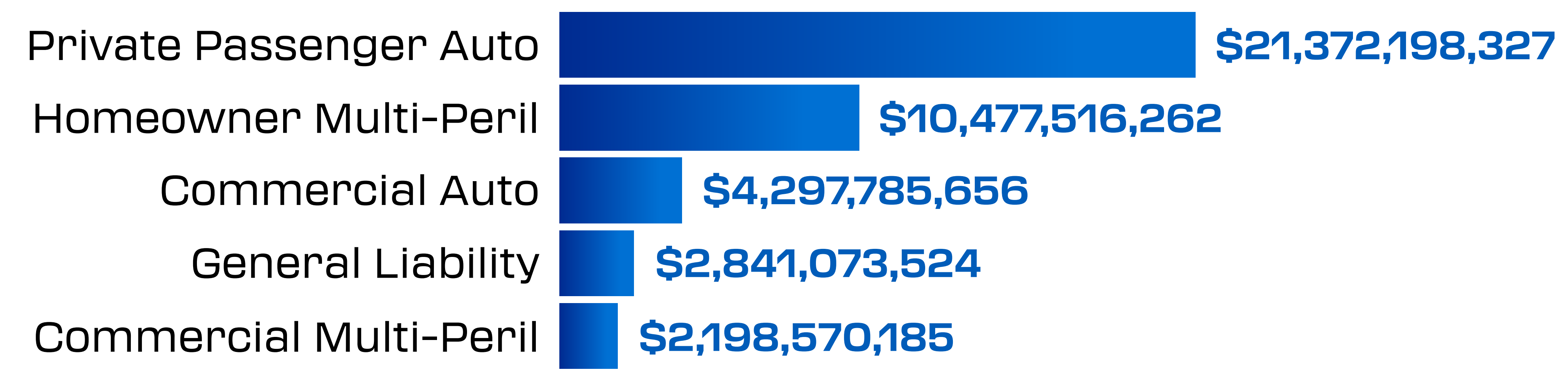


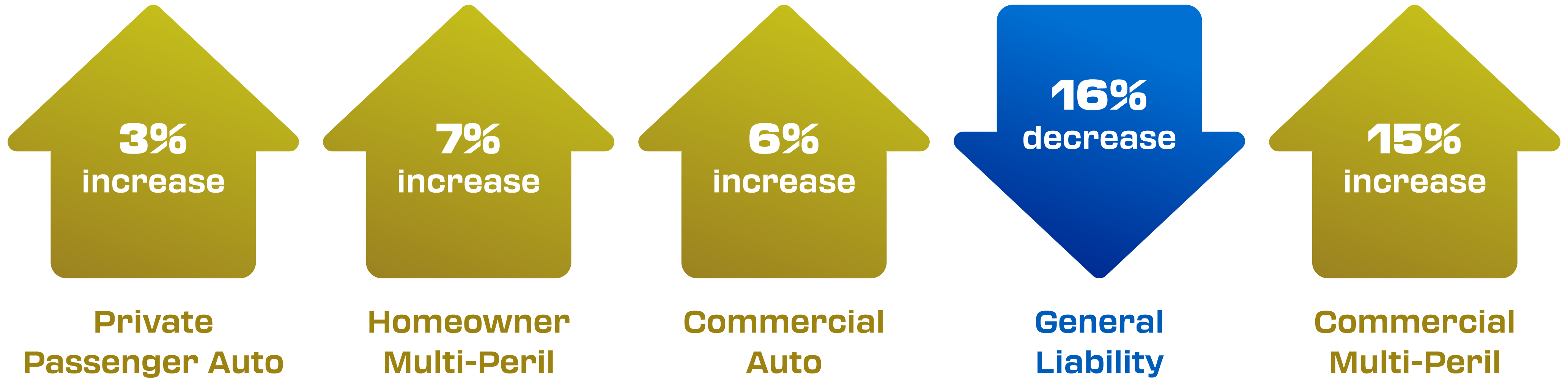
Losses in Texas

Direct losses in Texas for 2024 **totaled $47,216,951,751**, a **4.2% increase** from 2023 ($45,390,046,152).[1]

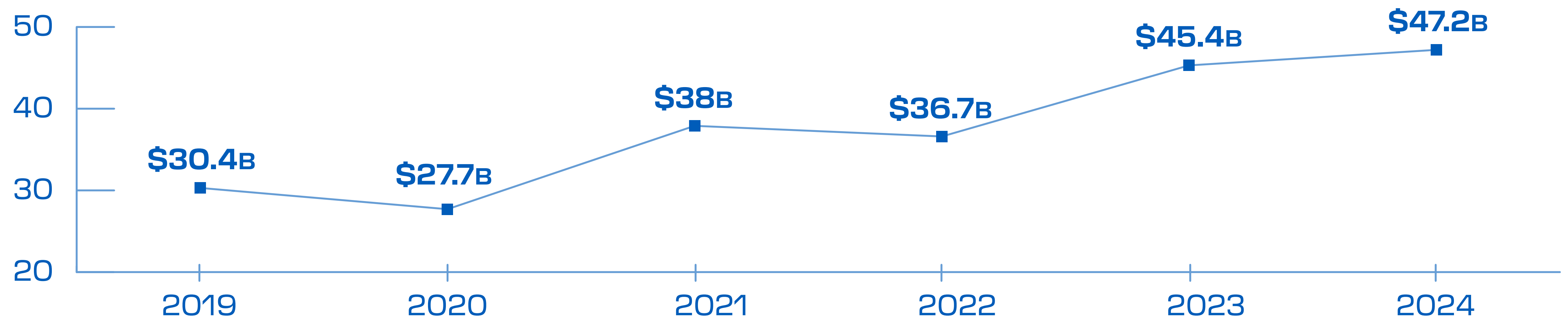
Direct losses in Texas have **increased 70%** since 2020.

Top Five Direct Losses by Line for 2024





Direct Losses in Texas 2018-2023



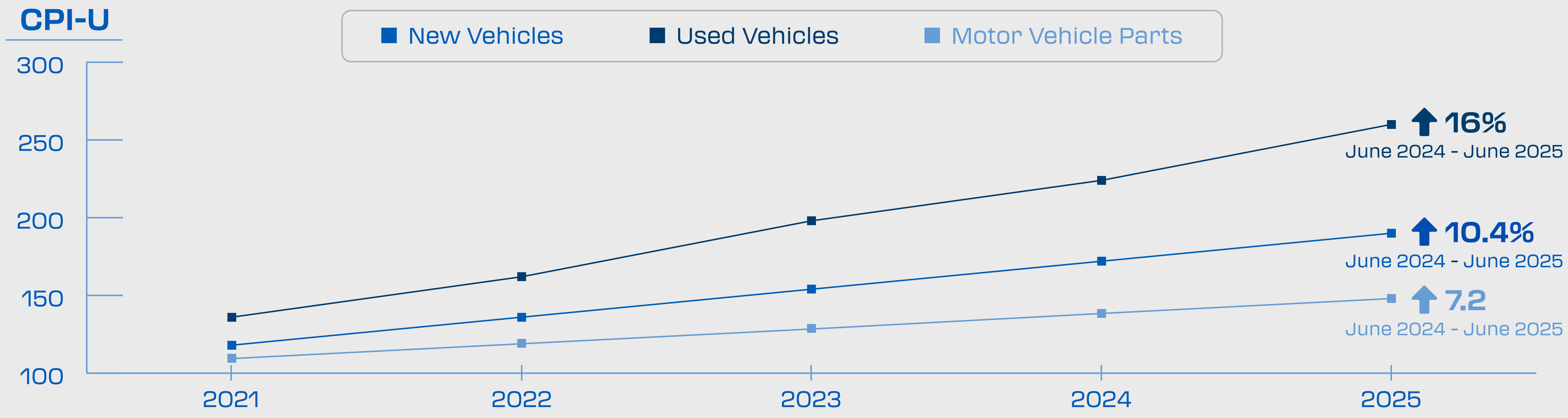
Cost of Goods and Services

According to the Bureau of Labor Statistics (BLS), the Consumer Price Index for All Urban Consumers (CPI-U) **rose 2.9%** in 2024, compared to 4.1% in 2023.

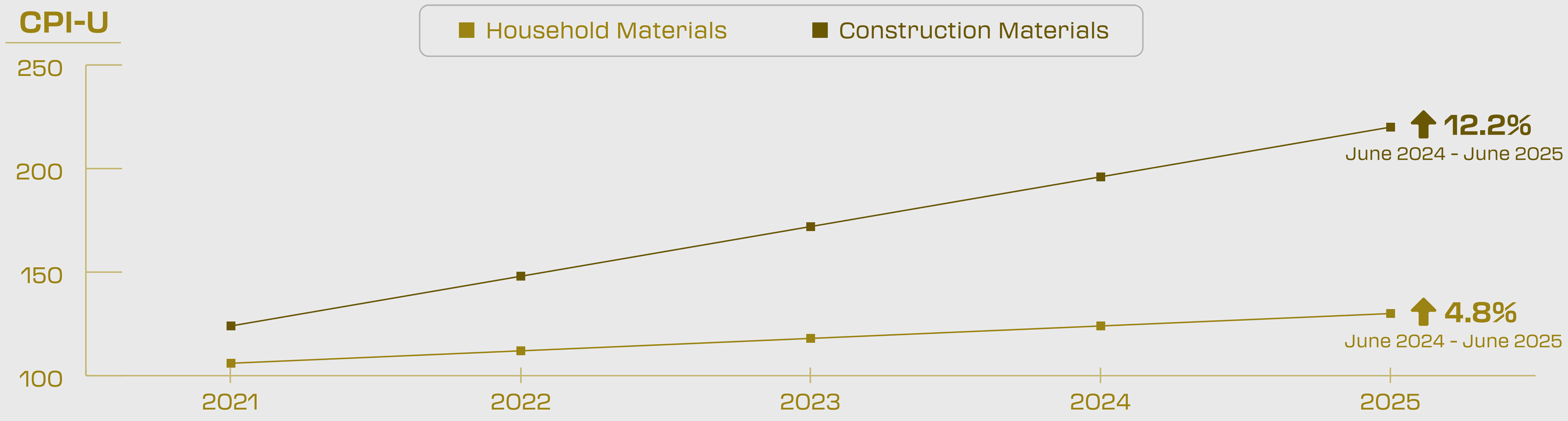
The cost of motor vehicle insurance for these consumers **increased 17.8%** in 2024.[2]

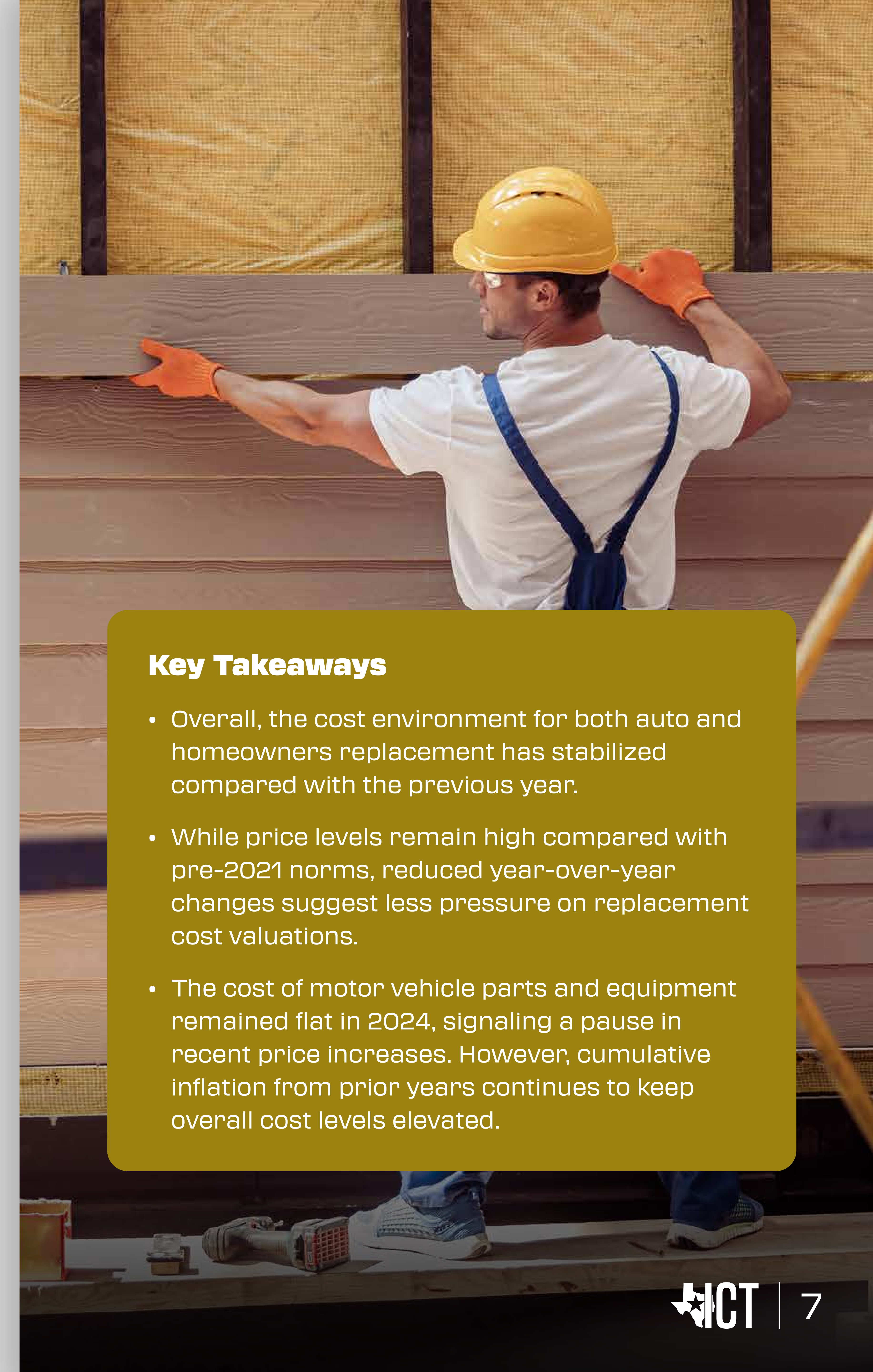
Replacement Cost Trends

Personal Auto - Economic Drivers



Homeowners - Economic Drivers





Key Takeaways

- Overall, the cost environment for both auto and homeowners replacement has stabilized compared with the previous year.
- While price levels remain high compared with pre-2021 norms, reduced year-over-year changes suggest less pressure on replacement cost valuations.
- The cost of motor vehicle parts and equipment remained flat in 2024, signaling a pause in recent price increases. However, cumulative inflation from prior years continues to keep overall cost levels elevated.

Industry Issue Spotlight: Navigating the Rate Narrative—Balancing Costs, Coverage, and Market Stability

Amid rising concerns from consumers and policymakers about insurance rates, carriers are facing increased scrutiny over the affordability of coverage. From the industry's perspective, however, the conversation about "rates being too high" often overlooks the underlying cost drivers that necessitate those rates.

Insurers do not set prices in a vacuum. Rates are actuarially driven and regulated, based on expected losses, rising replacement costs, increased frequency and severity of natural disasters, supply chain disruptions, legal system abuse, and mounting reinsurance costs. In many cases, loss trends outpace rate adjustments, leading to underwriting losses that threaten long-term market viability.

Carriers understand the impact rate increases can have on policyholders and communities. Many are innovating, reducing operating costs, and offering flexible coverage options. But rates must reflect risk and cost realities. Artificially suppressing rates—through regulatory delay, political pressure, or public narrative—may provide short-term relief but risks long-term consequences: reduced availability, insurer exits from unprofitable markets, or greater reliance on residual markets.

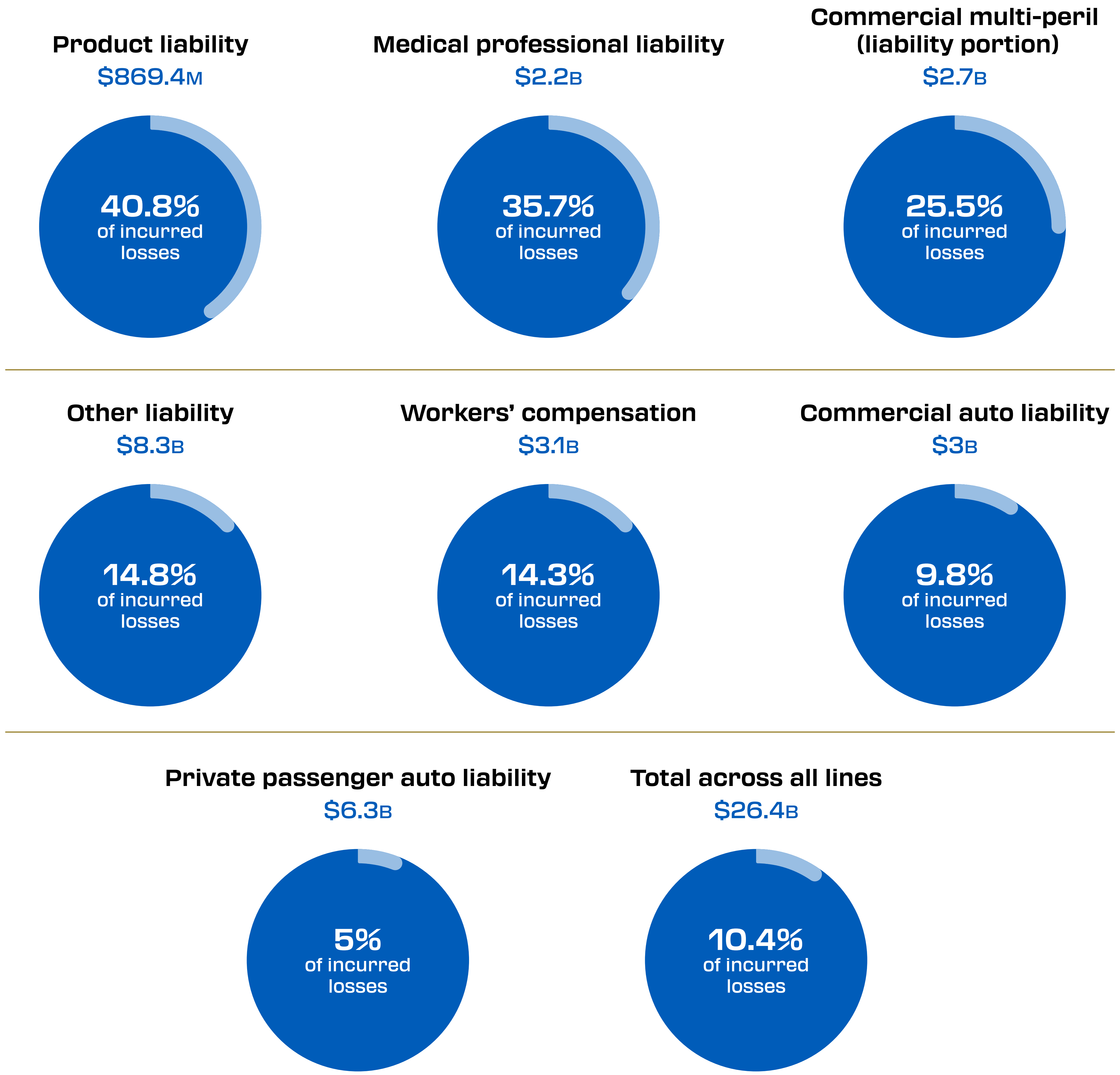
For the industry to continue offering meaningful, sustainable coverage, rate adequacy must remain central to regulatory discussions. Open dialogue and transparency about what drives rates—and what happens when they fall short—are essential to ensuring a stable, competitive, and responsive insurance market for all Texans.

The Cost of Litigation - Nationwide

Insurers are obligated to defend policyholders against lawsuits, and the associated costs are reported in their financial statements as **defense and cost containment expenses**. These expenses cover a broad range of activities related to managing and resolving claims, including legal defense, litigation costs, and efforts to control medical expenses. They also include expenditures for surveillance, litigation management, and professional services such as appraisers, private investigators, hearing representatives, and fraud investigators.

Litigation data on source page[4]

Nationwide in 2023, by Line, Defense Costs and Cost Containment Expenses as a Percent of Incurred Losses Using NAIC Data



The Cost of Litigation - Texas

In 2023, by Line, Defense Costs and Cost Containment Expenses as a Percent of Incurred Losses for Texas

Product liability (occurrence and claims made)
$33.5M
28% of incurred losses

Commercial multiperil (liability portion)
$161.5M
25% of incurred losses

Other liability (occurrence and claims made)
$501.4M
11% of incurred losses

Workers' compensation
$119.2M
13% of incurred losses

Commercial auto liability
$431.7M
11% of incurred losses

Private passenger auto liability
$475.2M
4% of incurred losses

Total across all lines
$2.2B
4% of incurred losses

Industry Issue Spotlight: Litigation Abuse

Texas continues to face a growing problem with abusive litigation practices that are inflating insurance costs and threatening the long-term viability of businesses across multiple sectors. Despite widespread support from the insurance industry and business community, key tort reform bills—Senate Bills 30 and 39—failed to pass during the 89th Legislative Session. These bills aimed to curb excessive and unjustified awards in civil lawsuits, particularly those involving non-economic damages and commercial vehicle liability, both of which significantly drive up legal costs and add greater pressure on insurance premiums.

The impact of unchecked litigation abuse is already being felt across the state. Carriers are seeing a continued rise in the frequency and severity of claims, especially in personal auto, driven by inflated medical billing, questionable legal tactics, and efforts to extract “nuclear verdicts.” SB 30, intended to improve transparency and limit abusive damage calculations, and SB 39, which addressed ongoing issues in commercial trucking litigation, were meaningful, targeted efforts to restore fairness to the system. Unfortunately, intense and often misleading opposition campaigns kept these bills from advancing, leaving policyholders, insurers, and Texas employers exposed to rising costs and legal uncertainty.

Addressing litigation abuse remains essential. Without reform, the rising burden of meritless lawsuits will continue to impact consumers, businesses, and the overall cost of coverage in Texas.

Employment and Economic Contributions

The insurance sector generates jobs

- In 2024, the insurance industry **supported approximately 3 million jobs**, accounting for **1.9% of total U.S. employment** for individuals age 16 and older, according to the Bureau of Labor Statistics.
- In 2023, Texas led the nation in insurance industry employment, with **284,000 people working in insurance carriers** and related activities, up from 279,717 in 2022. Texas accounted for **10%** of all U.S. insurance industry jobs that year, highlighting the state's continued prominence in the sector.
- Florida followed with 218,600 employees, and California had 192,800 employees in the same sector.[3]

3,000,000

jobs nationwide.

284,000

jobs in Texas.

In Texas, insurers paid $4.158 billion in insurance taxes in 2024.

The insurance sector drives economic growth

- In 2023, the insurance industry **contributed $691 billion** to the nation's $27 trillion GDP, underscoring its significant role in the U.S. economy.[3]

The insurance sector is a key investor and major tax contributor

- In 2023, insurers **invested more than $414 billion in U.S. municipal securities**, supporting infrastructure such as roads and schools.
- The property and casualty (P&C) industry alone invested **$221.6 billion** in municipal securities that year.
- Insurance companies across all lines paid **$32.3 billion in premium taxes** to all 50 states and the District of Columbia in 2023.[3]

Motor Vehicle Crashes and Driving Factors

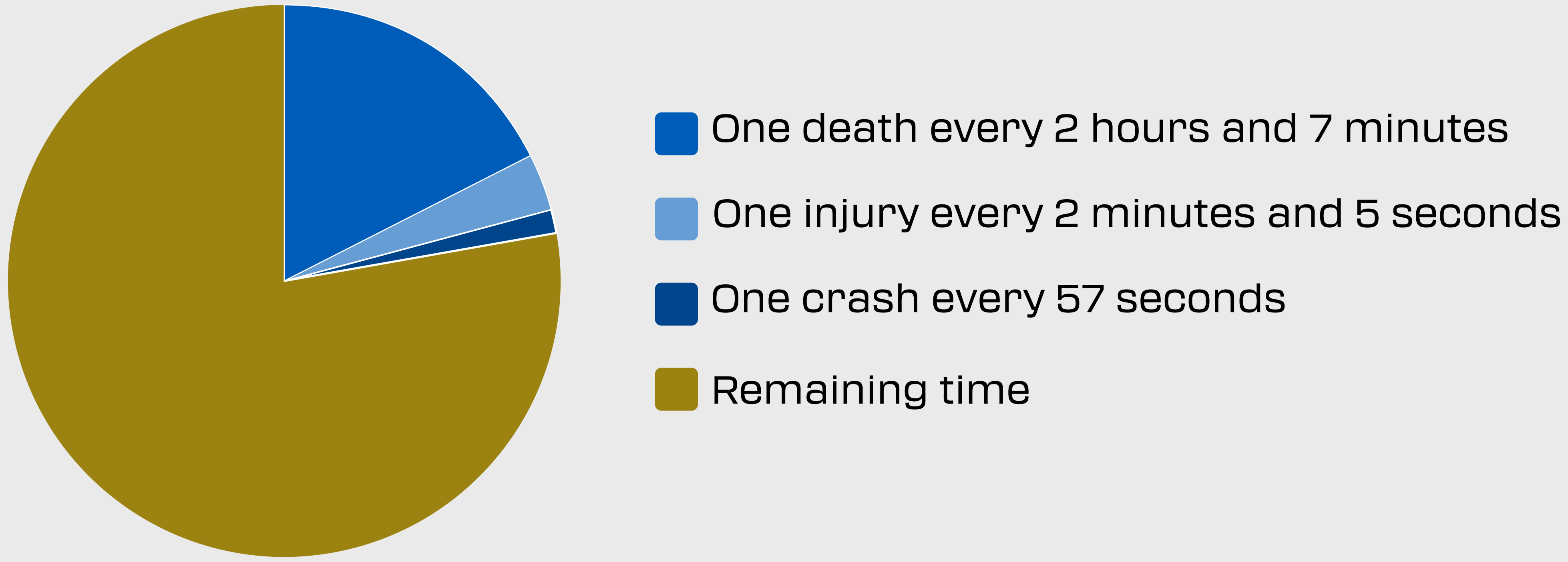
Motor Vehicle Traffic

- The National Highway Traffic Safety Administration (NHTSA) reports **39,345 traffic fatalities** in 2024, **down 3.8%** from 40,990 fatalities in 2023.
- **Texas ranks first in the number of fatalities** with 4,162, followed by California with 3,807 and Florida with 3,188, according to NHTSA estimates.[4]

Motor vehicle crashes in Texas, 2024:

- **251,977 people were injured** in motor vehicle traffic crashes.
- There were **14,905 serious injury crashes** involving 18,218 people with serious injuries.[5]

Texas traffic statistics for 2024:



Key Insights

- Texas' fatality rate was 1.35 deaths per 100 million vehicle miles traveled, a 5.25% decrease from 2023.
- In 2024, 1,053 people were killed in crashes where the driver was under the influence of alcohol, accounting for 25.37% of all traffic fatalities.
- There were 380 deaths in crashes involving distracted driving in 2024, a 5.71% decrease from 2023.
- Texans drove 307.49 billion vehicle miles in 2024, a **2.07% increase** from 2023.

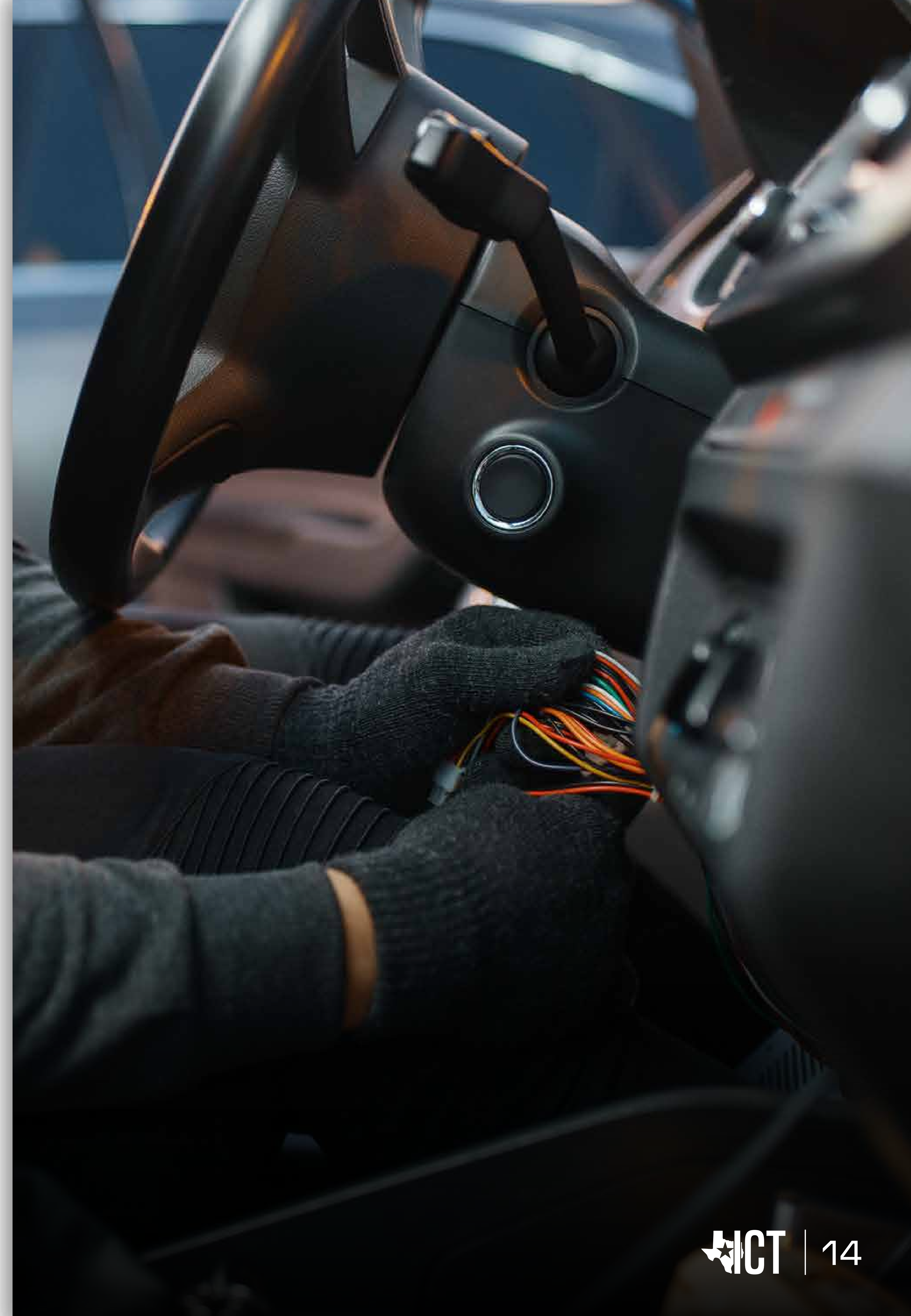
Vehicle Theft

Largest Four-Decade Drop in Vehicle Thefts Highlights Progress in Texas and U.S.

- Fewer than 1 million vehicles were stolen in 2024—**850,708**—a significant milestone marking the largest annual decline in auto thefts in four decades and the first-time thefts fell below 1 million since 2021. This represents a **16.7% decrease** from 2023.
- According to an analysis by the National Insurance Crime Bureau (NICB), **97,246 vehicles were stolen in Texas in 2024**, ranking the state second in total vehicle thefts and ninth in thefts per 100,000 people. This is a **16% decrease** from 116,214 thefts in 2023.
- The San Antonio and Houston metropolitan areas both ranked in the top 25 for thefts per 100,000 people in 2024.[6]

NICB-Derived 2024 Theft Rankings (per 100,000 Residents)

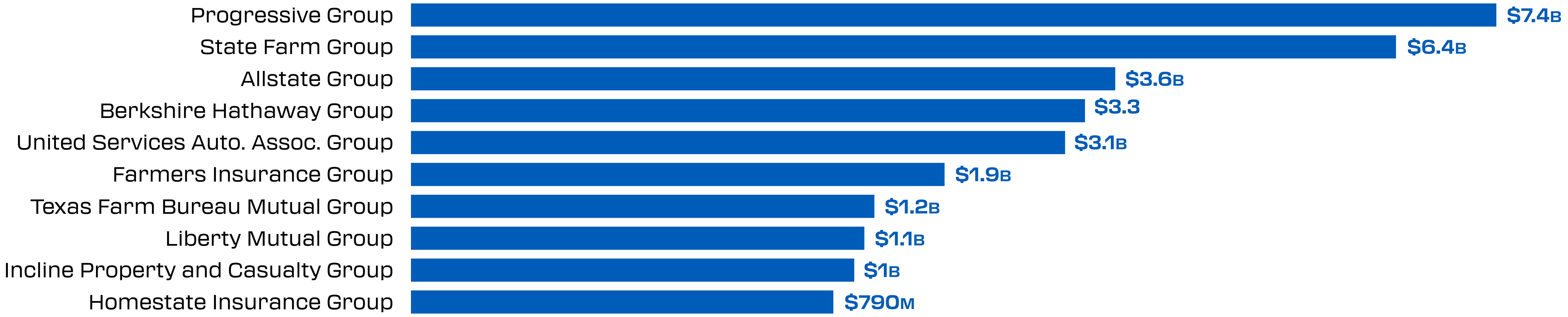
Rank	State/District	Theft Rate per 100K (2024)	Year-Over-Year Change	Approx. Thefts (Volume)
1	District of Columbia	842.4	-18%	~4,700
2	California	463.2	-14%	~181,600
3	New Mexico	458.2	-7%	~9,720
4	Colorado	430	-26%	~25,400
5	Nevada	394.4	-31%	~12,700
6	Missouri	379.6	-14%	~23,600
7	Washington	375.1	-32%	~29,500
8	Maryland	346.3	-19%	~21,500
9	**Texas**	**316.5**	**-16%**	**~97,200**
10	Oregon	277.7	-30%	~11,800



Private Passenger Auto

There were 69 groups (167 companies) that had direct premiums written for private passenger auto in 2024, compared to 71 groups (174 companies) in 2023.

Top 10 Private Passenger Auto Groups by Premiums Written



TDI Complaints

In 2024, the Texas Department of Insurance (TDI) confirmed 2,074 complaints related to private passenger auto insurance—more than double the 992 complaints confirmed in 2023, a 109% increase. **While this sharp rise may signal growing consumer dissatisfaction or scrutiny, complaints still represent a very small fraction of the overall market, accounting for just 0.0067% of nearly 30.8 million auto insurance policies in force.**

Market Share

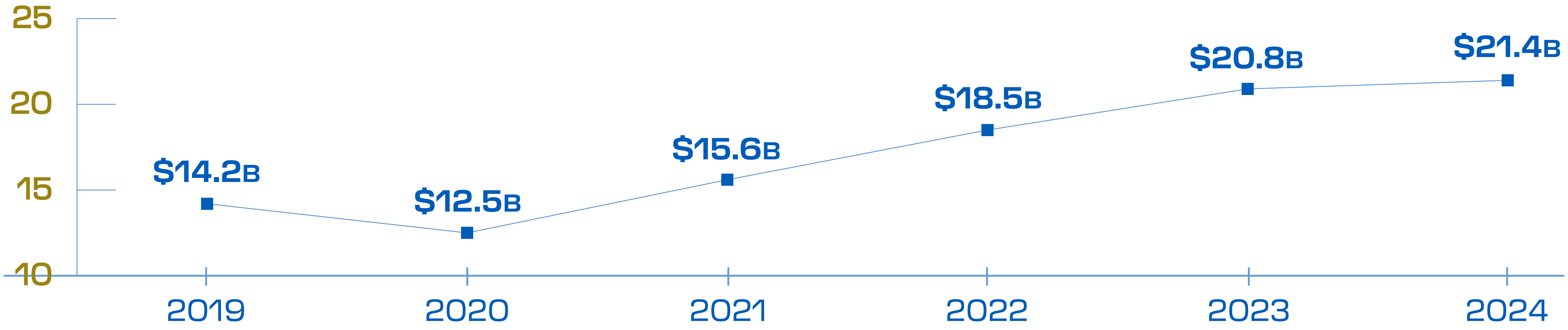
85%

The Top 10 writers represent 85% of the market

Key Insights

- The total written premium in the private passenger auto market rose by 11.2% in 2024, increasing from $32 billion in 2023 to $35.2 billion.
- The number of private passenger auto policies also grew, reaching 31 million in 2024, up from 30.1 million the previous year.

Private Passenger Auto Losses



Private passenger auto insurers paid **direct losses of $21.4 billion** in 2024.

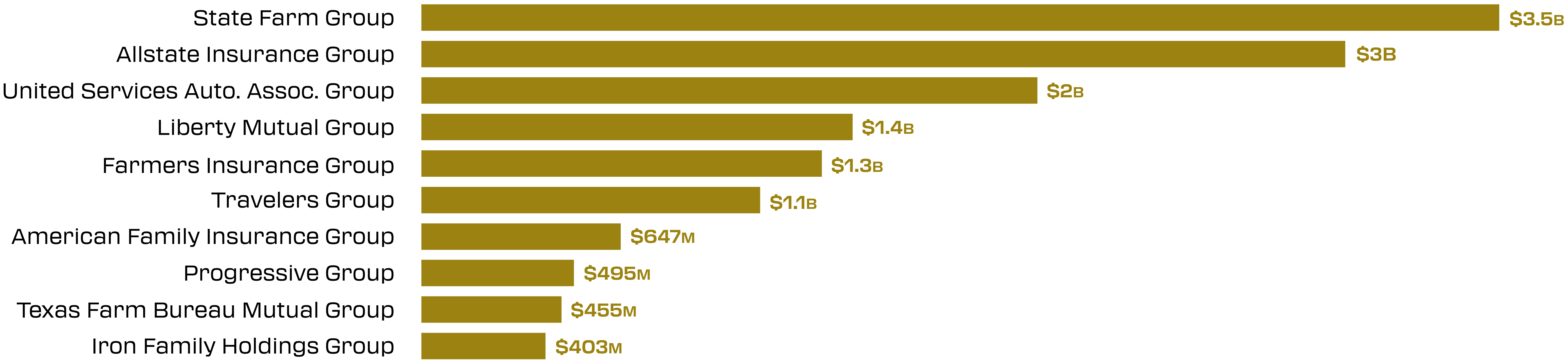
Key Insights

- In 2024, the Texas private passenger auto market posted a net underwriting profit of $2.5 billion, a turnaround from a $422.3 million underwriting loss in 2023. The top 25 insurance groups accounted for $2.9 billion in underwriting profit, up from $203 million the previous year.
- Insurers paid $21.4 billion in direct losses in 2024, a slight increase from $20.8 billion in 2023, marking a 70% increase since 2020.
- The private passenger auto market had a loss ratio of 60.71% in 2024.

Homeowners Multi-Peril

In 2024, 80 groups (158 companies) wrote direct premiums for homeowners multi-peril insurance, including renters insurance, compared to 79 groups (161 companies) in 2023.

Top 10 Homeowner Multi-Peril Groups by Premiums Written



TDI Complaints

In 2024, the Texas Department of Insurance confirmed 1,076 complaints related to homeowners insurance, up from 597 in 2023 — an 80% increase year over year. **Confirmed complaints still represent a very small share of the market, accounting for just 0.0132% of the more than 8.1 million homeowners policies in force.** Although complaints have grown, they remain rare relative to the overall volume of policies.

Market Share

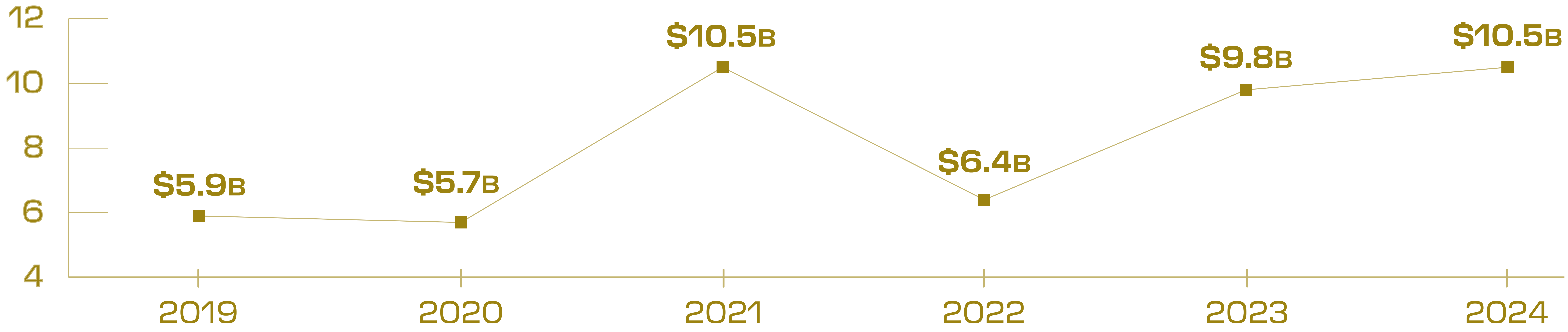
60%

The top 5 groups represent **59.84%** of the market. The top 10 groups represent **76.7%** of the market.

Key Insights

- Total written premium for homeowners multi-peril coverage reached $18.7 billion in 2024, a 20.8% increase from $15.5 billion in 2023.
- The number of policies also saw some growth, rising to 8.1 million in 2024, up from 8 million the previous year.

Homeowners Multi-Peril Losses



Homeowners multiple-peril insurers paid **$10.5 billion in direct losses** in 2024, up from $9.8 billion in 2023.

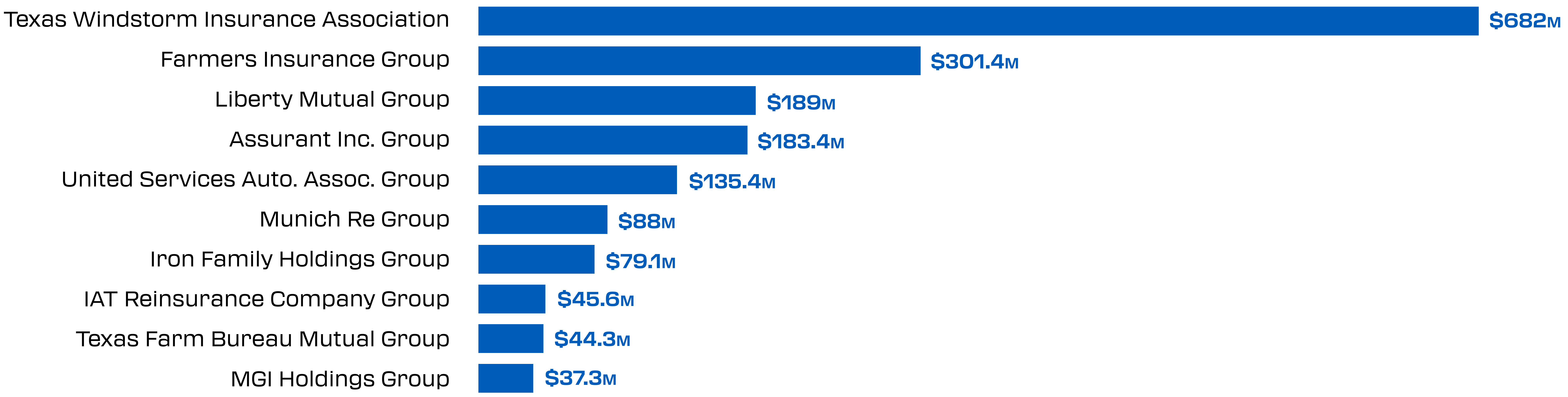
Key Insights

- In 2024, the homeowners multi-peril market posted a net underwriting loss of $190 million, an improvement from a $686.2 million loss in 2023.
- Direct losses rose 7% in 2024 to $10.5 billion, up from $9.8 billion in 2023, and have increased 84% since 2020.
- The loss ratio declined to 56.05% in 2024, down from 63.53% in 2023.

Residential Fire and Allied

There were 51 groups (72 companies) that had direct premiums written for residential fire and allied lines in 2024, compared to 50 groups (74 companies) in 2023.

Top 10 Residential Fire and Allied Lines Groups by Premiums Written



Market Share

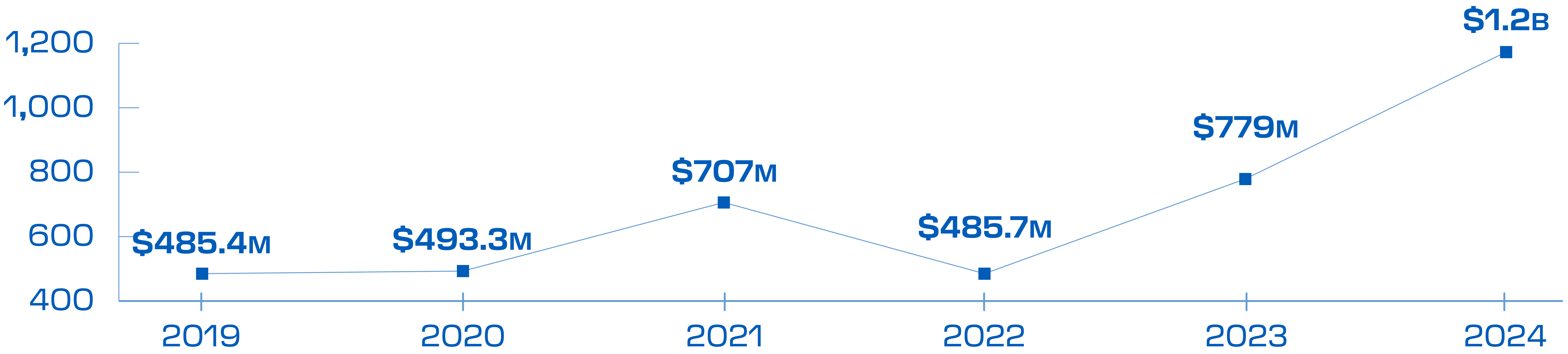
85%

The top 10 represent **85.24%** of the market. The top 5 represent more than half the market with **71.19%**.

Key Insights

- TWIA increased its market share by 21.5%.
- Direct written premium reached $2.1 billion in 2024, reflecting an 11.3% increase from $1.9 billion in 2023.
- Policy count saw a slight decline, dropping to 1.2 million, compared to 1.3 million in both 2022 and 2023.

Residential Fire and Allied Losses



Residential fire and allied lines insurers paid **$1.2 billion in direct losses** in 2024.

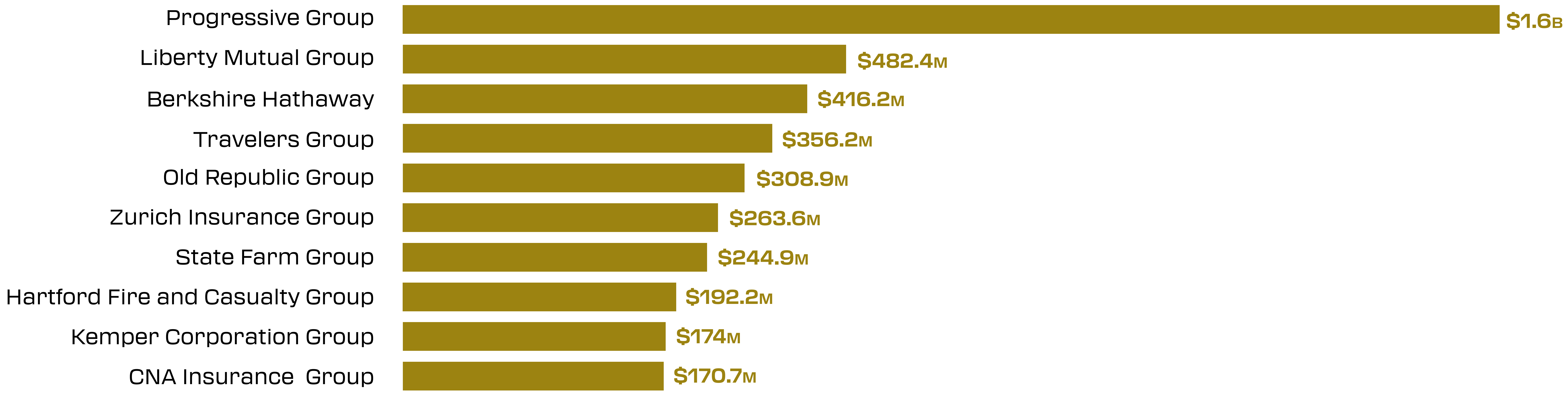
Key Insights

- In 2024, the residential fire and allied lines market posted a net underwriting loss of $216.1 million, a sharp reversal from a $306.1 million profit in 2023.
- Direct losses rose significantly to $1.2 billion, up from $779 million in 2023—a 60.3% increase over 2022's $486 million—highlighting a continued upward trend.
- The 2024 loss ratio was 56.01%.

Commercial Auto

In 2024, 115 groups (330 companies) wrote direct premiums for commercial auto insurance, compared to 117 groups (325 companies) in 2023.

Top 10 Commercial Auto Groups by Premiums Written



Market Share

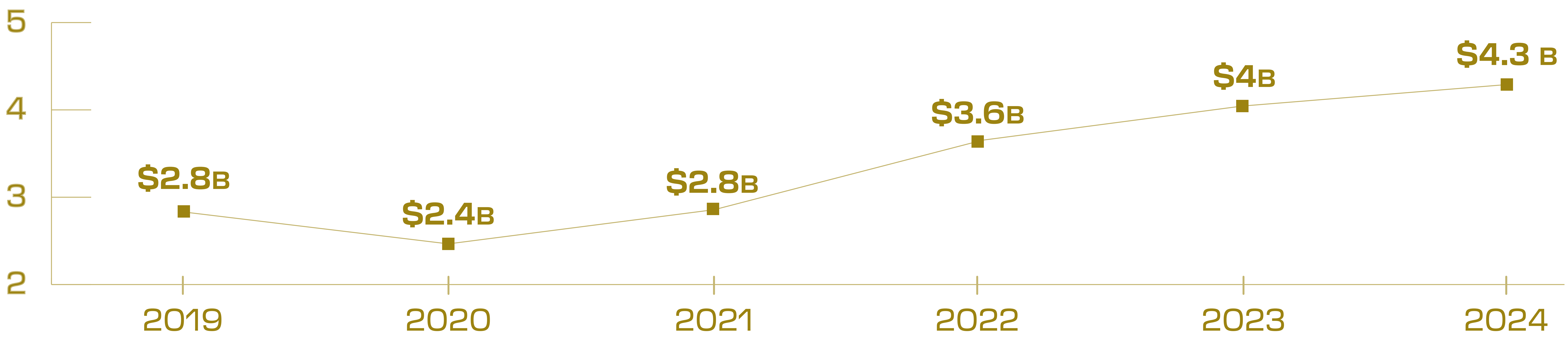
59%

The top 10 insurers accounted for **58.72%** of the market share, while the top five represented **44.29%**.

Key Insights

- Direct written premium totaled $7.2 billion in 2024, a 13.7% increase from $6.4 billion in 2023.
- The number of policies written dipped slightly to 899,527, down from 903,247 in 2023.

Commercial Auto Losses



Commercial auto insurers paid **direct losses of $4.3 billion** in 2024.

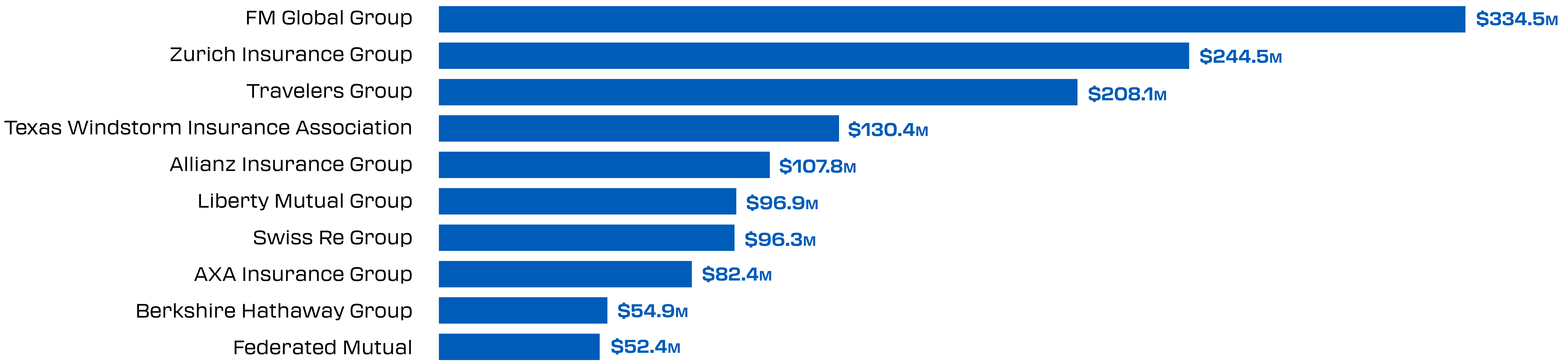
Key Insights

- In 2024, the commercial auto market reported a net underwriting loss of $744.1 million, widening from a $526.7 million loss in 2023.
- Direct losses rose to $4.1 billion, up slightly from $4 billion in 2023, and have increased by 77% since 2020.
- The loss ratio for 2024 was 58.89%.

Commercial Fire and Allied

In 2024, 72 groups (211 companies) wrote direct premiums for commercial fire and allied lines insurance, down from 76 groups (207 companies) in 2023.

Top 10 Commercial Fire & Allied Groups by Premiums Written



Market Share

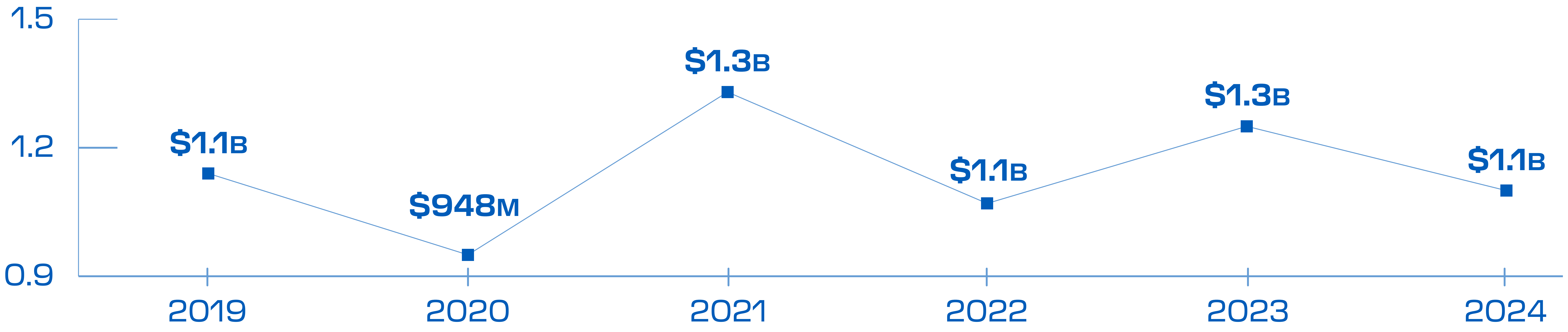
68%

The top 10 represent **67.95%** of the market. The top 5 represent **49.47%** of the market.

Key Insights

- Direct written premium reached $2.1 billion in 2024, a nearly 6% increase from $2 billion in 2023.
- However, the number of policies declined to 80,824, down 4.5% from 84,665 in 2023.

Commercial Fire and Allied Losses



Commercial fire and allied insurers paid **direct losses of $1.1 billion** in 2024.

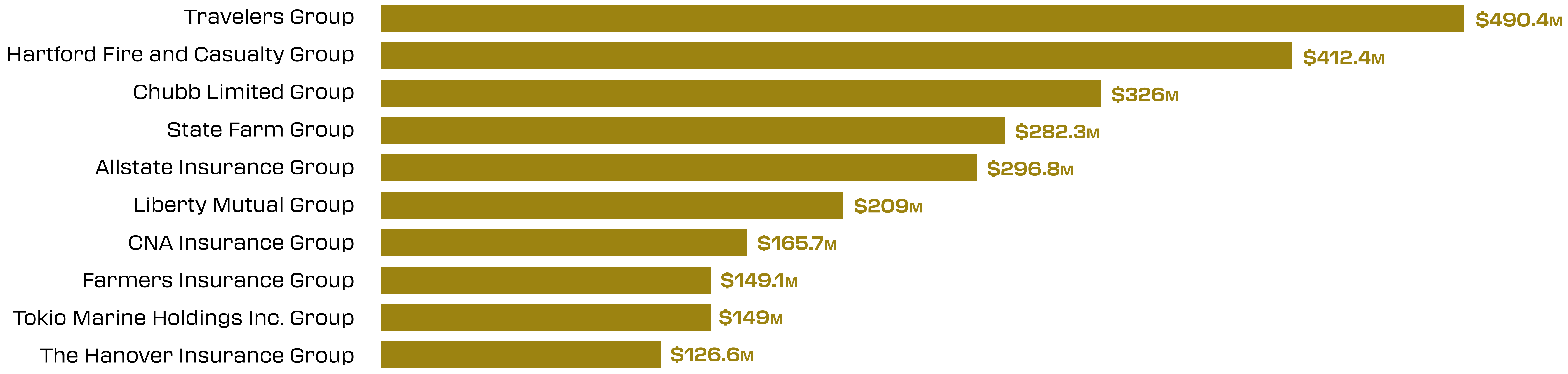
Key Insights

- In 2024, there was a net underwriting profit of $167.3 million, down from $304 million in 2023.
- Direct losses paid totaled $1.1 billion in 2024, a slight decrease from $1.3 billion the previous year.
- The loss ratio for 2024 was 53.17%.

Commercial Multi-Peril

In 2024, 95 groups (267 companies) wrote direct premiums for commercial multi-peril insurance, up from 92 groups (265 companies) in 2023.

Top 10 Commercial Multi-Peril Groups by Premiums Written



Market Share

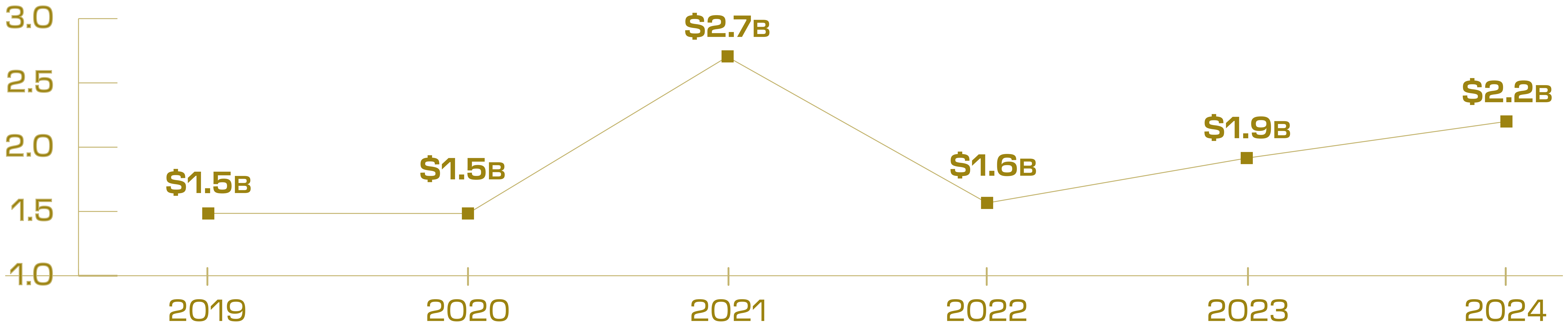
62%

The top 10 insurers represented **61.7%** of the market, while the top five accounted for **42.59%**.

Key Insights

- Direct written premium reached $4.2 billion in 2024, a 7% increase from $3.9 billion in 2023.
- The number of policies written also grew, rising to 883,662 in 2024 from 798,553 in 2023, reflecting increased demand and market expansion.

Commercial Multi-Peril Losses



Commercial multi-peril insurers paid **direct losses of $2.2 billion** in 2024.

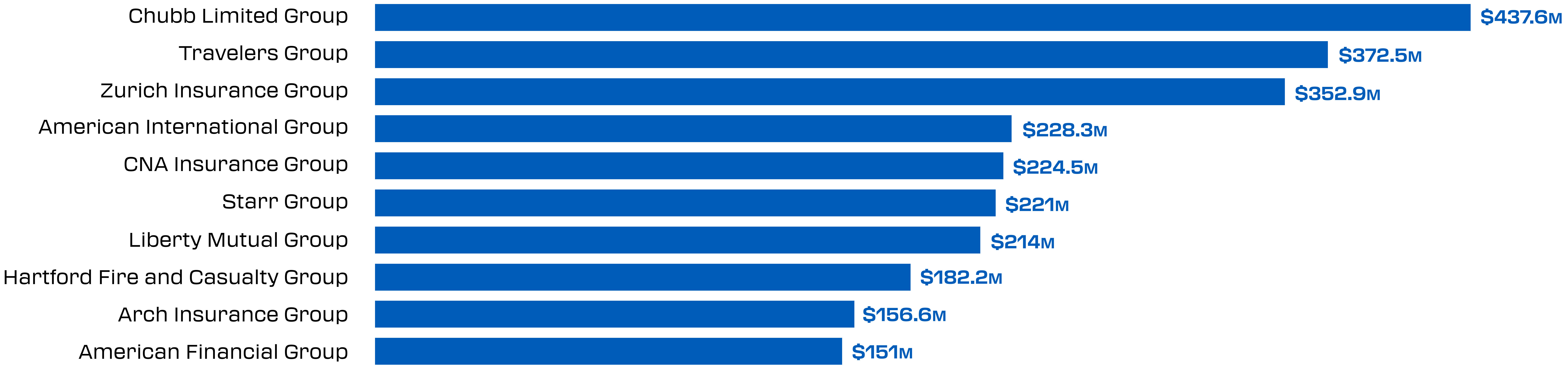
Key Insights

- In 2024, the commercial multi-peril market posted a net underwriting loss of $487 million, a slight improvement from the $550.7 million loss in 2023.
- Direct losses rose to $2.2 billion, up from $1.9 billion in 2023, marking a 51% increase since 2020.
- The loss ratio for 2024 was 52.58%.

General Liability

In 2024, 158 groups (440 companies) wrote direct premiums for general liability insurance, up from 153 groups (439 companies) in 2023.

Top 10 General Liability Groups by Premiums Written



Market Share

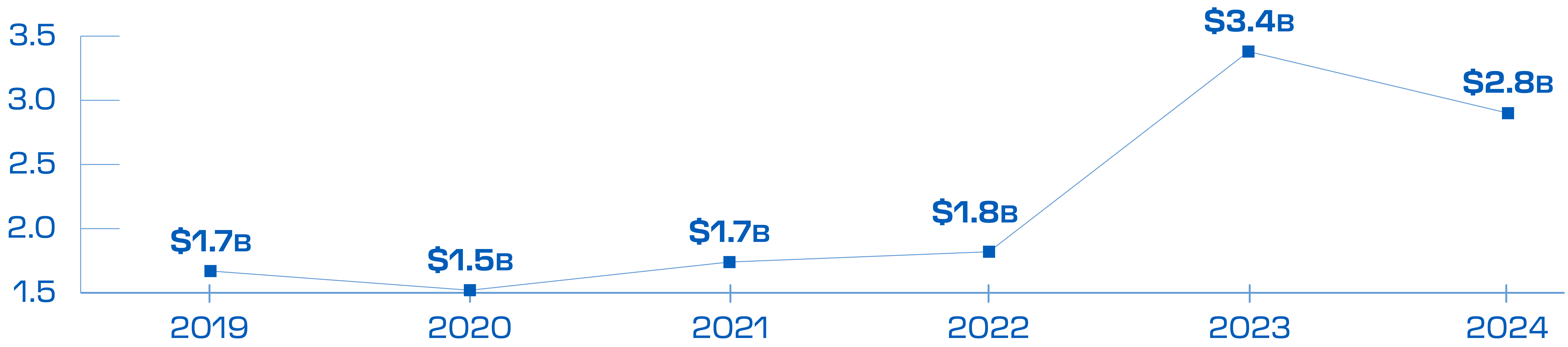
52%

The top 10 insurers represented **51.96%** of the market, while the top five accounted for **33.05%**.

Key Insights

- Direct written premium totaled $4.9 billion in 2024, up 5.2% from $4.65 billion in 2023.
- There were 3,212,702 policies written in 2024, an increase from 2,877,285 in 2023.

General Liability Losses



General liability insurers paid **direct losses of $2.8 billion** in 2024.

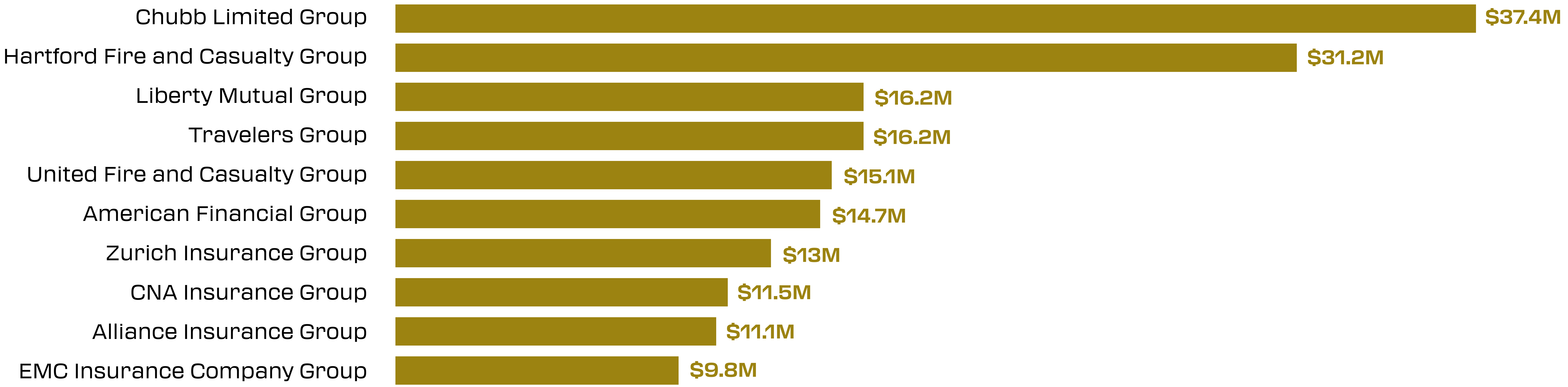
Key Insights

- underwriting loss of $1.8 billion, up from a $1.5 billion loss in 2023.
- Direct losses decreased to $2.8 billion in 2024, down from $3.4 billion the previous year.
- The loss ratio for 2024 was 58.13%.

Product Liability

In 2024, 56 groups (192 companies) wrote direct premiums for product liability insurance, down from 62 groups (200 companies) in 2023.

Top 10 Product Liability Groups by Premiums Written



Market Share

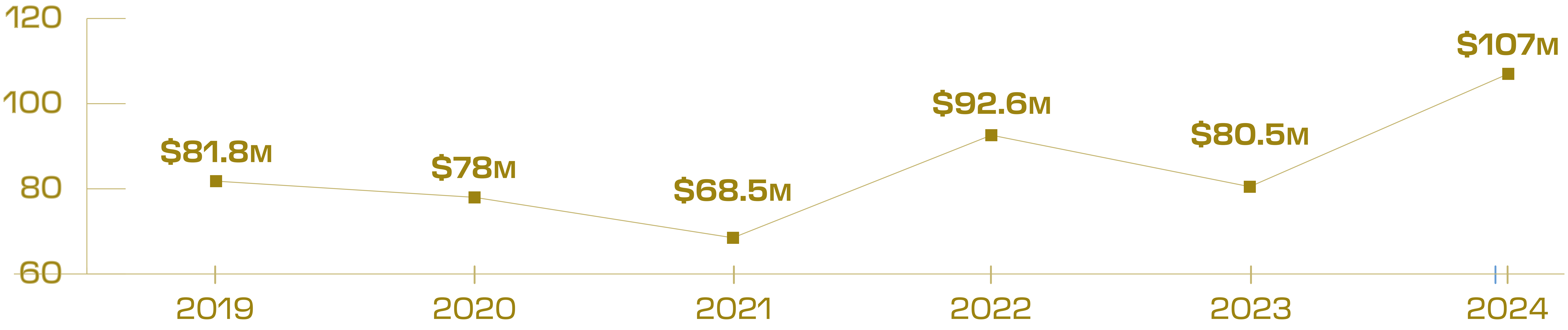
64%

The top 10 insurers represent **63.76%** of the market, while the top five account for **42.02%**.

Key Insights

- In 2024, direct written premium for product liability insurance reached $276.2 million, an 8.5% increase from $254.7 million in 2023.
- However, the number of policies written declined sharply by 23%, dropping to 38,440 from 50,473 in 2023.

Product Liability Losses



Product liability insurers paid **direct losses of $107.1 million** in 2024.

Key Insights

- Direct losses paid for product liability insurance rose to $107.1 million in 2024, up from $80.5 million in 2023, marking a 37% increase since 2020.
- The line reported a net underwriting loss of $187.4 million in 2024, widening from $159.9 million in 2023.
- The loss ratio for 2024 was 38.76%.

Surplus Lines

207,622

Policy count

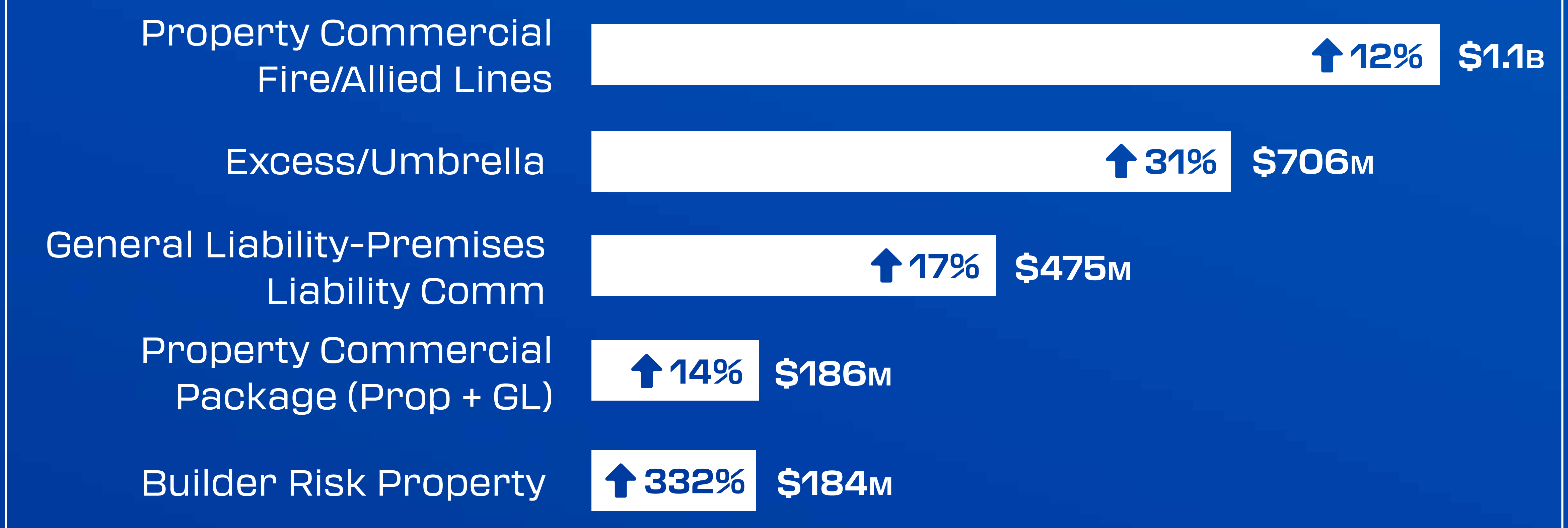
271

Insurers

$4B

Premium

Top Coverages by Premium



Coverage Analytics

Key Insights

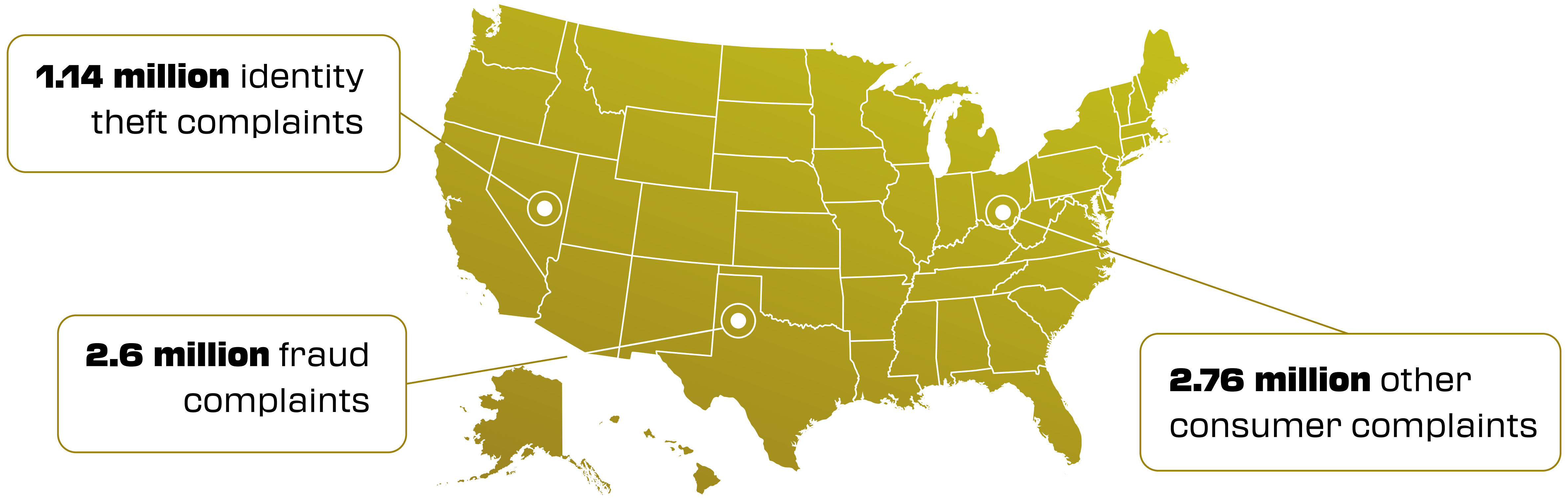
- Surplus lines premium surged to $4 billion, a 25% increase over Q1 2024.
- There was a 16% growth in policy count (from 178,735 to 207,622).
- Builder's risk premiums jumped 332%, reflecting a sharp rise in construction activity and a potential tightening in admitted market capacity for this line.[7]

Cybercrime and Identity Theft

National Landscape

- The U.S. experienced 3,158 data compromises in 2024, impacting 1.35 trillion individuals.
- The FBI received 859,532 cybercrime complaints, down 2.4% from 2023.
- Financial losses from cybercrime reached $16.6 billion nationwide.[8]

The Federal Trade Commission recorded:



Texas Snapshot

Cybercrime in Texas

- Texas ranked second in the U.S. for both the number of cybercrime complaints, with 62,347, and cybercrime-related financial losses, totaling $1.352 billion.
- Only California had higher losses at $2.5 billion, followed by Florida with $1.1 billion.

Identity Theft in Texas

- Texas received 116,484 identity theft reports in 2024.
- The state ranked 4th nationwide for identity theft complaints.[8]

Flood Insurance Overview: 2024 Insights

625,734

Federal Flood Policies in Texas (As of June 20, 2025)

Down from 654,601 in 2023 and 694,828 in 2022 (a 10% decrease)

According to FEMA, one inch of floodwater can cause up to $25,000 in damage.

2023 private flood insurance net premium was $803 million[9]

Distribution of Flood Insurance Coverage[9]

35%

Private Insurance Providers

43%

National Flood Insurance Program (NFIP)

NFIP Claims Data (2024)[10]

$156,539,104.19

Total Payout in Texas

3,093

Number of Claims

*Flood insurance data on source page[8]

**Distribution data is from 2023

Industry Issues Spotlight: The Flood Insurance Gap

In Texas, flooding can strike anywhere or anytime. Over 2.1 million Texas properties are at flood risk; yet, FEMA maps capture only a fraction of that, identifying just 860,000 at-risk properties. More than half of NFIP claims filed in Texas since 2005 have come from homes outside FEMA's high-risk flood zones, highlighting the need for broader risk awareness. Texas ranks second nationally in NFIP claims, with over 150,000 claims and $11.6 billion paid out in the past decade.

Despite this widespread risk, flood insurance take-up remains low. Only 7% of Texas homes are covered by flood insurance, down from 10% post-Harvey, and just 28% of homes in high-risk areas have policies. In Harris County—where nearly half of Texas' NFIP payouts have occurred—more than three-quarters of homes remain uninsured. Moreover, since FEMA launched Risk Rating 2.0, average premiums rose 35%, and insured properties fell by 30%.

The devastating July 2025 flooding in the Texas Hill Country, including Kerr County, offered a painful reminder of the consequences of low insurance coverage. With rivers and creeks rising rapidly and inundating homes, many residents were left with catastrophic losses and no financial safety net. Few property owners in the region carried flood insurance, leaving families and small businesses struggling to rebuild without federal or private assistance. The emotional and financial toll highlights the urgent need for public education and access to affordable flood insurance options across Texas—not just along the coast or in mapped floodplains.

Coverage gaps persist even among the insured. The NFIP's $250,000 cap has not kept pace with rising rebuilding costs, especially in Texas, where the average NFIP claim payout is $94,000—almost double the national average. The growing gap in flood insurance coverage and adequacy presents long-term challenges. As extreme weather events increase in frequency and severity, the disconnect between true flood exposure and insurance take-up underscores the need for broader awareness, updated risk tools, and policy discussions that encourage resilience.

Natural Catastrophes – Wildfires and Convective Storms

In 2024, there were 81 natural catastrophe loss events in the U.S. Estimated insured property losses from natural catastrophes rose to $112.8 billion, up from $82.9 billion in 2023 (in 2024 dollars).

Convective storms were the most frequent, accounting for 49 events and causing the highest insured losses at $54 billion. Tropical cyclones caused the highest economic losses, totaling $121.6 billion, with insured losses of $43.7 billion. There were five tropical cyclones in 2024.[11]

Wildfires

- Texas experienced **7,103 wildfires in 2023**, the **second** most experienced nationwide behind California.[12]
- Texas ranked third in 2024 for the number of homes at extreme wildfire risk, with 244,617 homes—behind California and Colorado.[12]
- Texas A&M Forest Service and local fire departments responded to 5,187 wildfires in FY 2024 for 1,300,579 acres burned.[13]
- The 2024 Texas Panhandle wildfires, with seven fires beginning on February 26, burned over 1.2 million acres. The Smokehouse Creek Fire alone scorched more than 1 million acres, making it the largest in Texas history and among the largest in U.S. history.[13]

40%
increase

Tornadoes

- Tornado activity surged in 2024, with 1,810 tornadoes reported nationwide, up from 1,294 in 2023.
- **Texas led the nation with 169 tornadoes**, followed by Iowa and Nebraska with 131 each.
- Tornadoes caused 54 deaths nationwide, with Texas recording the highest number of fatalities at nine.[14]

Hailstorms

- There were 5,373 hailstorms in the U.S. in 2024, down from 6,962 in 2023.
- **Texas again led the nation with 878 hail events**, well ahead of Kansas (495) and Missouri (437).
- Texas also led in 2023 with 1,123 hailstorms, more than doubling its 2022 total of 458.[14]

Lightning

- In 2024, **Texas ranked second** in homeowners insurance lightning claims, with **4,369 claims totaling $168.5 million**.
- While Texas ranked behind Florida in number of claims, it had the highest average cost per claim for lightning at $38,558.[14]

Industry Issues Spotlight: The Case for Resiliency

The insurance industry continues to face rising pressure from increasingly frequent and severe natural disasters. In 2024, the U.S. experienced 81 catastrophe events, resulting in an estimated $112.8 billion in insured property losses—up significantly from $82.9 billion in 2023. Texas remains especially vulnerable, leading the nation in major perils like tornadoes and hailstorms, and consistently ranking among the states with the highest catastrophe-related losses.

Despite the scale of risk, policy efforts to promote proactive mitigation remain limited. HB 1576, filed during the 89th Texas Legislature, sought to create a grant program to help homeowners strengthen their properties using IBHS FORTIFIED Home™ standards. The measure passed the House with broad support but stalled in the Senate. The bill represented a meaningful step toward aligning premiums with actual risk by incentivizing voluntary retrofits that reduce long-term losses.

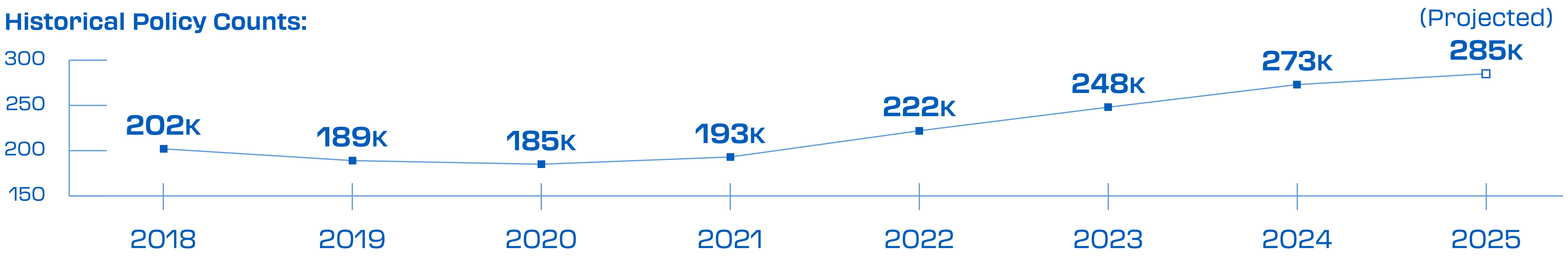
As catastrophe losses climb, investing in resilience is no longer optional—it's essential. Strengthening homes and infrastructure through better building standards, homeowner education, and public-private initiatives can significantly reduce risk. Because insurance rates are driven by projected losses, reducing those losses is the most effective path to improving long-term affordability and ensuring continued access to coverage in high-risk areas.

Residual Markets - Texas Windstorm Insurance Association (TWIA)

TWIA Policy Count

In 2024, TWIA had 272,567 policies in force.

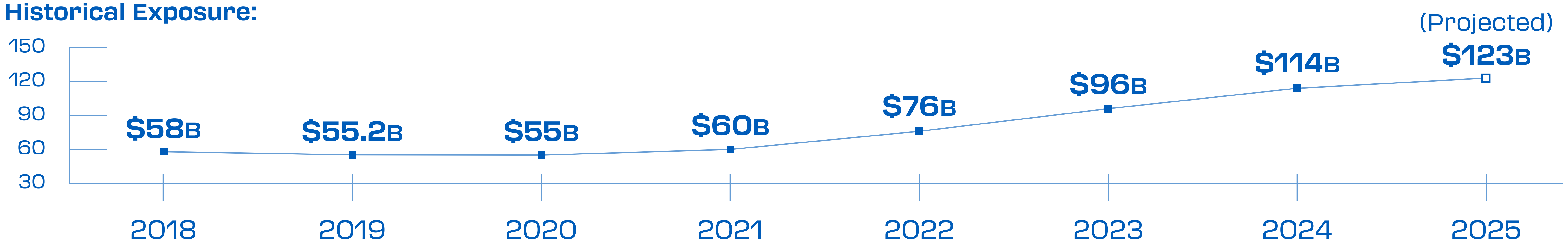
Historical Policy Counts:



TWIA Exposure

In 2024, TWIA exposure was $113.7 billion.

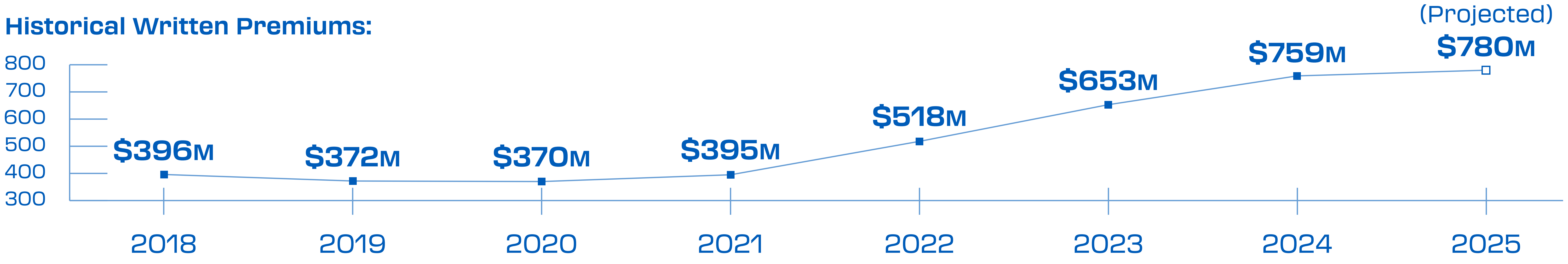
Historical Exposure:



TWIA Written Premium

Direct written premium was $758.8 million in 2024.

Historical Written Premiums:



Key Takeaways

- TWIA has experienced steady policy growth since 2020, with **policies in force increasing from 184,890 to 272,567**—a **47% rise** over four years. After a decline from 2018 to 2020, policy counts have grown each year and are projected to surpass 284,000 in 2025.
- TWIA's total insured exposure nearly doubled between 2020 and 2024—**from $55 billion to $113.7 billion**—with a projected increase to $122.9 billion in 2025.
- Direct written premium has also increased sharply, **climbing from $369.6 million in 2020 to $758.8 millio**n in 2024—a **105% increase**. Premiums are projected to reach $779.5 million in 2025, consistent with rising policy counts and exposure.
- The most significant increases in exposure and premium began in 2022.

Source: TWIA annual report[15]

Residual Markets - TWIA

Catastrophe Reserve Trust Fund (CRTF)

In 2024, Hurricane Beryl effectively exhausted TWIA's Catastrophe Reserve Trust Fund (CRTF). As of March 31, 2025, the **CRTF balance was $8.4 million.**

2025 Hurricane Season Funding

In February 2025, the TWIA Board set a 1-in-100 probable maximum loss (PML) of $6.227 billion for the 2025 hurricane season, including a 15% loss adjustment expense (LAE). To meet this requirement, TWIA's reinsurance program secured $1.727 billion in reinsurance.

TWIA Funding Legislation

HB 3689 (Hunter/Kolkhorst), passed during the 89th legislative session, advances a more sustainable funding framework for TWIA. The bill authorizes the Texas Comptroller to provide financing arrangements of up to $1 billion annually (or $2 billion total) for pre- and post-event funding. This replaces TWIA's reliance on costly and uncertain private debt issuances. The financing is repaid through surcharges on property insurance policies, with surcharge amounts set by the insurance commissioner and disclosed on affected policies.

The Senate removed a House-approved provision that would have repealed TWIA's authority to assess insurers for reinsurance costs above a certain threshold. It also lowered TWIA's statutory PML benchmark from a 1-in-100-year event to a 1-in-50-year event. As a result, insurers may now be assessed for TWIA's reinsurance costs above the 1-in-50 PML level.

TWIA Funding: Current vs. HB 3689 (Effective Jan. 1, 2026)

Current funding for losses before Jan. 1, 2026

Reinsurance (up to 1:100 PML) *TWIA's 1:100 PML for the 2025 storm season is set for $6.227B
Class 3 Assessments- $250M
Public Bonds or Loans - $250M
Class 2 Assessments- $250M
Public Bonds or Loans - $250M
Class 1 Assessments- $500M
Public Bonds or Loans-up to $500M (or financing arrangements with the state during transition period)
CRTF funds
TWIA funds

Funding for losses after Jan. 1, 2026

Reinsurance (up to 1:50 PML)
Assessments on Insurers-up to $1B
Loans from State-up to $1B per year ($2B aggregate)
CRTF funds
TWIA funds

Residual Markets - TWIA

Maximum Limits of Liability

In October 2024, the TDI issued a final order on TWIA's petition to raise maximum liability limits, disapproving most proposed increases. TDI denied adjustments for dwellings, individually owned townhouses, contents of apartments or condominiums, and commercial and governmental structures. However, TDI approved a 0.8% increase in the maximum limit for manufactured homes, raising it from $115,800 to $116,700. These changes apply to windstorm and hail insurance policies delivered, issued, or renewed on or after January 1, 2025.

TWIA had also proposed small increases for other categories, including 0.8% for residential structures, 1.3% for contents of multi-unit housing, and 0.5% for commercial coverage, but those were not approved.

New TWIA-Related Legislation (Non-Funding)

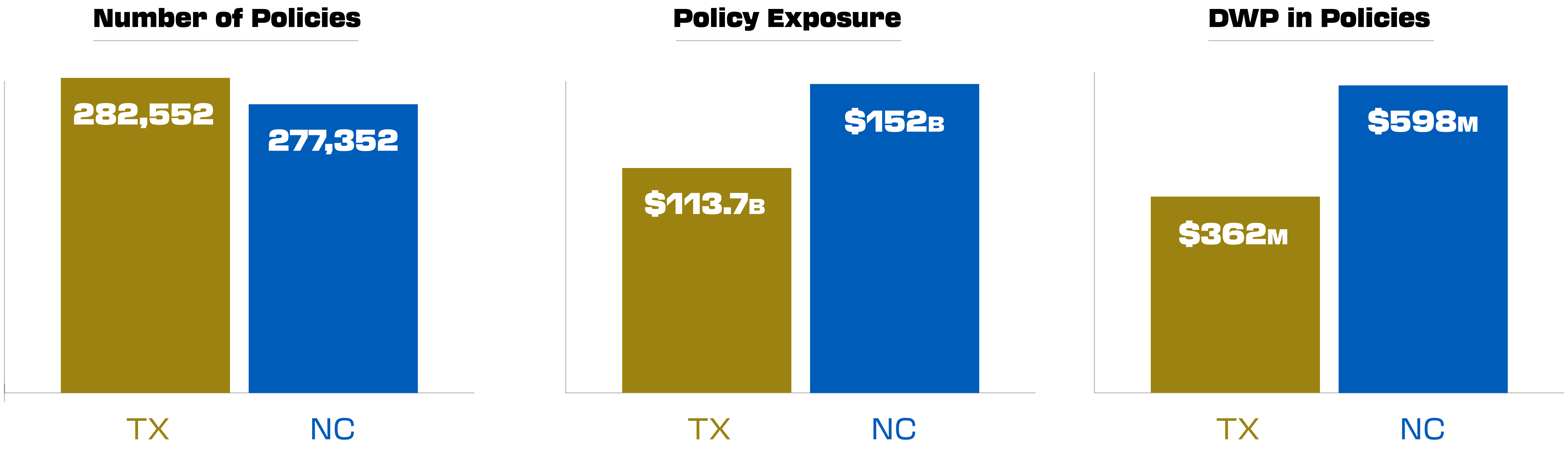
Several bills affecting TWIA operations passed during the 89th legislative session:

- **HB 2213** revises TWIA Board composition, requiring all members to be Texas residents and allowing an active independent agent to serve in one industry-designated seat.
- **HB 2518**, a TWIA biennial recommendation, prohibits the use of premium financing arrangements for TWIA policies.
- **HB 2517** exempts TWIA from premium taxes.

*All measures take effect September 1, 2025, with **HB 2518** applying to policies issued on or after January 1, 2026.

Residual Markets - TWIA

Comparison to Other Beach Plans



- Texas has the most policies for beach and windstorm policies at 282,552, followed by North Carolina at 277,352.
- Texas had $113.7 billion in exposure from beach and windstorm policies, ranking second behind North Carolina, which had $152 billion in exposure.
- Texas was second in the amount of DWP in beach and windstorm policies with $362 million. North Carolina was first with $561 million.

Industry Issue Spotlight - TWIA Rates

At its August 2024 board meeting, the Texas Windstorm Insurance Association (TWIA) board voted to file a 10% rate increase for both residential and commercial policies, consistent with the recommendation from TWIA's Actuarial and Underwriting Committee. Despite actuarial analyses revealing a 38% inadequacy for residential risks and 45% for commercial risks, Texas Department of Insurance Commissioner Brown issued an order disapproving the filing.

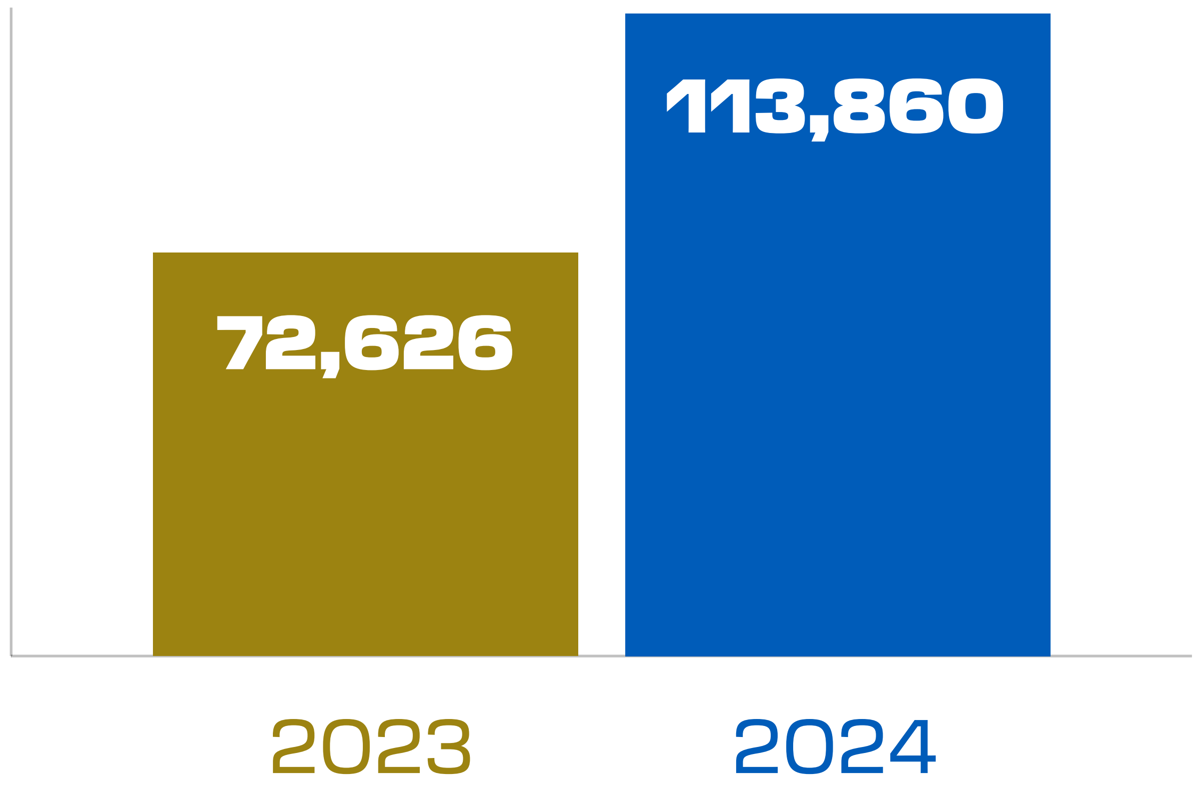
In her disapproval order, the commissioner acknowledged that TWIA's rate filing met the technical requirements of Section 2210.355 but found it failed to satisfy the "fair and just" standard under Section 560.002. Public comments indicated the proposed increase would impose significant hardship on coastal policyholders, leading to the conclusion that the filing did not meet all necessary statutory requirements.

Despite persistent actuarial indications of rate inadequacy, TWIA has implemented minimal or no rate increases over the past decade. From 2013 to 2023, TWIA's average indicated rate need was over 30%, yet actual rate actions were often capped at 5% or not taken at all. In some years—such as 2020 and 2021—rate indications exceeded 45%, but no adjustments were made due to political or procedural barriers.

This ongoing rate suppression poses challenges not only for TWIA's financial stability but also for the admitted market. Artificially low TWIA rates can undercut private insurers, discouraging competition and reducing the incentive for companies to write wind coverage along the coast. Over time, this could further shift risk to TWIA and increase residual market dependence, placing greater strain on the system during catastrophic events.

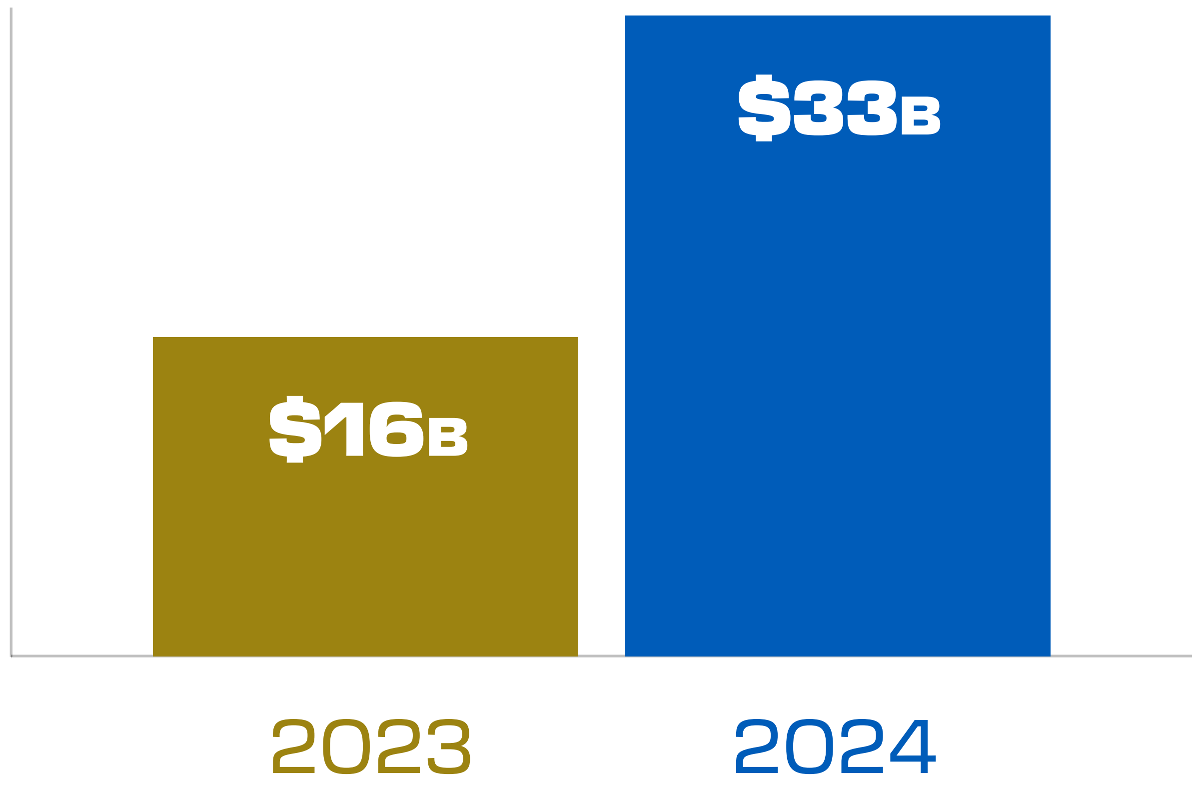
Residual Markets - Texas FAIR Plan Association (TFPA)

Policies in Force



In 2024, TFPA policies in force totaled 113,860, a **56.78% growth** from the 72,626 in 2023.

Exposure



TFPA's exposure in 2024 reached $32.9 billion, a 102.33% increase from the $16.3 billion in 2023.

Claims Reported

16,933

Largely due to Hurricane Beryl

Incurred Losses and LAE

$120.4M

Residual Markets - TFPA

Member Assessments

Due to losses from Hurricane Beryl, TFPA had to assess member companies.

- **Aug. 5, 2024**: The Governing Committee authorized staff to submit a $57.655 million assessment to the TDI, including $17.655 million for the 2023 calendar year deficit and $40 million for projected retained losses from Hurricane Beryl.
- **Nov. 7, 2024**: TDI approved the $17.655 million portion of the assessment. The $40 million portion remained under review.
- **Dec. 16, 2024**: Assessment letters were mailed to member companies for the approved $17.655 million portion. FAIR Plan staff reported that as of Feb. 7, 2025, $17.5 million had been collected.
- **Feb. 24, 2025**: The Governing Committee approved revising the Hurricane Beryl assessment request from $40 million to $60.069 million to reflect the actual 2024 deficit.
- **May 2025**: TFPA submitted the $60.1 million assessment filing for TDI review and approval.

Under Section 2211.104 of the Texas Insurance Code, member companies may recoup assessments over a three-year period through a premium surcharge applied to all property insurance policies issued in Texas.

Annual Rate Filing

On Dec. 9, 2024, the TFPA Governing Committee voted to file for full actuarial rate indications for all policy forms, capping any territorial increase at 25%. The filing, submitted on Jan. 13, 2025, also proposed changes to deductible options—eliminating the 1% deductible and introducing new 3%, 4%, and 5% options.

On April 11, 2025, TDI approved the base rate and deductible credit portions of the filing. The updated deductible options remain under review, pending a follow-up filing required by TDI.

Residual Markets - TFPA

Implementation Update: HB 998 - Property Owners' Association Coverage under the FAIR Plan

HB 998, passed during the 88th Legislative Session, requires the TFPA to begin offering property owners' association (POA) coverage by Sept. 1, 2024. The commissioner of insurance must define a designated area—within 10 miles of the TWIA's catastrophe area—and may identify underserved areas within it where POA risks lack reasonable access to voluntary market coverage. To implement the law, the Texas Department of Insurance adopted related rules in September 2024.

Five petitions submitted in late 2024 and early 2025 seek to designate parts of Harris County near Clear Lake as underserved. The Texas Department of Insurance held a public hearing on June 6, 2025, and the petitions remain under review.[16]

How Texas Compares to Other FAIR Plans

Texas ranks 6th nationwide among FAIR Plans, with 126,680 policies in force and $33 billion in total exposure. Florida leads in the number of policies, with approximately 1.3 million, while California tops the list in exposure, with $430 billion in insured value.

Residual Markets - Texas Automobile Insurance Plan Association (TAIPA)

TAIPA provides liability, personal injury protection (PIP), and uninsured/underinsured motorist (UM/UIM) coverage to drivers unable to obtain insurance in the voluntary market.

TAIPA Policy Assignments:

2022	2023	2024
1,352 policies	**1,758** policies	**1,960** policies

While policy assignments have gradually increased since 2022, the longer-term trend reflects a continued overall decline in TAIPA utilization—indicating sustained access to coverage in the private market for most Texas drivers.

Texas Legislature

The 89th Texas Legislature adjourned sine die on June 2, 2025.

Total Number of bills filed

8,719

up 8.4% from the last session when there were 8,046

House Bills filed

5,644

up from 5,413 last session

Senate Bills filed

3,075

up from 2,633 last session

ICT Number of Bills Tracked

608

up from 500

Number of ICT Tracked Bills Identified as Priority

123

up from 88 last session, 40% increase

Key Takeaways

- **Greater Number of P&C Bills Filed:** ICT identified 123 priority bills, a 40% increase from the 88 tracked last session, reflecting broader interest in P&C issues this session.
- **Increase in Overall Bills:** A total of 8,719 bills were filed, marking an 8.4% increase from the previous session. This included 3,075 Senate bills and 5,644 House bills, up from 2,633 and 5,413, respectively.
- **Key Issues This Session:** The 89th Legislature saw greater attention to P&C insurance topics than previous sessions, including regulatory reform, transparency and reporting requirements, TWIA funding changes, and appraisal process reform.

Key P&C Related Bills that Passed in the 89th Texas Legislature

Appraisal Clauses (SB 458): Requires auto and residential property policies to include binding appraisal clauses, except in cases of fraud or mistake. Existing policy forms are preserved. Effective Sept. 1, 2025.

Reporting Nonrenewals, Cancellations, and Declinations (HB 2067): Requires insurers to report reasons for nonrenewals, cancellations, and declinations to the Texas Department of Insurance, with protections for proprietary information. Effective Jan. 1, 2026.

Credit-Based Insurance Score Updates (SB 1644): Mandates that insurers using credit information update scores at least once every three years. Effective Sept. 1, 2025.

Prohibition on Tying Practices (SB 213): Prohibits insurers from conditioning the sale of one insurance product on the purchase of another ("tying"). Effective Sept. 1, 2025.

"Widow Penalty" Ban (SB 1238): Prohibits insurers from denying, limiting, or adjusting coverage or rates based on an applicant's marital status as a widow. Effective Sept. 1, 2025.

Artificial Intelligence Regulation (HB 149): Establishes a regulatory framework for AI use in insurance while preserving the Insurance Commissioner's existing authority and avoiding conflicts with current insurance law. Effective Jan. 1, 2026.

TDI Rulemaking and Regulatory Activity

TDI Adopts Updates to TWIA Umpire and Mediator Roster Application Forms
TDI adopted amendments to 28 TAC §§5.4215 and 5.4233, updating the application forms for inclusion on the TWIA umpire and mediator rosters. The revisions require applicants to consent to the publication of certain previously confidential information and align the umpire rule with the mediator rule concerning TWIA policyholder status and the disclosure of applicant details. No public comments were submitted on the proposed changes.

TDI Adopts New Rule on Nonrenewal and Termination Notices
TDI adopted new 28 TAC §21.501, under Subchapter F, Electronic Transactions, to implement HB 1040. The rule allows TDI-regulated entities to conduct business electronically but requires that cancellation and termination notices be delivered both electronically and in a nonelectronic format. It also clarifies that nonrenewals and policy discontinuations are considered terminations, though it does not specify when nonrenewal notices must be provided.

TDI Adopts Rules on FAIR Plan Coverage for Property Owners' Associations
TDI adopted amendments to 28 TAC §§5.9910, 5.9911, 5.9913-5.9917 and added new §§5.9930-5.9933 to implement HB 998 (88th Legislature), expanding Texas FAIR Plan coverage for property owners' associations. The rules require the commissioner to define a designated area—extending 10 miles inland from the TWIA catastrophe zone—based on geographic features. Within this zone, underserved areas may be identified where property owners' associations have limited access to voluntary market insurance. The rules set a $3 million coverage limit, expand FAIR Plan eligibility to a 14-county area near the coast, allow reinsurance of qualifying risks, and establish the process for property owners' associations to request underserved area designations.

TDI Adopts Updates to Contested Case Process
TDI adopted changes to modernize and clarify its contested case procedures. This includes repealing outdated sections (§§ 1.47-1.49, 1.51, 1.52, 1.88, and 1.89), amending § 1.32, and introducing new § 1.47. The revisions streamline processes related to hearing notices, case dispositions, and appeals, while bringing procedures in line with current laws and practices. The updates also improve how TDI notifies applicants and license holders of alleged violations and clarify how cases are handled when a party does not participate.

TDI Data Calls

45

TDI Releases Appraisal Data Call Results

TDI has published results from its appraisal data call, which collected information on the use of appraisal in residential property and personal auto insurance claims. Despite growing interest, appraisal is infrequently used—invoked in only one in 50 payable residential property claims and one in 5,000 personal auto claims from July 2020 to June 2023. Umpires were involved in a small share of cases (16% for property and 7% for auto), and the process was nearly always initiated by the insured. Average insurer appraisal costs were about $2,800 for property and $570 for auto, with awards typically exceeding the insurer's original offer.

Commissioner's Bulletin B-0015-24: Disallowed Expenses

TDI issued a mandatory data call to collect information on disallowed expenses, as defined in Chapter 2251 of the Insurance Code. These include administrative, lobbying, and advertising expenses, among others. Submissions were due no later than Aug. 30, 2024.

Commissioner's Bulletin B-0004-25: 2024 Property Direct Written Premium in the Texas Catastrophe Area

TDI issued a special data call to supplement statistical information and assist TWIA in calculating participation shares for potential assessments in 2025. Responses were due by June 16, 2025.

Commissioner's Bulletin B-0005-25: Help Insure

TDI issued a data call to support HelpInsure.com, the state's consumer resource for comparing personal auto andresidential property insurance. The only change from last year's criteria is the make and model year used to develop the auto sample rates. Data submissions are due by July 11, 2025, for rates effective June 1, 2025.

ICT WAS CREATED WHEN THE TEXAS INSURANCE ADVISORY ASSOCIATION AND TEXAS AUTOMOBILE INSURANCE SERVICES OFFICE MERGED IN 1996. FOR OVER 80 YEARS, THESE ASSOCIATIONS HAD BEEN THE PRINCIPAL PROPERTY AND AUTOMOBILE INSURANCE ASSOCIATION FOR COMPANIES OPERATING IN TEXAS, AND THEIR MERGER CREATED A STRONGER AND MORE EFFICIENT TRADE ASSOCIATION. BY 1999, THE NAME WAS OFFICIALLY CHANGED TO WHAT WE KNOW TODAY AS ICT, GROWING INTO THE LARGEST STATE-BASED PROPERTY AND CASUALTY ASSOCIATION IN THE COUNTRY.

Sources

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