Insurance Council of Texas | TCAIS Texas Coalition for Affordable Insurance Solutions | NAMIC National Association of Mutual Insurance Companies | American Property Casualty Insurance Association — Insuring America

SB 1643 by Sen. Schwertner

Our organizations oppose Senate Bill 1643, which would require the Texas Department of Insurance (TDI) to approve any rate change greater than 10%.

As filed, the bill applied to homeowners and private passenger auto insurance. The committee substitute expands its scope to include commercial auto and property insurance.

Insurance rates are based on projected losses—the expected cost of paying claims. Recent increases reflect rising claims costs, not a failure of regulation.

Insurance rates in Texas are already subject to two kinds of control:

- **Regulation:** TDI thoroughly reviews rates for homeowners and private passenger auto insurance. Most commercial auto and property insurance rates are also subject to review.
- **Competition:** Texas has a robust insurance market where companies compete to offer the best rates.

How do insurance profits in Texas compare to other states?

SB 1643 adds regulation that won't reduce insurance costs or losses. Under current rules, insurers file rates to stay solvent while remaining competitive.

Data from the National Association of Insurance Commissioners (NAIC) shows insurers in Texas do not earn more than in other states. The NAIC tracks profitability through "return on net worth," reflecting profits from premiums and investments.

Over the past decade, the average annual return for key lines of insurance in Texas are:

Private Passenger Auto: 2.6%

Homeowners Multiperil: 4.8%

Commercial Auto: Negative 1.6%

Commercial Multiperil: Negative 0.2%

Texas is among the least profitable states of these lines. The return on net worth rankings by line:

Texas is **43rd** in Private Passenger Auto Insurance

Texas is **47th** in Commercial Auto Insurance

Texas is **36th** in Homeowners Multiperil Insurance

Texas is **47th** in Commercial Multiperil Insurance

More rate regulation is not the answer, please oppose SB 1643