November 16th, 2026

Governor-Elect Gina Hinojosa
Cc: Governor's Transition Team

Re: Need for the Appointment of a Pro-Consumer Texas Insurance Commissioner

Dear Governor-elect Hinojosa,

The Consumer Federation of America (CFA)[1] congratulates you on your election. We write to urge the appointment of a new Insurance Commissioner to lead the Texas Department of Insurance and to offer you and your transition team assistance as you work to lower costs for consumers. With escalating auto and homeowners insurance rates and harmful pricing practices that leave many consumers paying higher prices, the appointment of a pro-consumer Insurance Commissioner is essential to lowering the cost burden of insurance for millions of Texans.

The Texas Department of Insurance (TDI) is among the best resourced Department in the nation, but over the last several years the Department has focused on protecting the interests and profits of insurers at the expense of protecting consumer rights and access to a fair and affordable insurance market. With the leadership of a strong Commissioner who is willing to hold insurers accountable to Texas law and prioritize consumer interests, we believe TDI can bring significant financial relief to Texans across the state. We speak about this potential with some confidence, as CFA's first Director of Insurance, Bob Hunter, served as the Texas Insurance Commissioner under Governor Ann Richards.

Texas's insurance market is one of the largest in the nation, worth about $294 billion[2] and with more than $106 billion in direct written property and casualty premiums in 2025.[3] The Texas Department of Insurance (TDI), which oversees auto, homeowners, life, health, workers compensation, and the rest of the insurance market, is tasked with ensuring that insurance rates are not excessive, inadequate, or unfairly discriminatory and that companies pay claims fairly and expeditiously. The Commissioner is also responsible

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[1] The Consumer Federation of America is an association of over 200 state and local organizations that has worked on insurance reform and affordability for decades. Our insurance work was started by J. Robert Hunter, a former Texas Insurance Commissioner who uncovered numerous unfair practices and insurer abuses. Our Director of Insurance Douglas Heller is a member of the Federal Advisory Committee on Insurance and a Board member who helps oversee California's low-cost auto insurance program. Our Research and Advocacy Associate Michael DeLong is a funded Consumer Representative with the National Association of Insurance Commissioners (NAIC) and a member of the Nevada Property and Casualty Advisory Committee.

[2] "Celebrating 150 Years Protecting Texans." Texas Department of Insurance. September 10th, 2026. Available at https://www.tdi.texas.gov/blog/celebrating-150-years-protecting-texans.html.

[3] 2025 Market Share Reports For Property/Casualty Groups and Companies by State and Countrywide, National Association of Insurance Commissioners. August 2026.

for ensuring the solvency of insurers in the state, which includes monitoring the risk in companies' investment portfolios.

Below we share some reasons why the appointment of a Commissioner independent of the insurance industry and committed to consumer protection is in service of your affordability agenda.

- State law requires that all Texas drivers purchase auto insurance, but the market is simply unaffordable for many Texans. An estimated 14.5% of Texas motorists drive uninsured.[4]
- Similarly, every homeowner with a mortgage is required to purchase insurance by their lender, and Texans pay more for homeowners insurance on average than all but one state.
- For those who own their home outright, often because it has been handed down from generation to generation, Texas has among the highest levels of uninsured homes in the country and Houston had the second highest percentage of uninsured homes among major U.S. cities, only behind Miami.[5]
- High prices disproportionately harm low-income consumers and communities of color, because insurers include socioeconomic and personal characteristics of customers in their pricing models. For example, insurers' use of credit history pushes up auto insurance premiums for Texas drivers with perfect driving records but "average" credit by 61% compared to drivers with "excellent" credit, while safe driving Texans with "poor" credit pay 126% more for the basic coverage required by state law.[6] *Consumer Reports* found that Texans with perfect driving records but "poor" or even "good" (but not excellent) credit pay more for coverage than drivers with excellent credit *who have been convicted of drunk driving*.[7]
- Insurers' use of credit scores has a similar impact on homeowners insurance prices. A 2025 CFA report found that Texas homeowners with "average" credit paid 40% more for coverage compared to homeowners with excellent credit. Texas homeowners with "below fair" credit are charged an astonishing 95% more, or

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[4] "Estimated Percentage of Uninsured Motorists by State, 2023." Insurance Research Council, published by Insurance Information Institute. Available at https://www.iii.org/fact-statistic/facts-statistics-uninsured-motorists.

[5] "EXPOSED: A Report on 1.6 Trillion Dollars of Uninsured American Homes." By Sharon Cornelissen, PhD, Douglas Heller, and Michael DeLong. Consumer Federation of America. March 2024. Available at https://consumerfed.org/media/legacy/post_28133/Exposed-UninsuredHomes-1.pdf.

[6] "The One Hundred Percent Penalty: How Auto Insurers' Use of Credit Information Increases Premiums for Safe Drivers and Perpetuates Racial Inequality." By Douglas Heller and Michael DeLong. Consumer Federation of America. July 31st, 2023. Available at https://consumerfed.org/media/legacy/post_26967/Official-CFA-Credit-Score_2023-FINAL-REPORT.pdf.

[7] "How Does Your Credit Score Affect What You Pay?" *Consumer Reports. July 2015*. While the research is dated, we believe the findings, generally, still hold. Available at https://www.consumerreports.org/cro/car-insurance/credit-scores-affect-auto-insurance-rates/index.htm.

nearly $3,000 more per year, than insurers charge to people with similar homes but "excellent" credit.[8]

- Community Development Organizations and Affordable Housing Providers in Texas report that they are finding very few – and dramatically higher-priced – options for coverage, with many being completely shut out of the normal property insurance market and forced into the non-admitted "surplus" market. In this market they face huge premium hikes, much higher deductibles, and no protection if their (often offshore) surplus lines insurers becomes insolvent.[9]
- Legal and regulatory actions around the country are revealing insurers' aggressive strategies to unfairly delay, low-ball, and deny claim payments to consumers. Recently, the state of Oklahoma filed lawsuits against Allstate and State Farm for allegedly maintaining secret standards (reportedly also deployed in Texas, according to the State Farm lawsuit) where they attempted to close as many homeowners claims as possible without paying the customer anything and to reduce payments as much as possible, in spite of their massive advertising campaigns promising otherwise.[10] [11]
- Insurers are increasingly turning to artificial intelligence for all aspects of the insurance product cycle with insufficient regulatory guidance or constraints. We expect that this will not only further disempower consumers when they buy insurance and file claims, but it will reinforce long-standing racial and ethnic biases that have harmed communities of color for decades.

Reducing insurance costs, stopping unfair discrimination, and ensuring fair treatment of consumers by insurance companies will require substantial structural reforms and a Commissioner dedicated to seeing them through. The new Commissioner must use TDI's expertise and authority to advocate for legislative reforms, including bans on socioeconomic factors that insurers use to surcharge consumers higher premiums (such as credit scores, job titles, education levels, or ZIP codes) and the creation of a low-cost auto insurance program for low-income drivers. The Commissioner must also provide guidance to insurers and consumers on how to reduce risk and hold insurers accountable for any mistreatment of consumers, including delays, denials, and minimizations of claims.

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[8] "Penalized: The Hidden Cost of Credit Score in Homeowners Insurance Premiums." By Moira Birss, Sharon Cornelissen, Douglas Heller, Nick Graetz, Ethan Weiland, and Michael DeLong. Consumer Federation of America and Climate & Community Institute. August 12th, 2025. Available at https://consumerfed.org/media/legacy/post_26967/Official-CFA-Credit-Score_2023-FINAL-REPORT.pdf.

[9] "The U.S. Property Insurance Crisis and Its Cascading Impact on Affordable Multifamily Housing." By Daniel Elkin, PhD. cdcb: com dream, come build. March 2026. Available at https://cdcb.org/wp-content/uploads/2026/03/Affordable-Housing-and-Insurance-White-Paper.pdf.

[10] "Drummond Files New Lawsuit Against State Farm." Oklahoma Attorney General. June 24th, 2026. Available at https://oklahoma.gov/oag/news/newsroom/2026/june/drummond-files-new-lawsuit-against-state-farm.html.

[11] "Oklahoma Attorney General Sues Second Insurance Company for Claims Practices." By Barbara Hoberock. Oklahoma Voice. July 7th, 2026. Available at https://oklahomavoice.com/2026/07/07/oklahoma-attorney-general-sues-second-insurance-company-for-claims-practices/.

For all these reasons, we urge you to appoint an Insurance Commissioner who will listen to and stand up for consumers. We would be happy to work with you and your transition team as you develop your administration's goals for addressing problems in the state's insurance market and select the next Texas Insurance Commissioner.

Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

Douglas Heller
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Consumer Federation of America

Michael DeLong
Research and Advocacy Associate
Consumer Federation of America