

MAY 11 2010



May 7, 2010

The Sunset Advisory Commission  
Robert E. Johnson Building, Sixth Floor  
Austin, Texas 78701

Dear Members,

We would like to thank the Sunset Commission staff for their efforts in assembling the special purpose review for the Texas Department of Insurance (TDI). While the 2008 recommendations on TDI continue to be appropriate for consideration in 2010, we believe there is an unaddressed priority that should be included in the Sunset Committee's full recommendations to the Legislature.

Texas consumers continue to pay some of the highest rates in the nation for their homeowners' insurance. In light of recent developments, we would respectfully request that the Commission include a recommendation to give TDI the tools they need to reign in skyrocketing rates through a "prior approval" system.

TDI has done an admirable job with the tools they have been given to advocate on behalf of homeowners, even taking the dramatic step of suing State Farm Insurance for overcharging homeowners by hundreds of millions of dollars. State Farm has responded in kind by tying up the suit in the legal system in an attempt to water down the judgment against them.

Meanwhile, State Farm announced that they would institute a 4.5 percent hike a mere seven months after an 8.8 percent hike. It is clear that TDI needs the tools to act on behalf of consumers before such egregious rate hikes, instead of after the fact when companies can stall litigation in courts.

A "prior approval" system would require the Commissioner of Insurance to approve a rate increase before a company can implement it. This would ensure that insurance companies justify their rate increases, protecting policyholders from excessive charges.

As our collective constituency has had to write larger and larger checks to cover their homeowners' insurance policies, it has become more than clear that action is needed now. As the Commission determines how TDI should be restructured, it is our hope that they will recommend giving the Department the necessary tools to advocate on behalf of consumers.

We will continue to advocate for legislation that will benefit Texas homeowners. Thank you again to the Commission and the staff for considering our request, and for undertaking the important task of reviewing TDI and other state agencies.

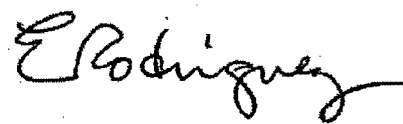
Sincerely,



Representative Alma A. Allen



Representative Al Edwards



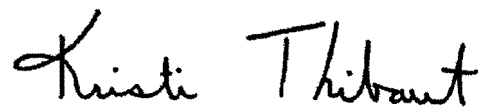
Representative Eddie Rodriguez



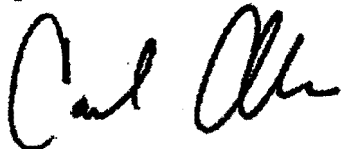
Representative Roberto Alonzo



Representative Joe Farias



Representative Kristi Thibaut



Representative Carol Alvarado



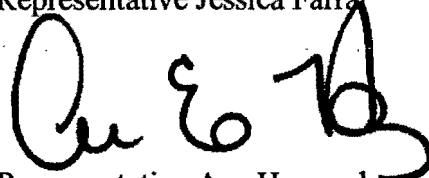
Representative Jessica Farrar



Representative Chris Turner



Representative Valinda Bolton




Representative Ana Hernandez



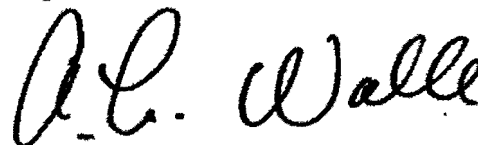
Representative Marc Veasey



Representative Lon Burnam



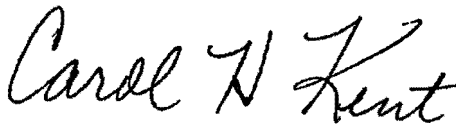
Representative Abel Herrero



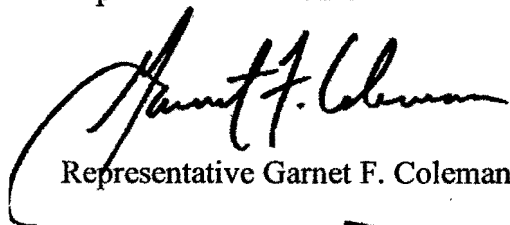
Representative Armando Walle



Representative Ellen Cohen



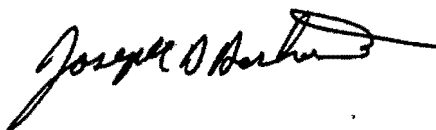
Representative Carol Kent



Representative Garnet F. Coleman



Representative Barbara Mallory  
Caraway



Representative Joe Deshotel



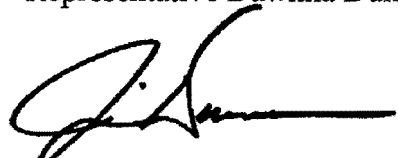
Representative Robert Miklos



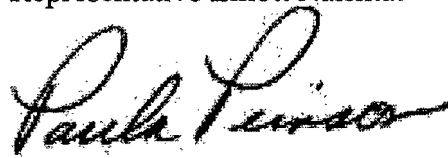
Representative Dawna Dukes



Representative Elliott Naishtat



Representative Jim Dunnam



Representative Paula Pierson