

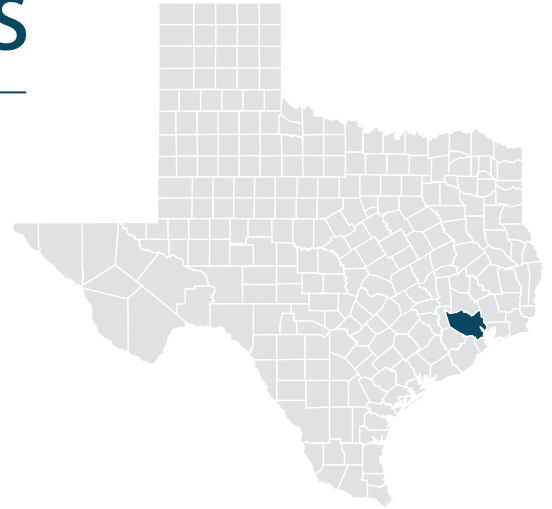
The Car Insurance Tightrope in Texas

Stories from **Harris County**
on Affordability & Fair Pricing



The Car Insurance Tightrope in Texas

Stories from **Harris County**
on Affordability & Fair Pricing



Authors

Ann Baddour, M.A., M.P.Aff., *Director, Fair Financial Services Project* – Texas Appleseed

Ellen Stone, Ph.D., *Director of Research* – Texas Appleseed

Contributors

Schirell Sidney, *Senior Manager, Financial Stability* – United Way of Greater Houston

Allison Holden, *Program Manager, Financial Stability* – United Way of Greater Houston

Uyiosa Elegon, *Senior Community Outreach Organizer* – Texas Appleseed



ABOUT TEXAS APPLESEED

As one of the most trusted resources for data-driven policy analysis and solutions, Texas Appleseed advocates at the state and local level for fair, just, and equitable laws. Our work has shaped hundreds of laws and positively affected millions of Texans by breaking down barriers through transformative policy solutions. Visit www.TexasAppleseed.org for more information.



ABOUT UNITED WAY OF GREATER HOUSTON

United Way of Greater Houston connects people to possibility. We unite donors, volunteers and community partners in support of a focused plan to remove barriers on the path to financial stability for families and individuals. Programs focused on financial stability, youth opportunity, healthy community, and community resiliency help our neighbors land on their feet and stay there. For families and individuals who are ready, our Integrated Client Journey removes barriers on the path to financial stability. United Way also connects our neighbors to help, hope and critical resources 24/7/365 through the 211 Texas/United Way HELPLINE. Our community investments are backed by research, ensured by good stewardship and deliver results. For more information, visit www.unitedwayhouston.org.

Table of Contents

Introduction	1
Overview of Focus Group Participants	3
Theme 1: People Struggle to Afford Car Insurance	4
Theme 2: Participants Saw Benefits to Having Insurance, But Sometimes Went Without	6
Theme 3: There Was a Strong Consensus That Insurance Pricing Unfairly Penalizes Poverty	8
A Vision for a Fair Market from Focus Group Participants.....	11
Data Appendix: Methodology and Survey Results.....	12

Introduction

The cost of car insurance is a growing part of monthly budgets. In Texas, average car insurance rates increased by 23.8% in 2022 and an additional 25.5% in 2023. Rate increases have slowed in 2024 and 2025, but the cumulative cost increases have caused financial stress for many Texans.

Despite legal requirements to maintain a basic level of liability insurance, surging costs can lead people to forgo car insurance to make ends meet.¹ A recent Texas Appleseed study also found that higher auto insurance costs are associated with more ticketing for driving without insurance.² As one Harris County resident shared after she lost her job due to Hurricane Beryl, “That was when it became very clear to me that if I buy myself insurance, I’m literally not going to be able to go grocery shopping for my daughter and me to eat dinner at night. I’m not going to not feed my child so that I can have insurance.”³

When drivers carry at least basic liability insurance it benefits everyone. However, pricing in the market is creating barriers for low- and moderate-income Texans. Approximately 12 percent of Texas car owners are uninsured, with the rates reaching 14% to over 20% in 32 counties, including both large urban and smaller rural counties.⁴ In Harris County, 14.44% of registered vehicles are uninsured.⁵

Social factors, like zip code, gender, and credit score, as well as gaps in insurance coverage have oversized effects on the amount a person pays and are contributing to unaffordable pricing. For example, in Texas, a driver with poor credit pays, on average, 3 to 3.5 times the premium of a similar driver with excellent credit.⁶

“That was when it became very clear to me that if I buy myself insurance, I’m literally not going to be able to go grocery shopping for my daughter and me to eat dinner at night. I’m not going to not feed my child so that I can have insurance.”

¹ Texas Department of Insurance. (2026, January 22). *Auto and Home Insurance Rate Change*. Retrieved February 12, 2025, from <https://www.tdi.texas.gov/blog/auto-and-home-insurance-rate-changes.html>.

² Stone, Ellen & Baddour, Ann. (2025) *Targeting by Zip Code: An analysis of car insurance pricing and related criminal justice consequences in Harris County*. Texas Appleseed. https://www.texasappleseed.org/sites/default/files/2025-02/targetingbyzipcodereport5_webfinal_feb4_2025.pdf.

³ Keshner, Andrew. (2025, December 24). More uninsured drivers, more unfixed damage: Soaring care insurance prices have pushed Americans into risky trade-offs. *MarketWatch*. https://www.marketwatch.com/story/more-uninsured-drivers-more-unfixed-damage-soaring-car-insurance-prices-have-pushed-americans-into-risky-trade-offs-9d322a39?st=MN4GFt&reflink=desktopwebshare_permalink.

⁴ TexasSure Vehicle Insurance Verification. (2025, September 1). <https://www.texassure.com/documents/umcounty20250901.pdf>. This data provides an approximation of the uninsured rate. It shows the percent of vehicle registrations not matched with an active insurance policy.

⁵ *Id.*

⁶ Benincasa, Robert (2025, November 6). Your credit history could be costing you more to drive. *NPR Morning Edition*. <https://www.npr.org/2025/11/05/nx-s1-5397184/auto-insurance-credit-history-cost>.

To better understand the experiences of low- and moderate-income Texans in an increasingly unaffordable car insurance market, we are holding a series of focus groups across Texas over the coming year. This white paper presents data and themes from a Harris County focus group conducted in September 2025.⁷

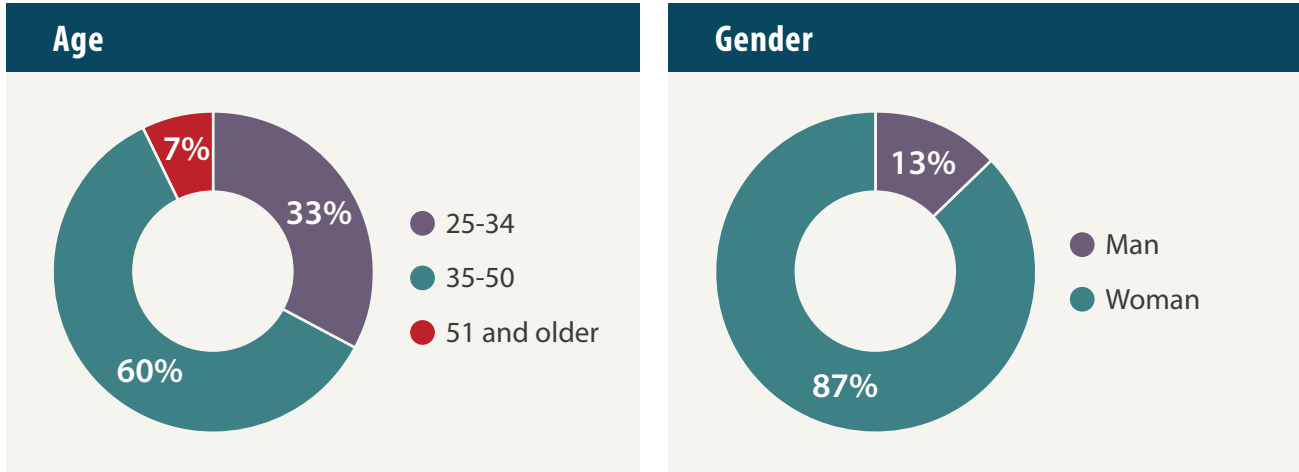


Photo by Uyiosa Elegon

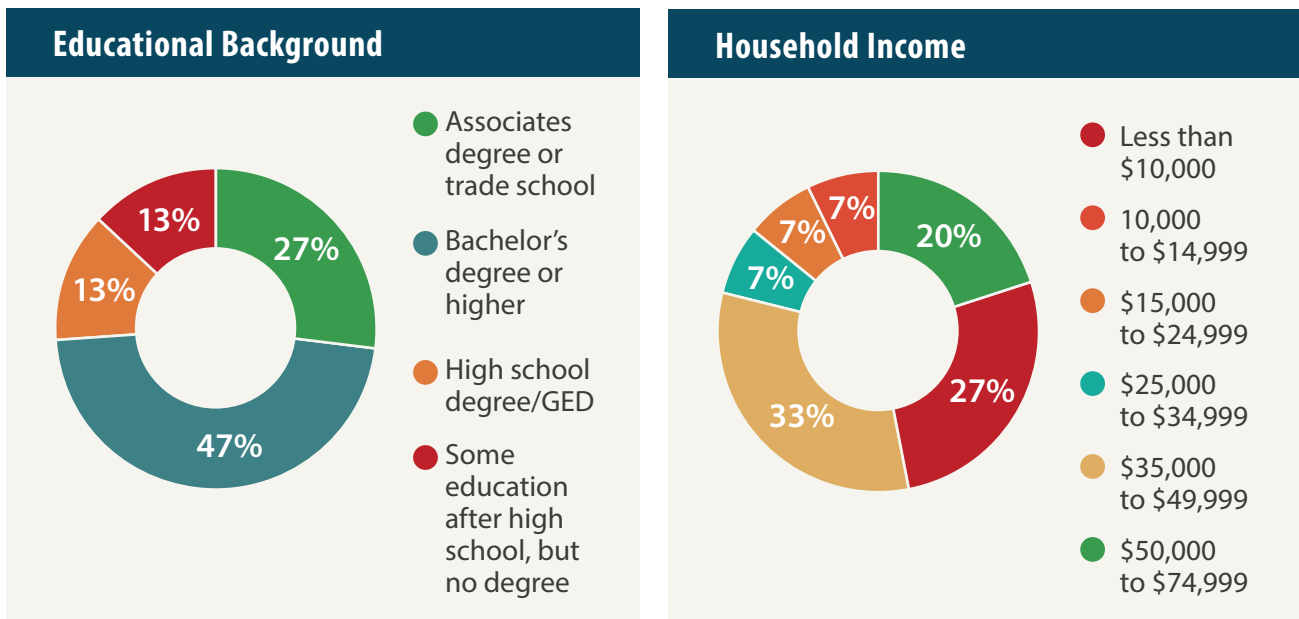
⁷ Nineteen people responded to at least some of the survey questions, and 16 of those attended the focus group discussion. The focus group discussion was held at the United Way of Greater Houston on September 24, 2025.

Overview of Focus Group Participants

Focus group participants were largely in the 35-50 age group (60%), and the majority, 87%, were women.



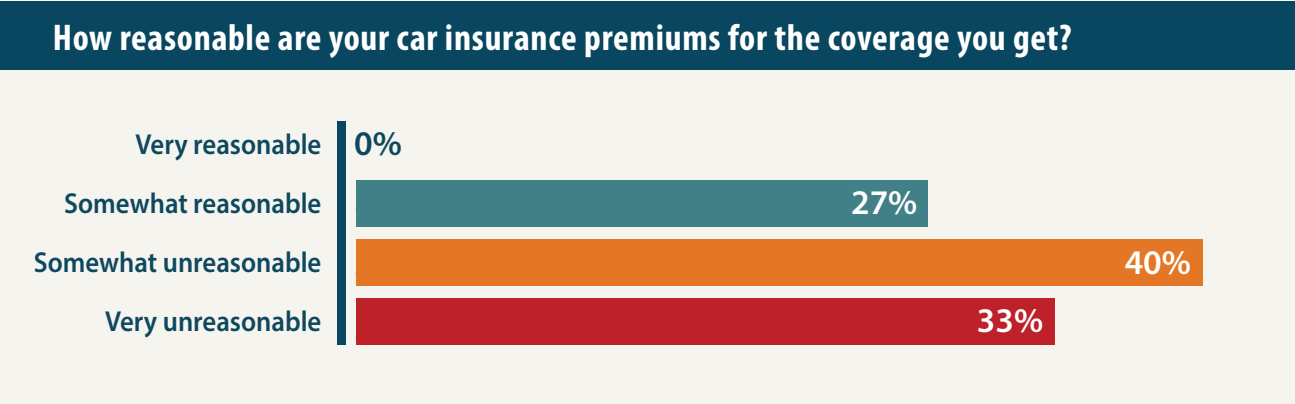
Most participants had at least some education after high school and most were low- or moderate-income, with 80% having an annual income of less than \$50,000. Sixty-four percent of participants who shared their zip code lived in a zip code with both higher-than-average insurance costs and ticketing rates for driving without insurance coverage.⁸



⁸ Based on Texas Appleseed analysis of insurance rates and ticketing. See Footnote 2.

People Struggle to Afford Car Insurance

Most participants in the focus group had car insurance and paid, on average, \$238 per month per car, or \$2,856 per year. Half had only the minimum legally required liability insurance, with the remainder having collision, comprehensive or both — in addition to the legally mandated minimum.⁹ Participants expressed differing priorities related to purchasing insurance. Some purchased whatever was required. “If you are financing a car, they tell you you have to have comprehensive insurance. If you own your car, you can just need liability,” noted a participant. Others focused on specific benefits: “I drove off my car lot with no car payment, but decided on my car insurance because I have people in my car and want to make sure they are going to be covered,” and “I also want to make sure the policy covers other people driving my car.”



Despite different priorities and a high likelihood of shopping around, most participants agreed that the cost of insurance was too high and affordable options were not generally available. Seventy-three percent of participants indicated that the price they pay is somewhat or very unreasonable. “My premiums keep going up despite not having tickets or accidents,” shared one participant. Another noted, “I haven’t had any car accidents in the past five years. I am over 40. I’m just paying for liability. I should not be paying over \$300 for two vehicles for just liability.”

“My premiums keep going up despite not having tickets or accidents.”

⁹ Due to the varied types of car insurance policies, we were unable to determine the average car insurance premium for each type of policy that participants had. However, we determined the overall average expenditure per month for each participant or, in other words, the average price per month participants pay to be insured (regardless of the type of coverage) per car. Participants were asked the following questions related to their current car insurance coverage: About how much do you pay each month for car insurance? Is your policy a 6-month or 12-month policy? How do you pay for your policy? Do you have to pay an extra fee in order to make monthly payments? If you pay with a loan, do you know the interest rate of the loan you have? See the data appendix for response details.

Price was the most important factor for most people when choosing their car insurance, and they expressed stress and anxiety related to their market experience. There was a strong sense that pricing in the market was unfair. A 25-year-old woman shared that she drives a car but is not on the policy because the premium would have “went from like \$200 to \$500.” “I don’t have a bad driving record at all...why spend the extra money?” Some participants shared strong feelings, with one noting, “I just personally feel like it is a scam,” and another sharing, “I hate paying for insurance.”

While a few people expressed positive experiences with car insurance, such as good customer service from one company and helpful insurance agents, most expressed frustration. Many of the negative feelings about insurance were connected to the unaffordable cost. Eleven participants provided an estimate of their monthly household expenses.¹⁰ Those with both car insurance and a car payment reported spending, on average, approximately 13% of their monthly household expenses on car payments and 10% of their monthly household expenses on car insurance. Generally, 2% of a monthly budget is the target amount for affordable car insurance.¹¹ On average, people paid five times that target amount, indicating that their car insurance is extremely unaffordable. A participant stated: “It’s a big part of a lot of our budgets. You have your car payment at \$600 or \$700...and you have insurance, another three hundred dollars a month. It is almost \$1,000 just for a car.”

“

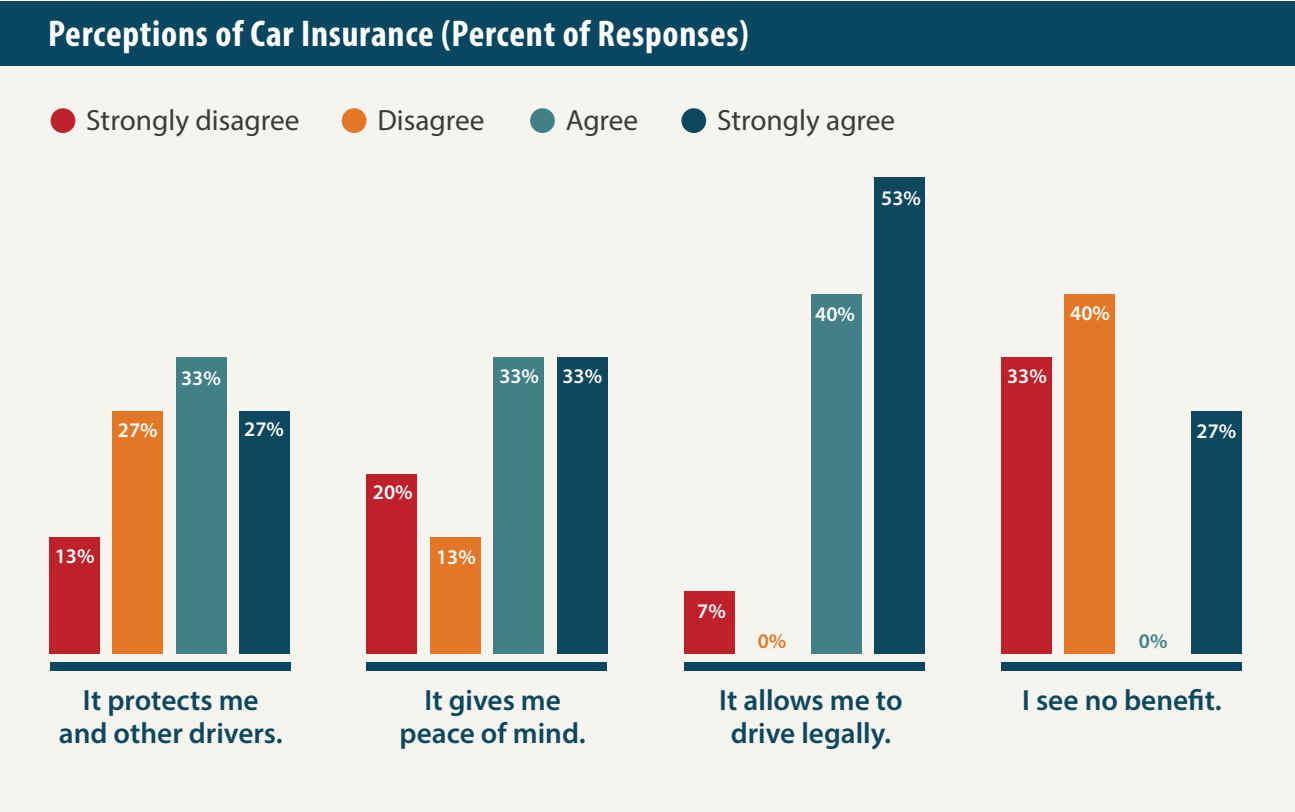
“It’s a big part of a lot of our budgets. You have your car payment at \$600 or \$700...and you have insurance, another three hundred dollars a month. It is almost \$1,000 just for a car.”

¹⁰ Two participants responses were removed due to extreme values, two participants did not complete the monthly budget question, and four participants did not reach this section of the survey and therefore did not complete the survey.

¹¹ Federal Insurance Office. (2017, January). *Study on the Affordability of Personal Automobile Insurance*. U.S. Department of Treasury. https://home.treasury.gov/system/files/311/FINAL%20Auto%20Affordability%20Study_web.pdf.

Participants Saw Benefits to Having Insurance, But Sometimes Went Without

Generally, participants agreed that car insurance has benefits. Over half felt that it protects them and other drivers and gives them peace of mind. Over 90% agreed that it allowed them to drive legally.



Despite acknowledging benefits and wanting to be able to drive legally, seven participants (47%) noted that they have gone without car insurance while owning a car, and almost all stated that the high cost of car insurance is what prevented them from having it. Six participants (40%) indicated that they have gotten a ticket for not having car insurance. One participant, sharing her experience of going in and out of carrying insurance said, "...it is always like a fear when you drive, like I'm going to get pulled over or whatever. So, then, I got insurance again. Then I was hit in the back during morning traffic...and there was nothing to be done, because he didn't have insurance, so I got so mad...And then, I got in an accident, someone hit me in the back again. They did cover it then...But it is always that yes and no...I know it's important." Another shared, "I cannot afford to pay \$5K a year for something that may or may not provide protection."

These experiences highlight mixed feelings regarding the value proposition of car insurance for families living paycheck to paycheck. Many acknowledged the general benefit, but few felt like it was working for them. One person noted, “While insurance helps drivers with peace of mind and coverage in CERTAIN instances, it is always a battle to have accidents/damage covered by the insuring company. In addition, coverage costs rise even if we are not at fault.” Another shared, “If you don’t have a new car, what is the point of paying? If you have a high deductible, then you have to pay a lot before you get any help.” Some also expressed concern about the financial consequences of making a claim. One person said, “I had gotten in a car accident and chose not to use my insurance because I didn’t want the premium to go up.”

“

“While insurance helps drivers with peace of mind and coverage in CERTAIN instances, it is always a battle to have accidents/damage covered by the insuring company.”

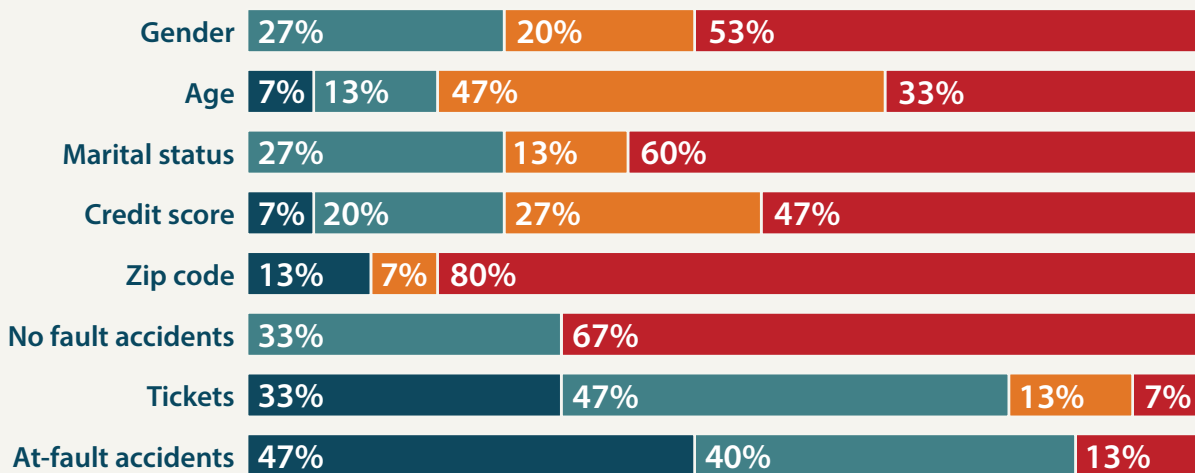
There Was a Strong Consensus That Insurance Pricing Unfairly Penalizes Poverty

Participants discussed insurance pricing factors. They rated pricing based on gender, credit score, age, marital status, zip code, and no-fault accidents as unfair. Reflecting on those factors, one person shared, “[Y]ou are penalizing a low wealth population who, you know, are trying to do the right thing and make this something that is in their monthly budget.”

They viewed at-fault accidents, tickets, and natural disasters as fair factors to consider. In the words of one participant: “I feel like your driving record should be the main thing you focus on.”

Fairness of Insurance Pricing Factors

● Very fair ● Somewhat fair ● Somewhat unfair ● Very unfair



“

“Why should I have to pay an extra \$200 or whatever because I chose not to get married or it just doesn’t fit right now?”

People felt strongly that being penalized for things that seem out of their control was unfair, except for natural disasters. They commented on different aspects of unfairness in insurance practices:

- **On zip code:** “Being poor or being the working poor isn’t a crime. Not everyone is as fortunate as others to be exposed to opportunities. One accident or downfall in [the] economy can [make] someone move to different zip just to survive. They shouldn’t be penalized for life’s events that everyone goes through.”
- **On age and gender:** “There are things that are very unfair because they are things you cannot control, like your gender or your age, and you have to pay more. Your driving record makes sense if you have speeding tickets and are high risk. But there are some things I think are kind of unfair, like your zip code and your gender.”
- **On credit scoring:** “So it is just really unfortunate, especially when people are trying to do the right thing, to say you have a low credit score, that we’re going to penalize you even more,” and “I believe it is a punishment for anybody with a low credit score.”
- **On marital status:** “You know, you put single, but single moms aren’t going to be as reckless, or single dads... You know, I put single, but I have kids in my car too so I’m going to be, you know, more careful,” and “Why should I have to pay an extra \$200 or whatever because I chose not to get married or it just doesn’t fit right now?”

A person summarized the conversation, stating, “I feel like insurance is putting everyone on a tilted scale.”


Participants were also surprised to learn that rates can sometimes double if a person has a gap in insurance coverage. One noted, “Like that is crazy. That really surprised me, but I wasn’t surprised that basically they are criminalizing poverty, and they’re going after people that are poor, that are usually people of color. So, poverty is a proxy of race and discrimination.”

“

“They’re going after people that are poor, that are usually people of color. So, poverty is a proxy of race and discrimination.”

The feeling of unfairness caused some people to try workarounds to get an affordable policy. One person shared, “My car insurance is higher than my car note...my main thing that gets me is my zip code.” In response, another participant said that she had let many relatives use her home as the location of their car so that they could get lower rates. Yet another noted, “I am grateful to my car lot, because she said, I’m gonna get you insurance... She put the address way out. I’m like, why is she doing that?...She hooked me up so I would get a lower rate.”

The consensus was summed up by participants who shared: “The poor are penalized and are taxed because they’re poor due to factors that don’t indicate the level of risk that’s being transferred to the insurance company. My credit score and marital status has nothing to do with my ability to safely drive a car” and “You are penalizing low wealth people for not having access to public transportation.”



“My credit score and marital status has nothing to do with my ability to safely drive a car.”

A Vision for a Fair Market from Focus Group Participants

Overall, 80% of the focus group participants believed that people should be required to buy insurance to drive in Texas. However, there was a strong feeling that people needed to see a financial benefit for doing the right thing: “Am I going to keep this? Can I keep this up? Why don’t I get anything because I am successful at making this payment without fail? What do we get for being good citizens?”

Several participants agreed that when car insurance is required, it should be affordable. “State minimum should be a requirement, but the price should depend on the driver and driving record. Otherwise, it should be a standard rate for everyone,” shared one participant.

“Why don’t I get anything because I am successful at making this payment without fail? What do we get for being good citizens?”

Another person added that, if insurance is legally required, then the government should provide an affordable option in the market, “...a fixed rate that everybody has to pay or, you know, it could be based on your driving record. Something that is more concrete...Something that actually has to do with your driving, not just your zip code, or based on your income, or your gender or your race. Those are things you can’t control and they’re discriminatory.”

“The price should depend on the driver and driving record. Otherwise, it should be a standard rate for everyone.”

Data Appendix: Methodology and Survey Results

Methodology

Focus group participants were recruited through nonprofit organizations in the THRIVE network of the United Way of Greater Houston. Individuals who RSVP'd to the focus group were provided with a set of survey questions. Nineteen individuals answered at least some of the survey.¹² Of the 19 survey respondents, 16 attended the focus group, which was held at the offices of the United Way of Greater Houston on September 24, 2025. This appendix includes detailed survey responses that are not included in the main body of the report.

Survey Results

Do you currently have car insurance?

Response	Count (%)
Yes	15 (79%)
No	4 (21%)
Total	19

What kind of insurance do you have?

Response	Count (%)
Basic Liability	7 (50%)
Liability and collision	2 (14%)
Liability, collision, and comprehensive	5 (36%)
Total	14

Note: Responses only for participants who have car insurance who answered.

¹² Four individuals did not complete the survey: one who indicated they did not have insurance and three who indicated they did have insurance. All responses were included in the analysis, therefore the total number of participants per question varies.

What insurance company do you use?

Response	Count (%)
Geico	2 (14%)
Progressive	2 (14%)
State Farm	2 (14%)
Go Auto	2 (14%)
Allstate	1 (7%)
USAA	1 (7%)
Bristol West	1 (7%)
The General	1 (7%)
Seaharbor	1 (7%)
Other	1 (7%)
Total	14

Note: Responses only for participants who have car insurance who answered.

How many drivers are on your policy?

Response	Count (%)
Only me	7 (50%)
On my parent's policy	3 (21%)
Myself and a partner/spouse	2 (14%)
Family policy (my policy with one or more kids)	1 (7%)
Other	1 (7%)
Total	14

Note: Responses only for participants who have car insurance who answered.

How many cars are insured on your policy?

Response	Count (%)
1	9 (64%)
2	3 (21%)
3	1 (7%)
Other	1 (7%)
Total	14

Note: Responses only for participants who have car insurance who answered.

: How much do you pay now compared to two years ago for the same drivers and coverage?

Response	Count (%)
I pay much more now.	4 (29%)
I pay somewhat more now.	1 (7%)
I pay somewhat less now.	4 (29%)
I didn't own a car two years ago.	1 (7%)
I owned a car, but didn't have car insurance two years ago.	1 (7%)
Other	3 (21%)
Total	14

How often do you shop around for insurance when your policy comes up for renewal?

Response	Count (%)
I look at premiums every six months and see if there is another insurance company that gives me a better price.	7 (50%)
I shop around every few years to see if there is another insurance company that gives me a better price.	2 (14%)
I hardly ever shop around.	3 (21%)
Other	2 (14%)
Total	14

Estimate of Monthly Household Expenses

Monthly Expense	Average percent spent monthly	Median percent spent monthly	Range of responses	Count of participants¹³
Housing	37%	40%	20-60%	9
Food	24%	20%	10-76%	11
Utilities	17%	18%	10-30%	10
Car payment	13%	13%	3-20%	6
Car insurance	10%	10%	1-30%	8
Other expenses	16%	10%	5-60%	11

¹³ Participants were dropped from the average, median, and range of response calculations if they indicated that they spent 0% of their household monthly budget on the expense.



www.TexasAppleseed.org



www.UnitedWayHouston.org