SUPPORT SB 1238
TEXAS WIDOW PENALTY: INSURANCE COMPANIES CHARGE WIDOWS MORE

Loophole in Texas Law Allows Insurers to Charge a Widow Penalty

Few situations are more difficult than losing a spouse. While working through the grief and financial challenges, many are met with a surprise: their insurance rates jump up.

Section 544.002(a)(2) of the Insurance Code prohibits insurance pricing discrimination based on marital status, but there is a catch. The following section creates a loophole that enables insurers to charge a widow penalty.[1]

With 1,147,388 widows and widowers in Texas, 76% of whom are women, the financial impacts of the loophole are far-reaching.[2]

Texans Impacted

There are **1,147,388** widows and widowers in Texas

76%

of people widowed are women

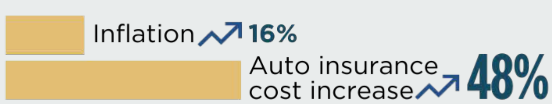
An auto insurance snap shot of 35 companies, from July of 2024, found an average **12% surcharge for a widow compared to a married woman, averaging $95 in additional charges.**[3] Stories from Texans indicate that the same penalties also apply to homeowners' insurance.

> **My house insurance went up over $100.00**. When the time came for the car insurance, I called to remove his name from the policy, thinking this would decrease my rate. I was wrong. **I was moved to a single category (no accidents, claims or tickets) from $596.00 to $634.00 every 6 months. Again an increase on 8/23 to $823.00 for a single person.**

The widow penalty is doubly concerning in light of recent spikes in insurance costs. Inflation over the past three years has created more urgency to find a solution. While costs overall have increased by 16% from June of 2021 to June of 2024, **the cost of automobile insurance has grown by 48%.**[4]

Surging Insurance Costs

June 2021- June 2024



July 2024

12% Surcharge for a widow compared to a married woman

WHAT CAN TEXAS DO?

- **The answer is simple: amend the Texas Insurance Code to close the widow penalty loophole.**

  Charging a widow penalty is currently prohibited in Delaware, Maryland, Massachusetts, Michigan, Pennsylvania, and Rhode Island.

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[1] See Sec. 544.003(b), Insurance Code and 28 TAC §21.406.

[2] 2022 1-Year American Community Survey, Number of Widows and Widowers in Texas, available at: https://data.census.gov/table/ACSST1Y2022.S1201?q=Marital%20Status%20and%20Marital%20History&g=040XX00US48.

[3] Based on quote testing of 35 Texas auto insurance providers on July 15, 2024.

[4] Bureau of Labor Statistics, Motor vehicle insurance in U.S. city average, all urban consumers, not seasonally adjusted, June 2021 to June 2024, available at: https://data.bls.gov/timeseries/CUUR0000SETE?output_view=data.

PAM KUCHTA'S STORY

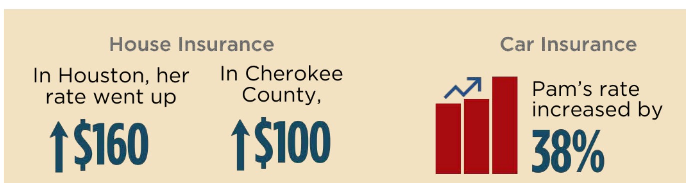
LOOPHOLE IN TEXAS LAW IS ADDING TO HER AND OTHER WIDOWS' GRIEF

On July 9th, 2021 I lost my husband to a rare cancer. He was in hospice for only 2 months before he passed. We were married 25 ½ years. At the age of 57 I found myself using the word widow, working through the paperwork, and dealing with all that comes with planning a funeral. One of the last things Jim told me was, "You're going to be ok." Neither of us could have foreseen what was going to happen when you try to do the right thing.

Several weeks after the funeral the bills started coming in, mostly in his name, and I set about trying to make notifications and corrections. The house insurance from a rental came in and I called to correct the name on the insurance. The following week I received notification that the policy would be amended to my name and a rate increase of $160.00 a year would occur.

When I called the company in Houston, I was told that I would be paying at the single rate. I told them I was now a widow and was informed that in Texas you are either single or married. No check box for widow.

This happened again with Texas Farm Bureau here in Cherokee County. My house insurance went up over $100.00. When the time came for the car insurance I called to remove his name from the policy, thinking this would decrease my rate. I was wrong. I was moved to a single category (no accidents, claims or tickets) from $596.00 to $634.00 every 6 months. Again an increase on 8/23 to $823.00 for a single person.



When I questioned this last increase I was told it was because I was single, despite there being no change in my driving record. They also said it was partly due to rate increases.

In the state of Texas, losing a spouse becomes an insurance penalty, penalizing me for being single is a way of covering up the fact that I pay more as a widow. My credit rating is as high as can be, no driving faults, never a car or house insurance claim. The only thing against me is that I am punished for losing my spouse.

Not only do we grieve the loss of a spouse, but we are then told that we will pay more for that loss from the eyes of the Texas Board of Insurance. I do not drive anymore widowed, if anything a lot less. There is one less person to have coverage on, however I pay more. My credit rating did not go down because I lost my spouse, but I pay more regardless. I view these changes to be discrimination against my marital status change. Not one I would wish on anyone.

I respectfully request this law be changed to not penalize a widow or widower in their darkest times.

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Texas Appleseed

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