



FOR IMMEDIATE RELEASE: April 9, 2020

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## **Pandemic Should Not Be Profit Boon for Texas Auto Insurers**

*Texas Department of Insurance Must Adopt Rules and Policies to Require Refunds of Excess Payments due to the Decrease in Claims and Risk of Car Accidents*

AUSTIN, Texas —Texas Appleseed has [submitted a letter](#) to Texas Insurance Commissioner Kent Sullivan asking the Department to adopt rules directing auto insurers to refund excess premiums to customers and suspend use of credit scores in insurance pricing due to the COVID-19 pandemic. The current financial hardships for millions of Texans makes their adoption urgent.

Data support these policies. Mobility of Texans is [down 40% to 55%](#) since the escalation of the pandemic in late February, a number that largely reflects less driving by people across the state. This reduced mobility has translated into fewer claims for auto insurers. Earlier this week, [Allstate announced that policyholders will receive 15% of their monthly premium for April and May, refunding \\$600 million to customers nationwide](#) due to reduced claims resulting from broad-based stay-at-home orders across the state and country. As of yesterday, the Texas Department of Insurance [posted a list of auto insurers on the Department website](#) who may offer rebates or payment arrangements for customers. While commendable, rebates based on reduced risk should not be discretionary; they should be standardized across all insurance providers through directives by the Texas Department of Insurance.

Auto insurers in Texas are required by law to base pricing on risk. “The current pandemic has created less risk, with fewer cars on the road,” said Ann Baddour, Director of the Fair Financial Services Project at Texas Appleseed. “Texans must be refunded excess premiums, particularly in this time of substantial financial hardship for millions.”

In addition to premium rebates, Texas Appleseed is asking for rules to suspend the use of credit scores in insurance pricing for at least one year after the end of the state emergency declaration. As unemployment soars and families struggle to cover basic expenses, insurers should not penalize people for the economic crisis caused by the pandemic.

“The Texas Department of Insurance must use its authority to ensure Texans pay a fair price for their auto insurance,” said Baddour. “The current economic hardship in our state is unprecedented. Action is needed now to help Texans navigate this crisis and rebuild in the aftermath.”

### **About Texas Appleseed**

Texas Appleseed is a public interest justice center. Our nonprofit works to change unjust laws and policies that prevent Texans from realizing their full potential. We anchor a dynamic network of pro bono partners and collaborators to develop and advocate for innovative and practical solutions to complex issues. Texas Appleseed also conducts data-driven research that uncovers inequity in laws and policies and identifies solutions for lasting, concrete change.

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