

Policyholders of America's Response to the TX/Farmers Settlement

The news of the settlement between Farmers and the State of Texas brings mixed responses from our Texas members, thousands of whom have been victimized by Farmers' claims handling practices.

On one hand, we are delighted that Farmers will be renewing policies, however limited in coverage, due to limited availability in the Texas homeowners market. Nearly 65% of our Texas members have ongoing, unresolved claims with Farmers and these Texas families would be deemed "uninsurable" as far as other carriers are concerned.

We are also particularly pleased that Farmers will be bound by any new regulatory requirements enacted during this upcoming session and we are hopeful that Texas legislators will adopt an anti-cherry picking measure that will prohibit any insurer from abandoning one line while continuing to write more profitable lines in the State.

Our enthusiasm, however, is tempered by the fact that the settlement falls short on the restitution issue. Our data shows that Farmers, a company that never wants to admit any wrong doing even when they get caught red handed, has indeed price gouged and increased, without justification, premiums by more than 300% for many customers. Simultaneously, Farmers slashed coverage, creating a windfall for themselves. Offering a measly 6.8% discount for jalopy coverage at Rolls Royce prices is no bargain for Texans.

We are hopeful that the State will get to the root of insurance problems in Texas. Much of the current crisis is a self inflicted wound brought about by the insurance industry itself. Insurers have, for years, delayed legitimate water damage claims. Their own delays have caused the lion's share of mold related damage but insurers want to take no responsibility for their actions. If the State mandates more stringent enforcement of proper claims handling practices, the insurance crisis in Texas would be a thing of the past and the market would return to normal conditions.

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