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2025 Legislative Update
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The 2024 election cycle reinforced conservative dominance in the Texas Legislature and set the stage for the outcomes of the 89th legislative session. Republican victories, both flipping democrat seats as well as far right candidates upsetting center-right incumbents, strengthened the hard-right wing of the republican party in both chambers.

Many of these republicans are more focused on social issues rather than business-friendly matters so educating members on how legislation changes how small businesses operate is becoming more and more important.

Executive Summary

During the last interim, there were several interim hearings focused on property and casualty insurance matters and the Texas Windstorm Insurance Association (TWIA). It was clear from what we heard during those committee meetings that members of the legislature would be very interested in legislation they believe would lower insurance premiums and increase transparency for their constituents.

Prior to session, IIAT reengaged the Regulatory and Legislative Advisory Council ("RLAC") and the TWIA Advisory Council. RLAC is comprised of the following leaders at IIAT:

- Andy Webb – Watkins Insurance Group (Austin)
- Ben Patterson – Patterson & Associates (Dallas)
- Garry Kaufman – Galveston Insurance Associates (Galveston)
- Gary Linsdey – Hotchkiss Insurance (Carrollton)
- Jeff Brady – Brady Champman Holland & Associates (Houston)
- Mark Perkins – Perkins Insurance, A Marsh & McLennan Agency (Abilene)

Here's the composition of the TWIA Advisory Council – all experts in writing wind and hail on the coast:

- Cory Hagan – Hagan Risk Partners (Angleton)
- Garry Kaufman – Galveston Insurance Associates (Galveston)
- GG Nunez – GN Insurance (Corpus Christi)
- Josh Fields – HUB International Insurance Services (Harlingen)
- Travis McDavid – GSM Insurors (Rockport)

During the 2025 session, the insurance carrier lobbyists and I canvassed the Capitol explaining the concept of combined loss ratio and shared that inflation and the frequency/severity of weather events are largely the culprit. Those messages were sometimes effective, but many times fell on deaf ears. The volume of bills that really attempted to rachet down or reign in insurance premiums was greater than in years past.

Since rates & premiums don't affect agents in the same way they affect carriers, IIAT Government Affairs was publicly neutral on much of this legislation but was busy in the background working with our carrier partners to educate members of the House & Senate on how these bills could cause changes in the marketplace.

Some of these bills were filed by powerful GOP chairmen & opposing their bills was met with strong backlash which adversely affected those lobbyists ability to work on other matters.

Our Government Affairs Team met weekly with the Regulatory and Legislative Advisory Council ("RLAC") to discuss how the bills moving through the system would affect insurance agents and the insurance industry in general. We met with the TWIA Advisory Council as needed when TWIA bills were filed and subsequently set for a hearing.

IIAT tracked just over 150 bills that pertain to insurance matters – below we highlight a handful that received much of our attention during session.

Results

The IIAT Government Affairs team had a successful session. The combination of being well connected, well informed with facts, and targeted with our asks produced great outcomes for us this session. Two of the IIAT members in the Texas House (Trey Wharton, R-Huntsville and Jeff Barry, R-Pearland) were instrumental in some of our wins.

While we tracked and negotiated several bills throughout the 140-day session, there were really five bills that consumed much of our time. IIAT Government Affairs, RLAC, the TWIA Advisory Council, and Representatives Barry and Wharton were all instrumental in our successes.

Of the five bills, four will soon be new state laws and one failed. While it's disappointing that SB 30 did not pass – we, along with several other groups, raised awareness that tort reform is needed and businesses across all sectors are feeling the effects of nuclear verdicts and lawsuit abuse.

1. SB 30 Didn't Make It Across the Finish Line

In June 2024, IIAT partnered with Texans for Lawsuit Reform and several other like-minded statewide trade associations to form the Lone Star Economic Alliance. As support grew, multiple IIAT member-agencies joined and, in the end, over 1,200 businesses and trade associations were all assisting in the effort to pass SB 30.

While the bill did not pass, we raised awareness that lawsuit abuse is a problem and a major factor in the cost of property and casualty insurance. Texas remains one of the worst states for nuclear verdicts and SB 30 would have changed how trial attorneys and their bad-actor medical provider partners operate.

While there are a few legislators who could be blamed for its defeat – this very complex bill died because how to deal with badly injured Texans is tough to tackle. And regulating how elected judges operate their courtrooms during trials in this space remains to be a very touchy subject in the Texas House of Representatives.

2. New Law Regarding Declinations – Read Carefully

HB 2067, Representative Dennis Paul (R-Houston). Under current state law, if a carrier declines to offer coverage and the customer wants to know why, the carrier must provide the reason(s) for the declination. This new law requires carriers to provide the reason regardless of whether the customer requests it.

IIAT made the law better by essentially removing commercial insurance from the bill. If a carrier declines coverage on a commercial policy, the carrier will provide the notice to the agent and the agent must inform the customer of the declination (in any manner the agent chooses) and **only if the customer seeks more information** is the agent required to provide

those details. This was a TDI biennial recommendation and was also amended so that carriers must provide zip-code specific declination data to TDI on a regular basis.

It's already in statute that a carrier must provide, in writing, the reason(s) when a carrier decides to cancel or non-renew a policy. This new law won't change that.

3. Tying/Bundling

SB 213, Senator Royce West (D-Dallas) – This bill prohibits carriers from requiring customers buy one line of insurance to be offered another. The original bill would have prohibited agents from requiring customers to buy all their policies from the same agent - a provision we got removed along the way.

4. TWIA Board Composition

HB 2213, Representative Ann Johnson (D-Houston) – Under current statute, some TWIA board members must be coastal while others must be "inland" – which is defined as 100 miles from the coast. That statute makes most Harris County residents ineligible to serve. Representative Johnson filed this bill on our behalf which we amended along the way to add the requirement that the agent board member must be someone actively selling insurance. Another amendment was added that would allow more agents to serve on the board. With our support, this bill passed.

5. TWIA Now Exempt from Paying Premium and Maintenance Taxes

HB 2517, Representative Jeff Barry (R-Pearland, IIAT member) – This TWIA biennial recommendation eliminates TWIA and the FAIR Plan from paying premium and maintenance taxes. This will save TWIA a little over $12M per year – money that will flow straight into the CRTF (catastrophe reserve trust fund). We publicly supported this bill, and it did pass.

Other New Laws Coming – Be Ready

SB 455, Senator Mayes Middleton (R-Galveston) – this bill will require arbitration to take place in Texas for all surplus lines policies despite where the insurer is located. A similar bill was vetoed at the conclusion of the 2023 session.

SB 1238, Senator Lois Kolkhorst (R-Brenham) – This bill requires carriers to adjust their policies so they do not penalize widows by classifying them as "single" during the underwriting process solely because they lost their spouse.

SB 1644, Senator Charles Schwertner (R-Georgetown) – This bill states that if a carrier uses credit score during the underwriting process, they must use a current credit score.

SB 458, Senator Charles Schwertner (R-Georgetown) – similar bills were filed last session to address appraisal clauses in P/C insurance policies. This session, there was broad bipartisan agreement on SB 458 which mandates that all P/C policies for residential property and personal auto contain appraisal clauses. The bill requires TDI to adopt rules to set the guidelines. We publicly supported this legislation.

Bills That Did Not Pass

HB 946, Representative Cass Hernandez (D-Dallas) – Under current law, parties can close the claims process by simply providing an oral release. This bill, which was filed in previous sessions, would have required parties to sign a document that they have completed and closed the claim. This could slow down the claims process and could increase the likelihood of personal injury lawsuits. We testified against this bill.

HB 1250, Representative Trey Martinez-Fischer (D-San Antonio) – This bill would have required the TDI commissioner to be elected state-wide; only 11 states currently do this. We officially took no position on this bill, and it never received a hearing.

SB 1642, Senator Charles Schwertner (R-Georgetown) – This bill would have created a 3-person board to oversee TDI rather than one. Per the bill, one would be a medical provider, another a consumer advocate, and the third, an insurance expert. This would slow down operations because all three commissioners would have to weigh in on every decision. Texas abandoned the 3-person board roughly 30 years ago and no state has more than one insurance commissioner. We did not take an official position on this bill, but we shared it would grow government and slow down operations at TDI.

SB 1643, Senator Charles Schwertner (R-Georgetown) – Texas has enjoyed the file and use system since 2003. This allows carriers to react to market conditions quickly. This bill would have required TDI approval for any rate increase greater than 10% before that rate could be used. IIAT did not take a position on this bill but when asked, shared we thought it was unnecessary.

SB 416, Senator Mayes Middleton (R-Galveston) – this bill would have mandated carriers prove U.S. citizenship before issuing an auto policy. The legislation was light on details and, if passed, could have been implemented in a way that would have required agents to prove U.S. citizenship. We shared with the author's office this could be problematic for insurance agents; the bill never received a hearing.

SB 1791, Senator Mayes Middleton (R-Galveston) – This bill was an extension of the bill carriers did not like in 2021 by Senator Taylor and Representative Thompson (both insurance agents). This legislation would have created a framework where carriers would have to pay claims if their insured was uncooperative. This bill did not pass.

HB 854, Representative Cass Hernandez (D-Dallas) – This bill would have required carriers pay 80% of a claim up front and changes the common practice of replacement cost holdback. We publicly supported this bill, but it did not pass.

Lawsuit and Tort Reform-Related Legislation

HB 179, Representative Ann Johnson (D-Houston) – this bill would have lifted the statute of limitations for lawsuits filed by victims of sexual assault and would have had retroactive effect. This bill never received a hearing.

HB 2022/SB 1167, Representative Morgan Meyer (R-Dallas)/Senator Angela Paxton (R-McKinney) – These bills were almost identical to HB 179 and neither received a hearing.

HB 4688/SB 39, Representative Jeff Leach (R-Plano)/Senator Brian Birdwell (R-Granbury) – This was one of the bills pressed by the Lone Star Economic Alliance. This bill would have strengthened the trucking bill from the 2021 session. We supported this bill, but it did not pass.

HB 4777, Representative Lulu Flores (D-Austin) – This bill would have allowed for pet owners to sue for non-economic damages for the death or serious injury to a pet while at a kennel. The bill required kennels carry a $10M policy. We publicly opposed this bill and it did not pass.

Texas Windstorm Insurance Association Legislation

HB 3631, Representative Todd Hunter (R-Corpus Christi) – This bill did not pass, but it would have created a mechanism where coastal ISDs could lower their recapture payments, if applicable, based on their TWIA premiums. We supported this bill.

HB 3689, Representative Todd Hunter (R-Corpus Christi) – A very similar funding change was attempted in 2023 but was introduced too late to be fully vetted. We supported this bill and this session, the legislation had bipartisan support and passed. This new law replaces costly bond debt to pay for some claims with a low-interest rate loan from the Texas Economic Stabilization Fund ("rainy day fund.") A late amendment by Senator Middleton lowers the amount of reinsurance TWIA will be required to buy. It lowers the PML (probable maximum loss) from a 1:100-year storm to a 1:50-year storm.

HB 5168, Representative A.J. Louderback (R-Victoria) – This bill would have moved the TWIA office to the coast. We opposed this bill mostly because moving TWIA's HQ into harm's way could severely affect their ability to help after a storm. This bill did not pass.

SB 2530, Senator Mayes Middleton (R-Galveston) – This bill had roughly 10 different provisions. We were officially neutral on the bill because it did contain the language we liked regarding TWIA board composition, but it also contained the language regarding moving TWIA HQ to the coast. This bill did not pass, however, one of the provisions was amended into HB 3689 (1:50-year storm).

SB 2571, Senator Mayes Middleton (R-Galveston) – This bill introduced a major funding shift for TWIA and did not have the same broad support as did HB 3689. The legislation would have created a sliding scale percentage for debt, reinsurance, and carrier assessments which would have made it very difficult for carriers to forecast. We took no position on this bill, and it did not pass.

HB 1576, Representative Tom Oliverson (R-Houston) – this bill would have created a grant program to subsidize the costs for people building (or renovating) their homes to the "fortified" standards set out by the IBHS (Insurance Institute for Business and Home Safety). Homes built to IBHS standards in other states are shown to be more resilient and those homeowners enjoy lower insurance premiums. We publicly supported this bill but it did not pass.

General Update on the 89th Texas Legislative Session

2025 Session, By the Numbers

Texas lawmakers filed a record-setting 9,014 bills and joint resolutions during the 89th Legislative Session this year, 4.6% more the previous high of 8,345 from 2023. Interestingly, the Legislature's output has grown considerably over time, from just over 1,000 bills in the mid-20th century to the multi-thousand filings now common in modern sessions. This upward trend reflects the increasing complexity of governance in a rapidly growing state, aided by improved technology and, to some extent, driven by the visibility and performative aspects of modern politics and media.

Of the 9,000+ bills that were filed, 1,108 made it to Governor Abbott's desk. That's a 12.29% pass rate. By comparison, in the previous session, 1,246 bills (15%) of the 8,345 bills made it to the Governor.

New Causes of Action Swells to New Highs

After the filing deadline, we were alarmed by the number of bills creating new causes of action, new or expanded civil and administrative penalties, new criminal penalties, new DTPA expansion (deceptive trade practices act), new statutory damages (including punitive damages), and new mandatory attorney's fees and costs. Many of these bills were filed by republicans who historically side with the business community on such matters.

And remember, when plaintiffs prevail at trials that occur as a result of these increases in causes of actions, insurance carriers pay settlements.

Type	Filed in 2023	Filed in 2025
Private Cause of Action	356	763
DTPA	9	41
Civil Penalties	150	218
Criminal Penalties	18	87
Recovery of Attorney Fees	76	185

Texas-Sized Budget

The two-year budget is the only piece of legislation that the House & Senate are required to pass each session. The House & Senate hear from all the agencies who receive state funding & both chambers write a budget based on those requests. Texas uses a pay-as-you-go budgeting system, meaning the Legislature can only appropriate funds that are constitutionally certified as available.

The 89th Texas Legislature started with another sizable surplus, similar to the start of the 2023 legislative session. Lawmakers had $23.8 billion "extra" state dollars to fund projects they felt were most important. This money is imbedded in the final budget.

Like any other bill, the House & Senate have opportunities to make changes when the bill, or the budget in this case, is heard in committee and on the floor. Once each chamber finalizes their version of the budget, the House & Senate assign ten members (five from each chamber) to finalize the budget. The budget that will fund all Texas agencies for the next two years is just over $337M. This stays within all constitutional spending limits.

As a reference, the 2023 budget was $321M.

Governor Abbott Priorities

Just like every session, Governor Abbott laid out his priorities; this session there were seven emergency items. Most of these are kitchen-table issues that many polls would indicate are important to most Texans.

1. Property tax relief
2. Investment in water infrastructure
3. Teacher pay
4. Career training expansion
5. School choice
6. Bail reform
7. Creating a Texas cyber command

Property Taxes

The House & Senate agreed on ways to further provide property tax relief for all Texans. During the 2023 session, the legislature raised the homestead exemption to $100,000. This session, that saw another bump to $140,000. Older Texans & those with disabilities will see that increase to $200,000.

Water Infrastructure

The legislature approved a plan to isolate $1B annually for the next 20 years which will be used to fund new water supply projects, repair aging water infrastructure, conservation, and flood mitigation projects.

Teacher Pay

Teacher pay raises did not make it across the finish line in 2023 so both chambers were eager to see major progress in funding our educators. The legislature passed an $8.5B

education funding package that includes more than $4B in teacher pay raises. Based on the population of the school district and the tenure of the teacher – teachers will receive anywhere from a $2,500 to $8,000 raise.

Career Training Expansion

The same legislation that increased pay for teachers also expanded availability for CTE (career and technology education). School districts will have $50,000 grants to establish junior ROTC programs and it also increases funding for Pathways in Technology Early College High Schools (P-TECH) from $100M to $150M.

School Choice

Along party lines, the House & Senate did approve a plan to allow $1B of state tax revenue to be used for certain families to send their children to private schools. At the request of some republicans who initially opposed the legislation, many guardrails were added to the bill which then provided the support it needed to pass.

Bail Reform

After trying for the last few sessions, the House and Senate did agree on a plan to eliminate bail for certain arrested individuals. This will not be final until (and unless) the citizens vote on a constitutional amendment this November. If it passes, judges will be able to revoke the option of bail for very dangerous individuals and/or those who have a track record of being a flight risk.

Creating the Texas Cyber Command

The legislature passed legislation which will create the Texas Cyber Command to leverage the cybersecurity expertise and resources of state, local, and federal partners. The Texas Cyber Command will be located in San Antonio and its goal is to protect against cyber threats.