

BILL ANALYSIS

Senate Research Center
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S.B. 1238
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

When an individual loses their spouse, many of them are met with a shock when their insurance company adds a surcharge and raises the overall price of insurance on the grieving individual. This has been described as the "widow penalty," and it has deeply impacted widows across the country and especially in Texas.

While Section 544.002(a)(2) of the Insurance Code prohibits discrimination based on marital status, insurance companies use Section 544.003(b) as a loophole to increase insurance rates based on the argument of sound underwriting or actuarial principles related to anticipated loss experience. This has resulted in widows experiencing an average of \$95 in additional charges. Additionally, with the rising trend of inflation and increasing costs of insurance all across the board, the price increase has taken a toll on families who are struggling to financially adapt to the loss of a spouse. Women are disproportionately affected by this issue as studies show that widowed female premiums are 12-13 percent higher than widowed men's premiums. These increased rates are seen with automobile, health, and homeowner's insurance. Since there are close to 1.5 million widows in Texas, this issue must be addressed to prevent price discrimination and eliminate an unnecessary, additional burden to widows.

S.B. 1238 seeks to prevent discrimination on an insurance rate based on an individual's widow status. Specifically, it ensures that insurance companies cannot change the rates that an individual had when they were married versus when they become widowed.

Key Provisions

- The bill amends Section 544.002 to prohibit insurance companies from refusing or limiting the coverage of an individual because the individual is widowed or the individual's marital status reflects the death of a spouse.
- The amended section also prohibits charging a newly widowed individual a charge that differs from the rate charged if the individual was married.

As proposed, S.B. 1238 amends current law relating to prohibited insurance discrimination on the basis of an insured's marital status following the death of the insured's spouse.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 544.002, Insurance Code, by adding Subsection (d), as follows:

(d) Prohibits an insurer, notwithstanding Section 544.003 (Exceptions), from:

(1) refusing to continue to insure or provide coverage to an individual or limiting the amount, extent, or kind of coverage available to an individual because the

individual is widowed or the individual's marital status otherwise reflects the death of a spouse; or

(2) charging an individual who is widowed or whose marital status otherwise reflects the death of a spouse a rate that is different from the rate that would be charged if the individual's marital status was married.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2025.