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Hailstorm Lawsuit Abuse Reform Passes Senate Committee

SB 10 protects property owners from rate hikes, loss of coverage associated with storm chasing

AUSTIN - The Texas Senate Business & Commerce Committee today passed Senate Bill 10 by Chairman Kelly Hancock (R-North Richland Hills). This lawsuit reform legislation addresses the increasingly-common problem of storm-chasing, out-of-town attorneys blanketing local neighborhoods after a severe weather event like a hailstorm to solicit frivolous lawsuits.

"The real root of the storm chasing problem is lawsuit abuse," said Sen. Hancock. "That's why we filed SB 10 and why both Gov. Greg Abbott and Lt. Gov. Dan Patrick have stated their strong support for passing hailstorm lawsuit abuse reform this session."

According to a report by the Texas Department of Insurance (TDI), the lawsuit-to-claim ratio increased a staggering 15 times, or 1,400 percent, immediately after storm-chasing lawyers established a new business model that yielded a litigation explosion in 2011.

These few, bad-actor lawyers partner with unethical roofers or public adjusters to recruit homeowners to file unnecessary lawsuits against their insurance company even before submitting a claim with the insurer. This is all done under the promise of higher and faster payouts, when in fact, TDI's report indicates it takes eight times as long - two years, on average - to settle a claim when a lawsuit is involved, drastically delaying repairs.

As this unethical business model has continued, at least a dozen companies have raised rates for homeowner's insurance and at least seven insurers have limited or stopped writing policies in Texas altogether as a direct result of high court costs.

SB 10 addresses the issue by giving an insurance company 60 days to resolve a disputed claim before being taken to court, a provision that should motivate insurers to fairly and quickly settle all claims. It also places reasonable limits on the percentage of a settlement that can be charged as attorney's fees rather than staying in the pockets of the rightful recipient, the property owner.

For full bill text and a list of all joint and coauthors of SB 10 or its companion legislation, HB 1774, visit: [Texas Legislature Online](#).

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Sen. Hancock represents [District 9](#), which includes portions of Dallas and Tarrant Counties. He currently serves as Chairman of the Texas Senate Committee on Business & Commerce.