

Agent Newswire

Your quarterly source for TWIA news & events affecting agents and the Texas Coastal Community

2015: It's been a busy year for us all

Thank you for opening the Agent Newswire, TWIA's new quarterly newsletter for agents serving the Texas coast. Operating transparently through open communication with stakeholders is one of our organizational goals. Every day, we strive to meet that standard in connecting with you through various channels from in-person meetings, to calls and emails, to [Twitter](#) and [Facebook](#), to Agent Bulletins and this newsletter. While Agent Bulletins will continue to bring you necessary ad hoc time-sensitive operational information, the Newswire is your source for more in-depth news and information that affects agents and the Texas Coastal Community.



It has been a busy year for all of us who serve the Texas Coastal Community. Here at TWIA, the first half of 2015 has brought: website redesign and launch, Policy Center implementation, the 84th Texas Legislative Session, and an active spring storm season. Visit our [new website](#); it is much easier to navigate and offers an [RSS feed feature](#) which will let you know when the Agent Communications section of our website is updated with important Policy Center and Legislative changes.

The beginning of June brought the close of the 84th Texas Legislative Session and the spring storm season. More than 10,800 TWIA claims were reported due to the weather events in April and May, activating our newly-updated or revised CAT Plan and testing our capacity to handle the largest number of non-hurricane claims in our history. We are happy to report our systems proved capable and feedback regarding our customer service was exceptional. For the months of April, May and June, the claims customer survey scores reported a 92% satisfaction rate. Currently (as of July 20) we have closed 91% of spring storm claims.

Following the adjournment of the Legislative Session on June 1, several bills have passed that affect TWIA. The most significant to TWIA operations is SB 900. The primary changes affect TWIA's funding structure, board composition, and depopulation programs. Other changes affecting agents and policyholders were made through SB 498, which indefinitely extends the WPI-8 waiver surcharge program; HB 2439, which offers a new option for TDI property inspection; and SB 956, which requires an insurer to deliver a policy to the policyholder no later than 30 days after the effective date of the policy. Further details of these changes are described in this edition's Legislative Session article. TWIA is working with legislators and regulators to develop implementation plans to address these changes and communication plans to ensure agents and other stakeholders are proactively informed of any process changes.

We look forward to the second half of the year and the planned improvements it brings - most relevant to our work together are the agent-feedback-driven changes to Policy Center discussed in the first article below. It is a privilege to serve the Texas Coastal Community together with you, and every day we continue to meet the challenge of making TWIA a better, more accountable steward of the public trust. I am confident that the changes we are making now will serve as a solid foundation for continued improvements in how we do business. Thank you for your constructive feedback and continued support.

With pride in our progress and a commitment to open communication,

John W. Polak, CPCU
TWIA General Manager

Policy Center Hits the 90-Day Mark

TWIA issued policies virtually the same way for nearly 43 years, but the paper-heavy and labor-intensive system became outdated over time. It was cumbersome for everyone involved and was failing to keep pace with increasing workloads and technological advances in the insurance industry. Feedback we received from agents, auditors, and other stakeholders called for a more modern system and an easier way to process applications, renewals, and policy changes. No longer could TWIA successfully serve policyholders in the 21st century using 20th century tools.



All carrier based systems are primarily designed to meet their specific needs and ours is no exception. As a residual market carrier we have unique and very different requirements than the voluntary market.

Implementing a new policy administration system is typically the largest and most complex effort an insurer can undertake. The new system allows us to begin addressing the concerns that doing business with TWIA needed to be easier, and it ultimately allows us to better serve our policyholders. But projects as large and complex as Policy Center are not without their challenges. Inevitably, users will experience business process disruptions and the system will have flaws that become apparent only after deployment. Since implementation, we have worked aggressively to identify, prioritize, and repair these critical flaws.

With the deployment of Policy Center in May, we dramatically improved the efficiency of our new underwriting model, decreasing uncertainty and increasing the consistency of our services for policyholders and agents. Cycle times have decreased from weeks and months, to hours and days. TWIA now issues policies immediately on almost 90% of all new business applications and renewals when submitted with payment.

Now at the 90-day mark, we have refocused our efforts on improving the agent experience. We are soliciting input, receiving valuable feedback, analyzing the information, and incorporating these voices into our decision-making process. Working with TWIA's Agent Advisory Group, the Independent Insurance Agents of Texas (IIAT), and our own agent feedback mechanisms, we are identifying trouble spots for agents and are continuing to develop system enhancements and solutions to improve agents' experiences. The first supplementary round of significant enhancements will be delivered throughout the second half of 2015.

To support agents through Policy Center implementation and future changes, we have deployed [online training modules](#), job aids, FAQ's, and presented a webinar through IIAT with live demonstrations of system workflows. We have also created an Agent Services team dedicated to helping agents navigate Policy Center effectively.

For the fastest service and response time to your Policy Center questions, or if you have suggestions for improvements, please contact our Agent Services group at 1-800-788-8247, option 7, or email us at agentservices@twia.org. Trained representatives are available to assist you and help ensure agents are able to use Policy Center efficiently.

As all of us who serve policyholders in the Texas coastal communities become more comfortable using Policy Center, many of the challenges will continue to decrease and the improvements will become even more apparent. We genuinely appreciate the constructive and useful feedback we have received on ways to improve the Policy Center experience for agents.

How the 84th Legislative Session Impacts Working with Us

The 2015 84th Texas Legislature Regular Session adjourned on June 1 and four bills passed that affect TWIA and how agents and policyholders do business with us.



One of our highest priorities is proactively and effectively communicating with agents and policyholders to help make doing business with us easier and more efficient for everybody. TWIA leadership is currently working on a communications plan that will keep agents updated as the new laws take effect and are integrated into our operations. This quarterly Agent Newswire, the Agent Bulletins and our website are all channels we will use to share that progress and how the integration might affect your business.

Following are highlights of each of the four bills: SB 900, SB 498, HB 2439 and SB 956.

SB 900 - "windstorm reform bill"

The most widely-publicized bill known as the "windstorm reform bill" is [SB 900](#). The bill affects TWIA operations most significantly of the four bills but will have little impact on the day-to-day transactions agents have with TWIA. This law primarily affects the way TWIA is funded, the composition of the Board of Directors, and programs to depopulate (or reduce the total amount of policies TWIA has).

The make-up of the Board will change from 4-4-1-1 (4 industry, 4 public first-tier coastal, 1 public non-coastal, and 1 non-voting licensed engineer) to 3-3-3 (3 industry, 3 coastal, 3 inland representatives). New board members will be appointed by TDI effective October 1, 2015. Currently TDI is [accepting board member applications](#) for coastal and inland representatives; the deadline is August 15. Current board members are eligible for appointment to the new Board.

SB 900 also changed TWIA's funding structure requiring TWIA to fund, at a minimum, a 100-year storm season, which we have already accomplished. The bill requires us to sustain this level of funding in future years, using the following sources: TWIA premiums and the [Catastrophe Reserve Trust Fund \(CRTF\)](#), a combination of \$1 billion in company assessments and \$1 billion in bonds repaid first by TWIA policyholders and if necessary, by all coastal policyholders and sufficient reinsurance or other risk financing to achieve the 100-year storm season.

Total statutory funding is reduced by \$500 million and the individual components have changed, relying less on bonds repaid by company assessments and coastal policyholder surcharges, and more on direct assessments of insurance companies and bonds repaid primarily by TWIA policyholders.

SB 900 also grants TDI and TWIA the authority to develop a formal [depopulation](#) or "takeout" program. This will allow large numbers of TWIA policyholders to obtain coverage from private insurance companies interested in writing on the Texas coast. Policyholders are guaranteed rates and coverages comparable to TWIA's. Take out insurers must offer to renew the policy for three years and policyholders will maintain their ability to keep their own agent, and even to choose to stay with TWIA if they desire.

The bill also allows TDI to contract with a management company to oversee the day-to-day operations of TWIA if it's determined it's in the best interest of policyholders. In light of the improvements the Association has made in the past few years, we do not envision a situation that would necessitate this course of action.

This bill becomes effective September 1, 2015.

SB 498 - "WPI-8 waiver surcharge extension bill"

[SB 498](#) relates to the building code requirements for residential property insured by TWIA and indefinitely extends the WPI-8 waiver surcharge program. The extension of the WPI-8 waiver surcharge program impacts more than 40,000 TWIA policyholders who will remain eligible for coverage with TWIA after December 31, 2015 for a 15% surcharge. The bill became effective May 28, 2015.

HB 2439

[HB 2439](#) offers a new option that policyholders can apply to TWIA for a certificate of compliance for completed improvements if a licensed engineer submits certain documentation that the structure complies with the building code. The bill amends the current requirements that property must be inspected and certified by TDI to be considered insurable with TWIA and repeals the statute that authorizes the Commissioner of Insurance to appoint licensed engineers as inspectors. The new law applies to policies delivered, issued for delivery, or renewed on or after January 1, 2017.

SB 956

[SB 956](#) applies to residential policies issued by TWIA, TFWA and other insurers operating in Texas. The new law requires an insurer to deliver a policy to the policyholder or agent not later than the 30th day after the effective date of the policy. For renewals the insurer must deliver the policy not later than the 15th day after receipt of the policyholder's written request. This law becomes effective September 1, 2015.

5 Facts about Commissions

With the deployment of Policy Center, TWIA now issues policies immediately on almost 90% of all new business applications and renewals, when submitted with gross payment. What does this mean for you and your commission payments? It means more often than not, you'll get your money faster.



Since TWIA started collecting gross premiums, agents have had to wait for TWIA to process the transaction before commissions were calculated. During peak periods in past years, this could take as long as 30 days. Even working within our service goals of 14-day turnarounds, commissions for any transactions processed in the second half of the month with effective dates the same month were delayed an additional month.

With PC, premium-bearing transactions with effective dates in the current month are processed automatically by the system as much as 90% of the time. Even policies auto-issued up until the last minute of the last day of the month, with effective dates in that same month, will show up in your commission payments the first week of the following month.

Check out the list below for more facts about agent commissions.

1. After a policy is both issued and effective, commissions are paid on or before the 5th business day of the following month by direct deposit in the agent's account via ACH or disbursed and mailed via US Postal Service. (For information on enrolling in ACH for commission payments click [here](#).)

Example #1: A policy is issued June 29 and becomes effective June 30. The commission will be paid on the 5th business day in July.

Example #2: A policy is issued in February and becomes effective in March. The commission will be paid on the 5th business day of April.

2. Commissions are paid monthly.

3. No commissions are earned on any surcharges.

4. The amount of agent commission has not changed. For both new business and renewals, agents earn 16% of the premium amount for residential and commercial policies.

5. For both new business and renewals, agents earn 12% of the premium amount for manufactured home policies.