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**Texas Windstorm  
Insurance Association**

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**2015**

**Annual Report Card**

**John W. Polak, CPCU**

**June 1, 2015**

June 1, 2015

The Honorable Greg Abbott  
Governor

The Honorable Dan Patrick  
Lieutenant Governor

The Honorable Joe Straus  
Speaker, Texas House of Representatives

The Honorable Kevin Eltife, Chair, and  
Members of the Senate Committee on Business & Commerce

The Honorable John Frullo, Chair, and  
Members of the House Committee on Insurance

Members, Windstorm Insurance Legislative Oversight Board

The Honorable David Mattax  
Commissioner of Insurance

**RE: Annual Report Pursuant to Tex. Ins. Code, Section 2210.107(c)**

House Bill 3 (HB3), enacted by the 82<sup>nd</sup> Texas Legislature, First Called Session, became effective on September 28, 2011, modifying various aspects of the operations of the Texas Windstorm Insurance Association (TWIA or the Association). Pursuant to Tex. Ins. Code, Section 2210.107(c), please find the Annual Report for the 12-month period immediately preceding the date of this report evaluating the extent to which the Association has met the objectives described by Section 2210.107(a). The Annual Report focuses on those changes directly related to the objectives.

The primary objectives of the TWIA Board of Directors are to ensure that the Board and TWIA: (1) operate in accordance with this chapter, the plan of operation, and commissioner rules; (2) comply with sound insurance principles; (3) meet all standards imposed under this chapter; (4) establish a code of conduct and performance standards for Association employees and persons with which the Association contracts; and (5) establish, and adhere to terms of, an annual evaluation of Association management necessary to achieve the statutory purpose, Board objectives, and any performance or enterprise risk management objectives established by the Board.

The Annual Report is organized into the following sections: (1) [Executive Summary](#); (2) [State of the Association](#); and (3) [Statutory Compliance](#). The Executive Summary highlights TWIA's actions within the reporting period to comply in all areas of finances, operations, and governance. The State of the Association provides the bigger picture of the Association's transformation since 2011 and its current state of affairs. Finally, the Statutory Compliance section expounds upon each required area of compliance, in order of the statutory reference to

which the subject matter relates.

The Association believes it is in full material compliance with all current standards of performance outlined in each of the following sections. This is the fourth annual report card to be issued by TWIA since the enactment of HB 3.

Should you have any questions, please feel free to contact me at (512) 899-4949.

Sincerely,



John W. Polak, CPCU  
General Manager

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## Executive Summary

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Today, TWIA is a completely different organization than it was prior to 2011. The Association has replaced its management team and streamlined or otherwise transformed the organizational structure and all areas of operations. Under the direction of the TWIA Board of Directors, the new management team has successfully addressed legislative changes, improved operational efficiency, transformed the organizational culture, and increased management controls and accountability. In addition to reporting on TWIA's compliance with Section 2210.107(a), this report includes a detailed account of the Association's achievements since 2011. Several key accomplishments are listed below:

- Activated the Catastrophe Plan in April/May 2015 following a prolonged period of severe weather along the Texas coast which resulted in the highest number of non-hurricane claims in Association history; continued to maintain claims cycle times and adjuster performance that compared well to industry standards
- Enhanced the Catastrophe Plan and contracted with vendors committed to supplying over 6,000 field adjusters and over 700 desk examiners - sufficient to handle claim volume associated with a 100-year event
- Implemented Policy Center, a new policy administration system, allowing policies to be issued immediately on 90% of submitted new business applications and 85% of renewals, dramatically reducing the average time for an agent to receive a policy
- Contributed over \$260 million to the Catastrophe Reserve Trust Fund (CRTF) as a result of 2014 operations, bringing the CRTF total to more than \$480 million for the 2015 storm season – the highest balance since the CRTF was established
- Secured approximately \$4.9 billion in funding for 2015 – equal to a 100-year season – continuing the trend of progressively higher funding levels each year since 2009; funding exhibits can be found in the [Catastrophe Funding](#) section
- Issued \$500 million in Class 1 public securities, with no associated impact on rates, to provide immediate claims-paying capacity after a storm and additional protection to coastal policyholders and residents
- Issued the Association's first catastrophe bonds as part of the overall reinsurance programs in 2014 and 2015, providing multi-year stability and further diversifying and expanding the Association's claims-paying capacity
- Launched a redesigned website, providing timely, accurate and relevant information to all stakeholders in a user-friendly and easy to navigate design

- Addressed 100% of HB 3-required changes in TWIA operations
- Developed extensive controls and detailed financial and operational metrics to measure and evaluate performance at every level in the Association
- Implemented a policyholder satisfaction survey which reflects increasingly positive feedback on claims
- Hired an internal auditor to report to the Board and facilitate informed governance through independent validation of the Association's compliance and risk management practices

Audits performed by the Texas Department of Insurance and independent external auditors in 2014 confirmed the effectiveness of operational improvements and found no material weaknesses or issues in operational or financial controls.

The TWIA Board of Directors and the current leadership team are committed to providing quality service to our policyholders, ensuring the financial sustainability of the enterprise, and operating efficiently to achieve the best use of policyholder funds.

## State of the Association

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Since 2011, TWIA has taken numerous steps to improve corporate governance and the overall operations of the Association. These steps include introducing a new management team, improving overall funding, and providing better service to its policyholders by enhancing the underwriting and claims services. All of these improvements ensure that TWIA meets the needs and exceeds the expectations of its primary stakeholders. Recent audits completed by the Texas Department of Insurance (TDI) and an independent consulting firm reported no significant findings, confirming the vast improvement in operations. TWIA continues to identify areas for improvement in processes and procedures to ensure that the Association complies with applicable statutes, regulatory guidelines, and industry best practices.

### History and Regulatory Changes

In 2008, Hurricanes Dolly and Ike together resulted in more than 100,000 claims and almost \$3 billion in losses. Partly because of this increased activity and concerns about TWIA's claims handling practices, TDI conducted examinations of TWIA operations between 2008 and 2011 and noted several areas of concern related to TWIA's past corporate governance and operations, including accounting procedures and financial statements, internal controls, record-keeping, communications with the Board of Directors, and claims procedures. An independent audit commissioned in 2010 evaluated procedures related to claims, premiums, expenditures, financial reporting, information systems, business continuity, and internal controls. The independent auditors reported weaknesses in the claims assignment and quality assurance processes, as well as in the Association's conditions for selecting, contracting with, and evaluating the performance of claims adjusting firms. As a result of these observations and public concerns regarding claim handling, TDI placed the Association under Administrative Oversight in February 2011 and the Texas Legislature passed HB 3 in July 2011. These events necessitated numerous changes to TWIA operations. The Board of Directors hired John W. Polak to replace the former General Manager in April 2011 and to implement the changes necessary for the Association to comply with applicable regulations and best practices.

HB 3 significantly changed TWIA's residential and commercial policy forms, claims-handling procedures, and affected the judicial remedies available for policyholders. It called for increased transparency, requiring TWIA to broadcast all Board meetings live and to complete this annual report on compliance with the Insurance Code and Plan of Operation, and it specifically mandated that TWIA be subject to the Public Information Act, Government Code Chapter 552. HB 3 also required TDI to create an ombudsman program, funded by TWIA, to inform and educate policyholders about the claims process and dispute resolution and required the commissioner to appoint an expert panel to provide a methodology for determining the extent of damage resulting from wind versus flood or surge.

After the passage of HB 3, TWIA developed an implementation plan to address all required changes. All required changes have been addressed, with simplified renewals incorporated into the implementation of TWIA's new policy administration system in 2015. The Association has divided the HB 3 simplified renewal mandate into two phases.

The initial phase to simplify the renewal application process for agents by enabling online submission of renewal applications and corresponding payments was accomplished in the second quarter of 2015 with the implementation of Policy Center. Agents can now make changes to renewals electronically, automatically calculate applicable premium differences, and submit payments electronically by electronic funds transfer (EFT) or a policyholder eCheck. Policy Center will immediately issue renewal policies for applications that meet all primary eligibility criteria and include payment.

The second phase focuses on simplifying the renewal process for policyholders. The process entails invoicing the policyholder and allowing the policyholder to submit payment directly to TWIA if no coverage changes are needed. The Association plans to build technical requirements to develop the application and processes necessary to implement the changes within the policy administration system during the next year.

## **Post-HB 3 Improvements**

### **Leadership**

Today, following the replacement of almost all of TWIA's previous executive team, leadership has significantly more experience, including extensive involvement with large carriers other than TWIA. The new executive leadership team brings to TWIA a broader range of skills and experience with nearly 150 years of cumulative carrier experience, 90% with national carriers. The TWIA Board of Directors and management have a greater focus on accountability than ever before and have established new processes and standards consistent with industry best practices.

### **Accountability**

Current leadership recognizes that the Association must be a continuously improving organization, and the management team persistently seeks ways to enhance the organization's effectiveness. The Association now employs extensive controls and detailed financial and operational metrics to measure and evaluate performance at every level of the Association, from the organization as a whole to individual departments to individual employees. All operational areas have documented their procedures, and TWIA has greatly increased the level of transparency and communication among all levels of the Association and with external stakeholders.

Prior to 2013, the Association's priorities were driven by events that occurred well before the arrival of the current management team. As a result, management was more focused on

addressing specific issues than a forward-looking strategy. By addressing these tactical concerns, the TWIA Board of Directors and management created the opportunity to transform the Association's culture from task-based behavior to results-oriented accountability with strategic, enterprise-wide initiatives. To that end, the Association completed the first formal strategic planning process in 2013, enhanced the process in 2014, and will continue to refine the process in 2015 and beyond.

Strategic planning is essential for the organization to continue progressing to meet the evolving needs of its policyholders and other stakeholders. As a result of the 2013 and 2014 planning, leadership has articulated a clear mission and vision to guide the organization as a whole, a set of shared values to guide employee actions, and strategic goals to guide operations and services.

TWIA's mission is to efficiently provide essential property insurance products and services for eligible Texas policyholders when no one else will, accompanied by a vision to be respected and trusted by stakeholders. In carrying out this purpose, TWIA facilitates commerce in the coastal counties by enabling real estate sales and residential and commercial property mortgages and by providing a means to rebuild and recover after a catastrophic event. TWIA embraces the following values in support of its mission:

- Provide quality service to our policyholders
- Value the interests of a broad spectrum of stakeholders
- Ensure the financial sustainability of the enterprise
- Operate efficiently in order to achieve the best use of policyholder funds
- Be a steward of the public trust and hold ourselves to a high standard of ethics
- Objectively measure performance and be accountable for results
- Not intentionally compete with the voluntary market

The Association's leadership has established the following strategic goals.

1. Secure sufficient funding to pay claims and other financial obligations
2. Drive operational efficiency throughout the enterprise
3. Build a culture of continuous improvement, service, and accountability
4. Operate transparently through open communication with stakeholders
5. Attract, develop and retain talented people

Each year, the executive leadership team sets annual objectives, deadlines, and metrics to make further progress toward these goals in the following year.

### *Organizational Structure*

Current leadership has completely restructured the organization, beginning with the Claims Department. In 2008, the TWIA Claims Department employed only five permanent managers

and claims examiners. That staffing model did not allow TWIA to acquire an adequate number of contractors or properly train them during a catastrophe. Available resources were severely tested as the claim volume went from a modest 10 to 15 claims per day to over 92,000 claims in a 12-month period. With approximately 80,000 of those claims filed within the first 30 days, internal and external staffing resources were strained. Today, TWIA has a new infrastructure capable of supporting claims operations during both catastrophe and non-catastrophe years. The structure now includes a permanent workforce of approximately 50 managers, examiners, and clerical employees supplemented by a flexible, trained, and pre-certified contingent workforce that varies based on claim volume. If claim volume warrants additional staff, the core workforce is able to quickly and effectively deploy well-prepared contract workers. This staffing model follows industry best practices and comprises one of the largest, dedicated CAT teams in the industry. Management has also combined and cross-trained the TWIA and Texas FAIR Plan Association (TFPA) Claims Departments to increase operational efficiency and leverage resources. If TWIA claim volume is low, resources are shifted to TFPA claims and vice versa. Employees are also cross-trained to assist in other departments if claim volume is low for both Associations.

Not only has the Claims Department been dramatically transformed, but nearly all of the 2008 organizational structure has been replaced, streamlined, or otherwise improved. TWIA has reorganized the Underwriting, IT, Accounting, Legal and Compliance, and Communication Departments to increase managerial controls, operational efficiency, and accountability. In 2014, the Association established the Internal Audit department to bring systematic and disciplined independent evaluation of management's control environment. Internal Audit evaluates the adequacy and effectiveness of the Association's governance, risk management, and internal processes, as well as the quality of performance in achieving stated goals and objectives. Further, Internal Audit assists management and the Board in the effective discharge of their duties by furnishing them with analyses, appraisals, and recommendations concerning the activities reviewed. The Director of Internal Audit reports directly to the Board and demonstrates the Association's commitment to transparency, accountability, and continuous improvement.

TWIA also created a Communications & Legislative Affairs Department to ensure open and transparent communications with all stakeholder groups. TWIA has diverse stakeholders, and leadership values the interests of all. To that end, the Association has developed a multi-faceted communications strategy to engage each stakeholder group on multiple levels; an outreach program to educate and inform stakeholders about TWIA's mission, operations, and values; and an Agent Advisory Group to solicit input from the agent community and facilitate discussion about TWIA initiatives. Communications deployed a redesigned website in May 2015. The new website is more user friendly and gathers user analytics that will enable evaluation and improvement of communication strategies.

## Operational Improvements

### Claims

The TWIA Claims Department has instituted sweeping changes over the last few years and continues to enhance its operational capabilities. The current Claims management team has enhanced all claim handling processes, including workflows and procedures, catastrophe planning, quality assurance and training, and the level of managerial oversight. Further, the department developed a detailed Catastrophe (CAT) Incident Response Plan; created a robust vendor management program; improved communications with policyholders, adjusters and agents; and increased speed and accuracy of claims handling via updated technology and quality control measures. The following list summarizes the Claims Department's accomplishments in these areas.

- Enhanced the Association's CAT Plan from a simple outline to an enterprise-wide plan. Enterprise-wide testing is conducted annually; no significant findings were made in 2014. The 2015 CAT Plan includes an after-action reporting and improvement planning process with requirements for testing, training, and exercises to ensure continuous improvement.
- Initiated meetings with emergency management officials in Galveston, Nueces, Jefferson, Chambers, and Harris Counties and have plans for meetings with officials from the remaining coastal counties, as scheduling permits, to review the 2015 CAT Plan, coordinate response efforts, and solicit feedback.
- Standardized the selection process for independent adjusting firms, issuing RFQs in 2011 and 2013. Current contracts require a firm to pay TWIA if it is unable to deliver the number of contractually-promised adjusters in the event of a storm. The 2015 adjuster commitments total over 6,000 TWIA-certified adjusters.
- Segmented the claim assignment process to ensure that claims are processed by staff with the appropriate experience levels and skills; claims are assigned to examiners based on line of business and claim complexity.
- Established objective performance standards and an in-depth quality assurance process to ensure that independent adjusters, inside examiners, and managers are evaluating claims promptly and accurately; results are reported to senior leadership and the Board of Directors monthly.
- Developed separate Residential and Commercial Property Damage Evaluation Guidelines to provide uniform guidance to independent adjusters regarding TWIA standards of claim handling, customer service, communication, and professionalism.
- Implemented a team approach for Commercial property claims with numerous

buildings to ensure prompt and accurate investigations; teams are led by highly experienced executive general adjusters that coordinate a team of general adjusters and liaise with TWIA, the policyholder, and their agent.

- Created a field adjuster reinspection program that requires 10% or more of all claims to be reinspected to ensure quality standards are met; the process includes an interview with policyholders regarding the adjuster's performance, thoroughness, and professionalism.
- Required all adjusting firms to use the same estimating software (Xactimate) and implemented the associated workflow management technology (XactAnalysis), thus enabling management to monitor all aspects of the adjustment process, including cycle times, price changes within estimates, and other adjuster performance metrics.
- Created instructor-led adjuster training programs and online training options for both adjusters and examiners; certification of training is required annually.
- Established mandatory 10-hour-per-quarter training requirements for inside examiners and instituted a professional designation program for employees to obtain their Associate in Claims or Chartered Property & Casualty Underwriter designations from the industry's leading educational provider.

These changes have resulted in a verified, quantifiable improvement in customer service. TWIA Claims has implemented key performance metrics to objectively measure all claims-handling processes, including a customer survey program with excellent results. These metrics include:

- average number of days from receipt of claim by TWIA to inspection of the property
- average number of days from inspection to receipt by TWIA of the independent adjuster's report
- average number of days from receipt of the adjuster's report to payment
- TDI complaints as a percentage of claims received
- disputed HB 3 claims as a percentage of claims received
- field adjuster overall performance rating
- field adjuster reinspection score
- call center average speed of answer and call abandonment rate
- quality assurance scores for inside claims examiners
- customer survey scores

## **Underwriting**

Beginning in late 2013, the current Underwriting management team began implementing significant operational changes to increase the efficiency and effectiveness of the underwriting process. Key accomplishments are outlined below.

- Simplified workflows in 2014 to eliminate seasonal backlogs and prevent them from occurring in the future.
- Implemented Policy Center, a new policy administration system, allowing policies to be issued immediately on 90% of submitted new business applications and 85% of renewals, dramatically reducing the average time for an agent to receive a policy
- Reorganized workflows to assign work to underwriters based on line of business (residential or commercial); residential work is further divided by transaction complexity, ensuring that policy transactions are processed by underwriters with the appropriate experience levels and skills.
- Established performance standards and a quality assurance process to ensure that underwriters are adhering to underwriting rules and performance standards; results are reported to senior leadership and the Board of Directors monthly.
- Created an internal Support Services function to facilitate procedural improvements, automation support, training, quality assurance, agent audits, and fraud investigations.
- Created an Agent Services team to provide dedicated support to agents.
- Implemented risk visualization — a more efficient underwriting inspection process that improves assessments of insurability and premium adequacy, increasing the number of annual property inspections; lowering the average cost on a per policy basis; and providing underwriters, agents, and policyholders with a greater volume of accurate data earlier in the underwriting process.
- Established required training hours for each underwriter (40 hours per year) to ensure continuous learning and a professional workforce; offered online training for agents.
- Created an agent audit function to verify agents' compliance with statutory eligibility requirements such as licensing, voluntary market declinations, and flood insurance requirements.
- Consolidated the TWIA and TFPA Underwriting Departments with a goal to become one seamless operation to better serve the needs of both Associations' policyholders.

The Association monitors the following key underwriting performance metrics and reports on them to leadership and the Board of Directors in a monthly scorecard:

- policy issuance cycle times
- agent and policyholder survey scores
- budget conformity and underwriting expense per policy
- residential policies auto-issued and auto-renewed

- quality assurance scores

### **Other Areas**

Claims and underwriting are the primary operation centers of an insurance company, but they have not been the only areas of focus for operational improvements. Numerous initiatives in other areas have contributed to meeting strategic goals as well as addressing weaknesses noted in past audits. Key accomplishments are summarized below.

- Implemented policies and procedures to ensure proper controls of Association activities, including purchasing and contract management, public information, and complaint handling.
- Developed policies for ethics, conflicts of interest, and fraud reporting to foster a culture of ethical awareness, responsibility, and accountability.
- Established a policy management program to ensure policies are reviewed annually, approved by management, and communicated properly to all employees, as well as to ensure version control necessary for auditing and incident management.
- Reduced legal costs and reliance on outside counsel by hiring in-house attorneys; insourcing E-Discovery and matter management functions; and implementing legal invoice review procedures.
- Increased timekeeping and leave balance accuracy and minimized potential FLSA liability exposure by implementing an integrated HR Information System with electronic time and attendance tracking and automated leave approval.
- Implemented a comprehensive performance management program that incorporates developing goals and competencies; conducting quarterly and annual reviews to ensure consistency in performance and outcome-focused accountability; and providing credible, objective criteria to align merit pay with performance.
- Developed training programs for managers and employees to foster a learning and continuously improving organization; this training includes the Association's first extensive new hire orientation program, online business skills training, and instructor-led training.
- Increased quality of new hires by implementing enterprise-wide recruitment and selection programs to effectively acquire and manage talent.
- Reduced costs and cycle times and increased efficiency by reengineering workflows and implementing new staffing models for print services and mail operations.

At an enterprise level, financial metrics are key measures of performance. The \$183 million

deficit recorded in 2012 was eliminated by December 2013, three months earlier than projected. TWIA exceeded projected contributions to the Catastrophe Reserve Trust Fund (CRTF) by \$91 million as a result of 2014 operations. The CRTF, along with premiums, is the first source from which funds are drawn to pay claims in the event of a catastrophe. These accomplishments are based in part on staff's successful budget conformity; TWIA-controllable expenses have been at or below budget each year from 2011 to 2014. Expenses compare favorably with both the insurance industry as a whole and other state residual market plans. Of the 36 property insurance plans in the U.S., TWIA maintains the third lowest operating expense as a percentage of premium.

Through diligent efforts, staff has achieved several notable milestones concerning the Association's funding for the 2014 storm season and beyond, including:

- contributing \$262.7 million to the CRTF as a result of 2014 operations, bringing the CRTF total to more than \$480 million for the 2015 storm season – the highest balance since the CRTF was established
- issuing \$500 million in Class 1 public securities to provide immediate claims-paying capacity after a storm and additional protection to coastal policyholders and residents with no associated impact on rates
- issuing the Association's first catastrophe bonds as part of the overall reinsurance programs in 2014 and 2015 providing multi-year stability and further diversifying and expanding the Association's claims-paying capacity

## Audit Results

In addition to the key performance indicators used to measure success internally, TWIA's operational improvements have been independently and consistently verified by external auditors in 2014.

Since 2008, TWIA has undergone more than a dozen independent audits and examinations with varying areas of concentration. Audits have focused on claims handling, underwriting, internal controls, IT systems and security, financial examinations, and actuarial rate reviews. TWIA has developed and diligently implemented corrective measures and created action plans to track and report the Association's progress in addressing all audit or exam recommendations. TWIA has addressed 100% of the recommendations outlined in the completed audits performed by TDI (2009-2011), Robert E. Nolan, Deloitte & Touche, the State Auditor's Office, KPMG, as well as the action items in the Operations Improvement Plan (a document assembled to track progress of recommendations and improvements arising from the Administrative Oversight process).

In 2014, TDI and Milliman completed audits of the Association's financial condition and

internal controls and the claims and underwriting functions, respectively. The final reports indicate excellent results and no negative findings. The TWIA Underwriting and Claims Departments have prepared action plans, provided them to TDI, and are actively working to implement improvement recommendations.

Through the initiatives implemented since 2011, TWIA management has replaced the previous culture with one dedicated to continuous improvement and accountability, better positioning TWIA to fulfill its mission. Excerpts from recent audit reports are included below.

- Milliman’s September 2014 Underwriting report states that “under recent new management the [TWIA Underwriting] Department appears to be committed to more efficient, customer/agent friendly process design and execution.” It further states that auditors “believe that current Underwriting management has made extensive progress in improving underwriting effectiveness and service during the interim period in which significant changes in automation are being planned.”
- Milliman describes TWIA’s claims organization as “well-staffed and well-managed with good controls, procedures, and practices in place to ensure compliance with state law, TWIA’s requirements, and sound industry claims handling practices.” The report also indicates that the Quality Assurance & Training program, Vendor Management function, and Catastrophe Plan are comprehensive and effectively implemented.
- In March 2014, TDI amended the terms of Administrative Oversight, citing “TWIA’s operational improvements” as a factor in its decision to reduce the scope of oversight and the frequency of required reporting.
- The State Auditor's Office August 2012 report states that TWIA “has improved its processing of claims. The Association also has controls to help produce accurate financial information, ensure accountability for Association funds, and adequately support and authorize non-claims-related expenditures. In addition, the Association’s accounting practices for reporting selected financial transactions comply with the National Association of Insurance Commissioners’ standards.”

The exhibit on the following page summarizes recent accomplishments of the Association across four areas: Financial; Management, Controls & Accountability; Communications & Transparency; and Operational Efficiency.

## Financial

- Contributed \$262.7M to the CRTF as a result of 2014 operations, bringing the balance to more than \$480M for the 2015 storm season
- Secured the highest level of funding since 2009, with up to \$4.88B in total available funds for the 2015 hurricane season – enough to pay losses from a 100-year season, and over \$2B more than the total cost of Ike
- Maintained the 3<sup>rd</sup> lowest cost as a percentage of premium of the 36 U.S. FAIR plans and wind pools in 2013, despite being the 2<sup>nd</sup> largest plan nationwide
- Issued \$500M in pre-event Class 1 public securities to provide immediate claims-paying capacity after a storm and additional protection to coastal residents over the next 10 years, with no associated impact on rates
- Issued the Association’s first catastrophe bonds as part of the overall reinsurance program, diversifying and expanding claims-paying capacity
- Performed below budget on controllable expenses for the 4<sup>th</sup> straight year

## Communications & Transparency

- Launched new TWIA.org website that will dramatically improve the user experience and provide analytics to refine communication strategies
- Implemented quarterly Agent Advisory Group meetings to improve communications with agents and solicit input for process improvements
- Formed an Agent Services team, initially, to assist agents during the implementation of Policy Center and, ultimately, for all agent issues
- Restructured resources to create a new Communications and Legislative Affairs function, adding focus to our communication and outreach efforts, including increased frequency of legislative meetings and coastal outreach events to serve as a resource to stakeholders
- Developed Legislative and Media briefing materials to provide timely, accurate information
- Developed depopulation process to provide policy data to carriers in an effort to offer TWIA policyholders voluntary alternatives, resulting in 58,000 offers from one participating carrier

## Management, Controls & Accountability

- Received positive results from TDI and independent audits in October 2014, with no material weaknesses in operational or financial controls
- Addressed 100% of HB-3 required changes in TWIA operations
- Developed extensive controls and detailed financial and operational metrics to measure and evaluate performance at every level in the Association
- Implemented policyholder and agent satisfaction surveys with increasingly positive results
- Instituted comprehensive performance management program to ensure outcome-focused accountability and credible, objective criteria to align compensation with performance
- Hired an internal auditor to report to the Board and facilitate informed governance through independent validation of the Association’s compliance and risk management practices

## Operational Efficiency

- Enhanced the Catastrophe Plan and secured commitments for over 6,000 adjusters – enough to handle the claim volume of a 100-year event
- Consolidated underwriting functions of TWIA and TFPA into a single operational environment to optimize efficiency
- Simplified workflows to eliminate seasonal backlogs and prevent future issues
- Developed training programs to promote a learning and continuously improving organization, including the first extensive new hire orientation, and online business and manager-specific skills training
- Implemented the initial release of Policy Center resulting in immediate issuance of 90% of all new applications
- Reduced claims cycle time from 30+ days in 2011 to fewer than 8 in 2014 – less than half the industry average
- Implemented risk visualization – a more efficient underwriting inspection process that improves assessments of insurability and premium accuracy

## Biennial Report to the Legislature

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Texas Insurance Code Section 2210.0025 requires the Board to submit a biennial report regarding the operations of the Association on or before December 31 of each even-numbered year. TWIA submitted its [Biennial Report](#) on December 30, 2014 to the Commissioner, the appropriate committees of each house of the legislature, and the Sunset Advisory Commission. The report included recommendations for legislative changes developed by the Board's Legislative and External Affairs Committee and approved by the Board at its December 9, 2014 meeting. The report also included the reasons for the changes and a summary of the Association's accomplishments and operations.

## Insurable Property and Coverage Requirements

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Texas Insurance Code Section 2210.004 defines insurable property for the purposes of eligibility for TWIA insurance as a structure located in the catastrophe area, built or repaired in compliance with appropriate building code specifications, and confirmed to be in an insurable condition as determined by additional criteria specified by the Association in the TWIA Plan of Operation.

Texas Insurance Code Sections 2210.201-2210.203 describe TWIA coverage and eligibility requirements. Specifically, the Association shall make insurance available to each applicant in the catastrophe area whose property is insurable property but who, after diligent efforts, is unable to obtain property insurance through the voluntary market. Flood insurance coverage is required by law, if available, for specific high-hazard zones. Section 2210.202(b)(2) further requires a statement that the agent acting on behalf of the applicant possesses proof of the inability to obtain substantially equivalent insurance coverage for the perils of windstorm and hail from the private market, as well as proof of flood insurance coverage or unavailability of that coverage.

Since 2013, TWIA has implemented several initiatives, including a segmented business model, risk visualization strategy, a quality assurance and training program, an agent audit process, and a new policy administration system to ensure properties insured by the Association meet these requirements.

### **Business Segmentation**

The Underwriting Department's leadership reorganized in 2014 into functional areas to increase the efficiency of the underwriting process and improve management controls. A Policy Services function manages policy transactions including issuance, renewals, changes, and cancellations. Work assignments are segmented between residential and commercial lines with

transactions further divided by complexity. Segmentation matches work complexity to underwriter skill and promotes greater accuracy in underwriting decisions.

A Support Services function facilitates procedural improvements, automation support, training, quality assurance, and agent audits to continuously improve the decision-making process.

An Agent and Vendor Services function is responsible for managing agent and vendor relationships to ensure the consistent delivery of information to these stakeholders, including workflows and procedures, training, and quality assurance metrics.

## Risk Visualization

Risk visualization is the systematic effort of using information to create an enhanced data model of a property, augmenting the quality of risk communication along the entire risk management lifecycle. The use of risk visualization creates a more efficient underwriting process and reduces risk, creating value for policyholders, agents, and the Association by incorporating multiple data sources with an emphasis on data quality and data velocity. TWIA's goal is to provide policyholders and their agents with reliable information on which to base their insurance purchase decisions.

To this end, the Underwriting Department is reviewing the entire property inspection program including the use of digital imagery, publicly available data, and physical inspections. In May 2014, TWIA partnered with EagleView Technologies to provide aerial imagery for the Association's coverage territory using fixed wing aircraft and specialized photographic image processing technology. The imagery is updated annually and integrated with patented oblique measurement technology and third-party data, producing detailed and accurate property specific reports.

TWIA compares the information received from EagleView with the information submitted in new business applications, the Marshall & Swift/Boeckh (MSB) replacement cost calculations, associated physical property inspections, and other data sources. TWIA is using this technology when reviewing all new coverage applications, a portion of renewals, and some existing policies. Underwriters inform agents of any discrepancies and work with agents and policyholders to resolve them.

The most common discrepancy is a difference in the square footage of the primary structure. Other common issues are differences in the age of the structure, unrepaired damages, missing or incorrect identification of multiple structures on a single property, and identification of structures requiring Windstorm Inspection Certificates (WPI-8's).

The risk visualization program provides the following benefits applicable to coverage and eligibility:

- Improved assessments of property insurability and assistance in determining adequacy

of insurance and accurate premium for each risk

- Increased total number of properties inspected annually while lowering the average cost on a per policy basis
- Efficient use of inspection dollars by more effectively identifying properties requiring onsite inspection
- Identification of unrepaired damage and potential building code non-compliance
- Identification of other underwriting concerns related to the general condition of the structure
- Streamlining of the renewal process
- Reduced rework for both agents and TWIA
- Reduced confusion and surprises, such as when a policyholder files a claim only to find he or she did not purchase appropriate coverage
- Reduced opportunities for fraud

This program is being carried out in collaboration with Claims and uses resources from across the organization. The Claims Department also uses information developed during the underwriting process along with the high-resolution photos and roof measurements in the Claims process.

## Quality Assurance & Training

The Quality Assurance and Training (QA&T) function was implemented in the Underwriting Department to ensure that department processes and procedures are properly documented, to verify underwriters are adhering to procedures and making correct eligibility decisions, and to identify training opportunities and areas for additional improvement. Every month, each underwriter receives a QA report evaluating his/her performance across six areas related to transaction processing and customer experience. The report includes production data (e.g. type and volume of work processed) as well as metrics pertaining to customer experience, accuracy, and thoroughness. The goal for 2015 is to achieve a 95% QA score for the entire department. Based on data through April 2015, the QA score exceeds expectations at 97.6%.

## Agent Audit Process

The Underwriting Department's Support Services function developed an agent audit process, as required by Rule 5.4902 of Title 28 of the Texas Administrative Code, to verify agent compliance with the Association's declination and flood insurance requirements. Staff developed and implemented a plan to test the audit procedures on a small sample of agents and reviewed the plan with the TDI, the TWIA Agent Advisory Group (AAG), and the Independent Insurance Agents of Texas before conducting a pilot program in the fourth quarter of 2014.

Based on the AAG's feedback, staff incorporated revisions to the program and provided status updates to the TDI, AAG, IIAT and Legislative Offices.

TDI rules are required to authorize TWIA to establish a procedure for suspending the acceptance of new or renewal insurance applications from an agent if the Association determines that the agent failed to comply with the declination and flood insurance requirements. The rules will also include a procedure for an agent to obtain a review of the suspension. TWIA is developing the language for a suspension process and anticipates completion of this in the third quarter of 2015.

Following TDI's review and an announcement to all registered agents, TWIA began regular audit cycles in 2015. Each quarter, TWIA's agent auditor reviews a sample of in-force policies from randomly selected agents and requests proof of the required declination from a voluntary market insurer and, if applicable, flood insurance.

## Rulemaking Authority

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Section 2210.008 provides the Commissioner of Insurance general rulemaking authority to issue any orders necessary to implement Section 2210. On December 16, 2014, TDI adopted amendments to rules [5.4200](#) and [5.4202](#) which pertain to the one-year claim filing deadline for policyholders outlined in Sections 2210.205 and 2210.543. The amendments are meant to make the extension process easier to understand and went into effect on January 5, 2015.

No other new rules or amendments were proposed or adopted regarding TWIA operations during this reporting period.

## Depopulation

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Pursuant to Sections 2210.009 and 2210.053(b), TDI is required to develop incentive programs to encourage authorized insurers to write insurance voluntarily to minimize the use of the Association as a means to obtain insurance. TWIA, in conjunction with TDI, implemented a Voluntary Coastal Windstorm Insurance Portal (VCWIP or the Depopulation Portal). The Board recommended statutory changes in the Biennial Report to facilitate a depopulation program. The goal of these programs is to assist TWIA policyholders in obtaining coverage from the private insurance market.

### Voluntary Coastal Windstorm Insurance Portal

A key element in TWIA's depopulation program is the Voluntary Coastal Windstorm Insurance Portal, which provides access to an online data repository of insurance data. In August 2013, TWIA staff presented to the Board a [Clearinghouse Feasibility Study](#) which examined various alternatives to encourage authorized insurers to voluntarily write business that is currently

with TWIA. The study recommended the creation of an online facility through which insurers could obtain detailed information about current TWIA policies. Private market insurers can use the data to identify policies that meet their underwriting standards and that they are willing to write. The Board formed a sub-committee and assembled a working group of stakeholders to review and evaluate the clearinghouse concept. After several meetings of the working group and the subcommittee, the TWIA Board approved the Depopulation Portal at their May 21, 2014 meeting.

By making this insurance data available to private market insurance companies willing to write policies in the designated catastrophe area, the online data repository results in additional insurance options for TWIA policyholders. Acceptance of any offers received is completely voluntary. TWIA updated its privacy policy to allow for the release of certain non-public information through the Depopulation Portal, while also allowing policyholders the opportunity to opt out and limit the disclosure of their information. The new privacy notice was mailed to all policyholders and the opt-out period concluded in the third quarter of 2014.

The Portal became available to TWIA member companies on Monday, November 10, 2014. Staff developed and implemented a plan to ensure effective and appropriate communications to each stakeholder group. Before activating the Portal, staff issued an agent bulletin containing VCWIP highlights, details of the Association's depopulation efforts and a detailed summary of the process (including steps TWIA member companies must take to access the Portal), a description of the agents' role related to handling potential offers of coverage for their clients, and copies of the updated privacy forms. The AAG provided feedback about the process and communication plan prior to implementation. At this time, nine member companies have applied for and received access to the Portal. The [list of member companies](#) with access to the Portal can be found on the TWIA website. This information is updated monthly. One participating carrier, United Property & Casualty (UPC), extended offers to almost 60,000 TWIA policyholders beginning in March 2015.

## Depopulation Process

Late in 2013, TWIA was approached by UPC who offered to assume, or "take out," over 40,000 TWIA policies. Since then, TWIA has been made aware of other insurers who may want to take out policies in a similar fashion. This type of transaction has been used effectively in Florida and Louisiana to minimize the use of those states' residual markets. The Board recognized that legislation would be required for TWIA to adopt a similar process and included a recommendation to authorize assumptions in its Biennial Report to the Legislature. Senate Bill 900, passed on May 28, 2015, updated the Texas Insurance Code to allow for assumption reinsurance agreements between the Association and private market insurers. Once signed into law, TWIA will work with TDI to develop rules and a process for depopulation using assumption reinsurance.

## Standards of Conduct

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### **Ethics & Conflicts of Interest Policy**

TWIA developed and implemented a comprehensive Ethics & Conflict of Interest Policy (“Ethics Policy”) in February 2011. The policy was later revised in September 2011 and April 2012 to incorporate changes mandated by HB 3 and to further define prohibited employment relationships. The Ethics Policy uses the statutory language of Sections 2210.012 and 2210.013 and states that a member of the TWIA Board of Directors, employee or contactor shall not:

- (1) Accept or solicit any gift, favor, or service that might reasonably tend to influence the member or employee in the discharge of duties related to the operation or business of the association or that the member or employee knows or should know is being offered with the intent to influence the member's or employee's conduct related to the operation or business of the association;
- (2) Accept other employment or engage in a business or professional activity that the member or employee might reasonably expect would require or induce the member or employee to disclose confidential information acquired by reason of the member's or employee's position with the association;
- (3) Accept other employment or compensation that could reasonably be expected to impair the member's or employee's independence of judgment in the performance of the member's or employee's duties related to the operation or business of the association;
- (4) Make personal investments that could reasonably be expected to create a substantial conflict between the member's or employee's private interest and the interest of the association; or
- (5) Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the member's or employee's powers related to the operation or business of the association or having performed, in favor of another, the member's or employee's duties related to the operation or business of the association.

Section 2210.015, enacted in 2011, prohibits certain contracts and employment relationships. Specifically, the Association is prohibited from contracting with or employing individuals related to a Board member or current employee within the second degree of affinity or the third-degree of consanguinity. The revised Ethics Policy mirrors the Insurance Code provisions to ensure adherence to both the letter and spirit of the law, as well as to avoid even the appearance of improprieties.

### **Ethics Training & Initiatives**

TWIA leadership understands the importance of creating and maintaining a standard of

conduct that is above reproach. In the fourth quarter of 2013, senior leadership completed strategic planning exercises to update the Association's mission, vision and 2014 objectives. One of these statements describes the Association's values to "be a steward of the public trust and hold ourselves to a high standard of ethics." TWIA implemented the following initiatives to promote this vision, support a comprehensive Ethics Policy, and create a culture that stresses ethical behavior from the top down:

- (1) The Association conducts annual stand-alone Ethics training for existing employees as well as separate training for new employees and contractors. Compliance and HR staff teach quarterly TWIA 101 sessions for new employees and contractors. TWIA 101 is a comprehensive orientation program for new employees and includes, among other topics, an hour-long ethics module. After completion, employees are able to:
  - a. Define ethics and conflicts of interest
  - b. Understand how to deal with conflicts of interest
  - c. Recognize the significance of the appearance of impropriety
  - d. Understand how ethics impacts the organization
  - e. Understand the TWIA/TFPA Ethics & Conflicts of Interest Policy
  - f. Know what types of relationships are prohibited and what types must be disclosed
  - g. Understand what gifts can be accepted, how to reject a gift, and how to complete the appropriate forms

After development, TWIA 101 was completed for all existing employees in March 2014. Since 2011, all Board members, employees, and contractors have been required to complete an Annual Certification acknowledging review of the Ethics Policy and agreeing to adhere to its terms.

- (2) At the onset of employment or at first discovery, certain business and personal relationships must be disclosed. Extra controls were implemented in the Claims Department in 2012 to ensure Claims Examiners did not issue payments to former employers. Claims conducts regular audits to verify compliance within the department.
- (3) All employees and contractors must file gift disclosures for the acceptance of permissible gifts as well as the rejection of prohibited gifts. Gift disclosures are tracked and monitored to ensure compliance with limits outlined in the Ethics Policy.
- (4) The Ethics Policy is easily accessible to all employees and contractors via a desktop shortcut automatically installed on each PC on the network, as well as a shared central repository dedicated exclusively to housing the Association's policy and procedural documents.
- (5) The Association developed a system to record and monitor required certifications and training, such as the Annual Ethics Certification, gift disclosures, and training classes.

(6) Ethics & Compliance training was incorporated into field adjuster training beginning in February 2012, and it continues to be a central theme of this training.

## Fraud Reporting

Section 2210.012 also mandates that “a board member or employee of the association who reasonably suspects that a fraudulent insurance act has been or is about to be committed by any board member or employee of the association shall, not later than the 30th day after discovering the conduct, report the conduct and identity of the person engaging in the conduct to the department and may report the conduct and the identity of the person engaging in the conduct to another authorized governmental agency. The department shall forward a report received under this subsection to the authorized governmental agency in accordance with Chapter 701.”

TWIA has implemented the initiatives outlined below to ensure compliance with applicable Insurance Code provisions:

### Special Investigations Unit/Fraud Abatement

In August 2012, TWIA implemented a Claims Special Investigation program using an experienced investigation firm, Veracity Research Company Investigations. The program includes mandatory and recommended Special Investigations Unit (SIU) referral guidelines based on industry standards and best practices. Implementation kicked off with 5 modules of in-depth training for Claims personnel regarding insurance fraud and fraud indicators. TWIA’s SIU program tracks referral rates, results, and reports made to the Texas Department of Insurance Fraud Intake Unit. Generally, wind and hail claims do not generate the number of SIU referrals and fraud reports as policies with coverage for perils like fire, theft, vandalism, etc. The following chart illustrates a sharp increase in fraud investigations and reports from 2010, evidencing TWIA’s increased focus and responsibility on fraud abatement and reporting. After TWIA retained Veracity Research in 2012, reporting levels moderated, reflecting a more sophisticated assessment by the vendor of the “reasonable suspicion of fraud” standard.

Reports Filed	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	2015 YTD
<b>TDI Fraud</b>	6	32	35	15	19	2
<b>TDI Enforcement</b>	5	7	24	9	2	0

To ensure that TWIA stays abreast of current trends and information regarding insurance fraud, key personnel attend the Texas Department of Insurance Annual Fraud Conference. Additionally, key personnel from TWIA and from TDI’s Fraud and Enforcement Units meet periodically to discuss ongoing cases, trends and issues. TWIA has expanded the SIU and fraud abatement program to underwriting functions as well. VRC conducted training for all underwriters in April 2014. Mandatory referral criteria and fraud reporting procedures have been developed and implemented.

## Whistleblower Policy

As part of TWIA's comprehensive Ethics Policy and commitment to creating an environment in which unethical behavior can be reported and properly addressed, TWIA created an anonymous Whistleblower Policy in February 2011. TWIA contracts with a third-party vendor to provide anonymous hotline reporting of fraud or ethics violations. Monthly reports are transmitted by the vendor to the Association's General Counsel, Vice President of Legal & Compliance, and General Manager. To date, we have received zero reports of ethics violations.

## Annual Statement

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Texas Insurance Code Section 2210.054 requires TWIA to file annually with TDI and the State Auditor's Office a financial statement summarizing the transactions, conditions, operations, and affairs of the Association during the preceding year. [2014 Annual Statements](#) were filed on February 27, in advance of the March 1 deadline. Financial results for the Association through April 30, 2015 can be found in [Appendix A](#).

## Examination of Association

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Texas Insurance Code Section 2210.057 states that the Association is subject to examination by TDI pursuant to Sections 401.051, 401.052, 401.054-401.062, 401.151, 401.152, 401.155, and 401.156 and Subchapter A, Chapter 86. Accordingly, TDI began a financial audit of the Association in November 2013. TWIA received the final report in October 2014, which revealed no material deficiencies or issues with operational or financial controls.

## State Auditor's Office Examination

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Texas Insurance Code Section 2210.058 states "the association is subject to audit by the state auditor and shall pay the costs incurred by the state auditor in performing an audit under this section."

The State Auditor's Office (SAO) concluded in their August 1, 2012 final report that "the Texas Windstorm Insurance Association (Association) has improved its processing of claims. The Association also has controls to help produce accurate financial information, ensure accountability for Association funds, and adequately support and authorize non-claims-related expenditures." The SAO Report identified 13 observations and recommendations which resulted in 15 corrective measures. Implementation of these measures is 100% complete with the exception of one IT-related item scheduled for implementation with Policy Center.

Additionally, TWIA was required to submit status reports to the State Auditor's Office. TWIA has submitted all reports requested by SAO, including the status of the IT implementation on 11/30/2012, 5/31/2013, 11/29/13, and 5/30/2014, as well as the status of the Association-

wide implementation plan on 2/1/2013. The SAO has advised that no further reporting is required.

## Compensation and Bonuses

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Section 2210.061 requires the Association “to post on the association's Internet website any compensation, monetary or otherwise, and any bonus that, when aggregated, exceeds \$100,000 in a calendar year and that are paid or given by the association to:

- (1) a vendor or independent contractor with whom the association has a contract; or
- (2) an association employee.”

The required [Compensation Listing](#) for 2014 was posted on the Association’s website in January 2015.

## Catastrophe Funding

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### Current Funding

Subchapter B-1 of Chapter 2210 (Sections 2210.071 – 2210.075) describes the different sources of funding available to pay TWIA losses. Those sources are, in order:

- TWIA premiums and other revenue
- Available reserves and amounts in the Catastrophe Reserve Trust Fund (“CRTF”)
- Up to \$1 billion in Class 1 public securities, to be repaid by TWIA premiums
- Up to \$1 billion in Class 2 public securities, to be repaid by surcharges on coastal property policies and assessments of TWIA member companies
- Up to \$500 million in Class 3 public securities, to be repaid by assessments of TWIA member companies

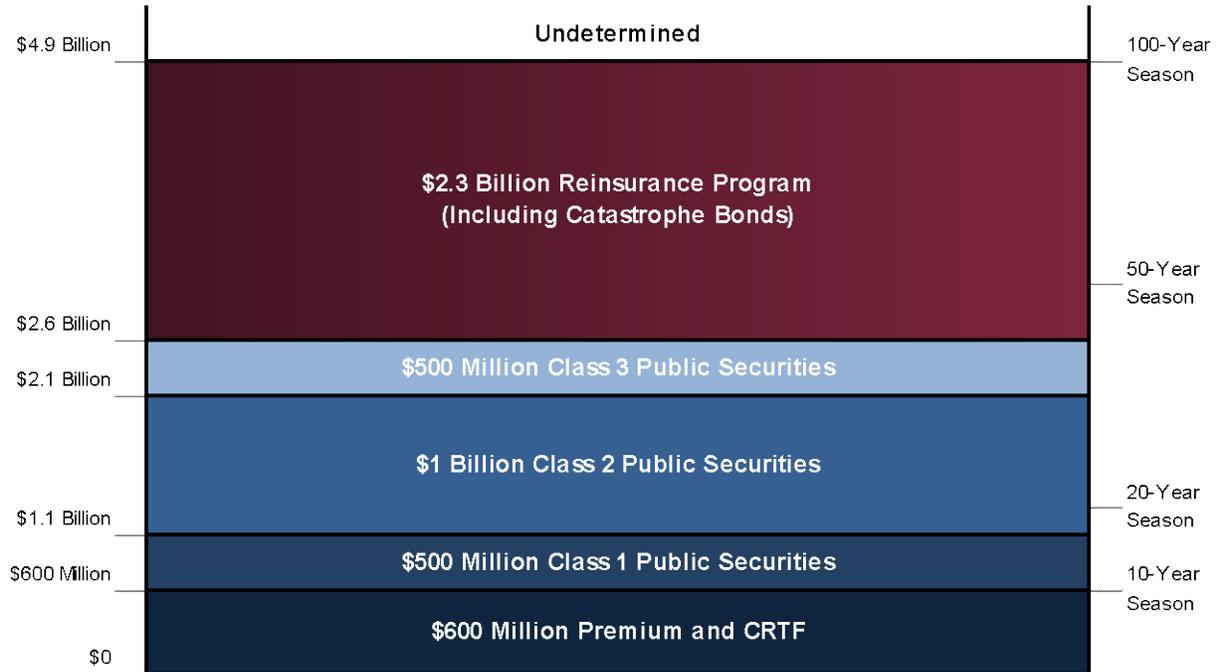
Additionally, reinsurance may be purchased in addition to or in concert with the trust fund and public securities.

TWIA contributed \$262.7 million to the Catastrophe Reserve Trust Fund (CRTF) as a result of 2014 operations, bringing the CRTF total to over \$480 million for the 2015 storm season. An additional \$120 million is projected to be available for the 2015 hurricane season from current year’s premiums.

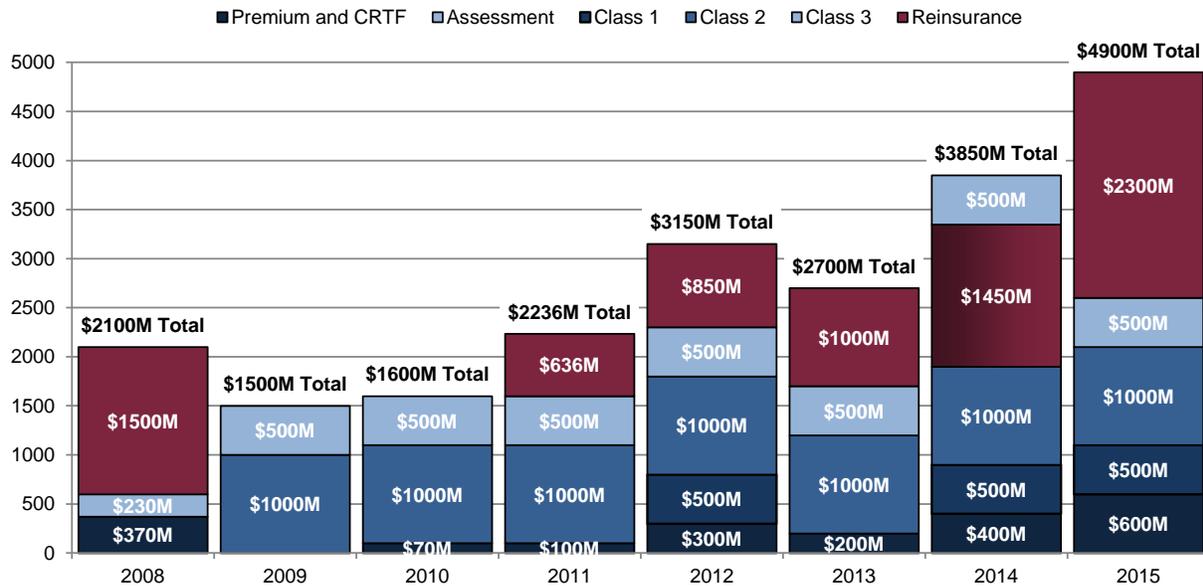
TWIA has secured funding of \$4.88 billion for the 2015 hurricane season equal to the 100-year PML. This amount is sufficient to cover 99% of all possible storm seasons, is almost \$2 billion more than the combined costs of Hurricanes Dolly and Ike, and is greater than any previous year’s funding since 2009. The 2015 reinsurance program is effective June 1, 2015 and will

provide coverage on an aggregate basis, meaning multiple hurricane events will be covered in aggregate under the reinsurance.

TWIA's funding for the 2015 hurricane season of \$4.88 billion is illustrated by the chart below, followed by a historical comparison of funding levels:



Storm frequencies based on modeled losses using TWIA exposures as of 12/15/14



Notes: Funding for 2008 shown as it existed for Hurricane Ike, post-Hurricane Dolly; unlimited additional funding available via reimbursable assessments.  
 Funding for 2009-2011, 2013 assumes \$0 Class 1 Public Securities issuable.  
 Funding for 2012 includes \$500 Million Class 1 Public Securities (BAN).  
 Funding for 2014 and 2015 shown with \$500 Million in pre-event Class 1 Public Securities.

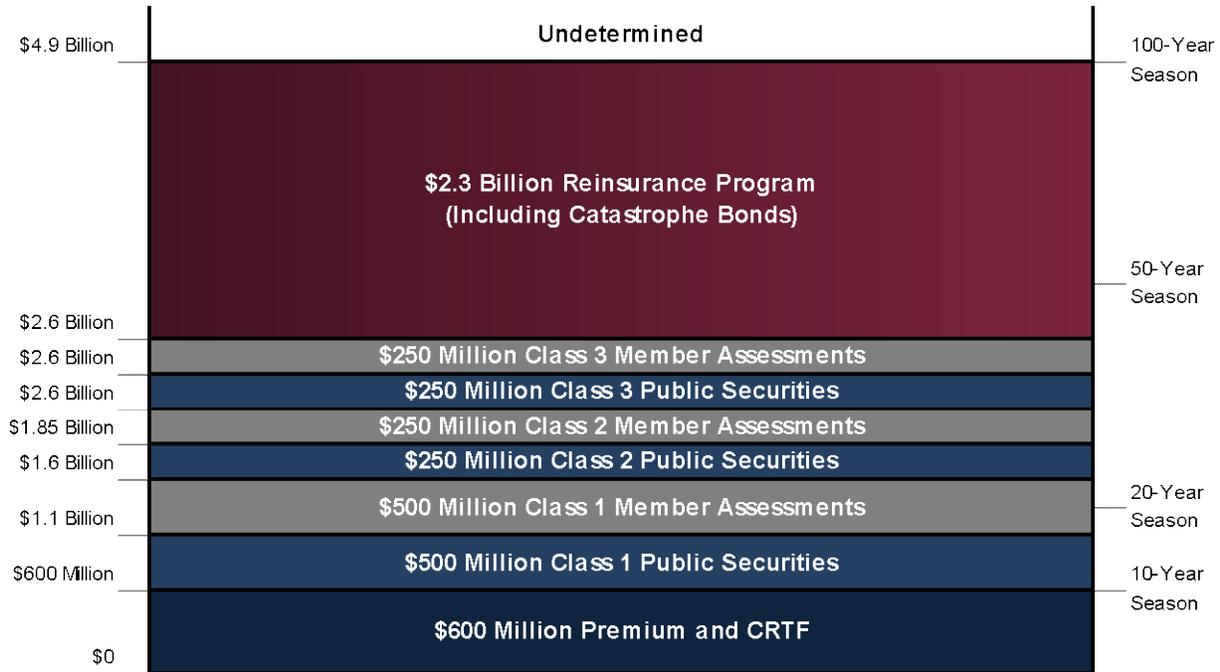
## SB 900

When signed into law, Senate Bill 900, passed on May 28, 2015, will change the sources of funding available to pay TWIA losses. It will also require total funding not less than the 100-year probable maximum loss for a hurricane season. The new sources are, in order:

- TWIA premiums and other revenue
- Available reserves and amounts in the CRTF
- Up to \$500 million in Class 1 public securities, to be repaid by TWIA premiums and/or surcharges on TWIA policies
- Up to \$500 million in Class 1 assessments on TWIA member companies
- Up to \$250 million in Class 2 public securities, to be repaid by TWIA premiums and/or surcharges on TWIA policies
- Up to \$250 million in Class 2 assessments on TWIA member companies
- Up to \$250 million in Class 3 public securities, to be repaid by TWIA premiums and/or surcharges on TWIA policies
- Up to \$250 million in Class 3 assessments on TWIA member companies
- Reinsurance or alternative risk financing in an amount sufficient to achieve total funding not less than a 100-year hurricane season

Class 2 and 3 public securities, after a finding by the Commissioner of Insurance, may also be repaid by surcharges on coastal property policies.

TWIA's funding for the 2015 hurricane season under SB 900 is illustrated by the chart below:



Storm frequencies based on modeled losses using TWIA exposures as of 12/15/14

## Board Composition

### Current Composition

Under Texas Insurance Code Section 2210.102, the Board of Directors is composed of ten members (nine voting members and one non-voting member) appointed by the Commissioner to include four public members from tier one counties, four members who must be representatives of the insurance industry, one member from a non-seacoast county, and one licensed engineer.

Insurers who are members of the Association shall nominate, from among those members, persons to fill any vacancy in the four seats reserved for representatives of the insurance industry. The Board shall solicit nominations from the member insurers and submit the nominations to the Commissioner. The nominee slate submitted to the Commissioner must include at least three more names than the number of vacancies. The Commissioner shall appoint insurance industry representatives from the nominee slate. All Board positions are currently filled.

The current membership of the Board of Directors is:

Name	Position
Richard Clifton Craig, <i>Vice Chairman</i>	Public Member from Non-Seacoast Territory
Steven Lawrence Elbert	Public Member & Agent from Tier 1 County
William David Franklin, Sr.	Non-voting Member, Licensed Engineer
Lyndell Haigood	Member of the Insurance Industry
Michael Gerik, <i>Secretary/Treasurer</i>	Member of the Insurance Industry
Ron Lawson	Member of the Insurance Industry
Georgia R. Neblett, <i>Chairman</i>	Public Member from Tier 1 County
Michael O'Malley	Member of the Insurance Industry
Gene Seaman	Public Member from Tier 1 County
Edward James Sherlock III	Public Member & Agent from Tier 1 County

## SB 900 Composition

When signed into law, SB 900, passed on May 28, 2015, will change the composition of the board. With additional caveats, the public and industry representatives are each reduced from four to three, and the non-coastal representatives increase from one to three. The industry representatives must be actively writing and renewing windstorm and hail insurance in the first tier coastal counties; the public members must reside in the first tier coastal counties and represent certain regions of the catastrophe area; and the non-coastal representatives must be located more than 100 miles from the Texas coastline. One of the public members must also be a property and casualty agent who is licensed under this code and is not a captive agent. Under SB 900, new board members would be appointed by the Commissioner of Insurance on October 1, 2015.

## Open Meetings Act

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Texas Insurance Code Section 2210.105 requires that, except for an emergency meeting, the Association shall notify TDI not later than the 11th day before the date of a meeting of the Board of Directors or of the members of the Association, and, not later than the seventh day before the date of a meeting of the Board of Directors, post notice of the meeting on TWIA's and TDI's websites. Section 2210.105 requires, except for a closed meeting authorized by Subchapter D, Chapter 551, Government Code (Texas Open Meetings Act), a meeting of the Board of Directors or of the members of the Association to be open to the Commissioner or the Commissioner's designated representative and the public. Section 2210.105 requires that TWIA broadcast live on its website all meetings of the Board of Directors, other than closed meetings, and maintain on its Internet website an archive of meetings of the Board of Directors. A recording of a meeting must be maintained in the archive on the website up to the second anniversary of the broadcast. Section 2210.108 provides, except as specifically provided by Chapter 2210 or another law, TWIA is subject to Chapter 551 Texas Government Code, the Texas Open Meetings Act.

All meetings and teleconferences of the Board of Directors and its sub-committees are broadcast live. Broadcasts and archived meetings are available for viewing on TWIA's website

([www.twia.org](http://www.twia.org)). The following table lists the meetings conducted during this reporting period:

Date	Type of Meeting	Location	Complies
07/14/2014	Depopulation Committee	Austin	Yes
08/08/2014	Actuarial/Underwriting Committee Meeting	Austin	Yes
08/12/2014	Quarterly Board Meeting	Galveston	Yes
09/15/2014	Legislative/External Affairs Committee Meeting	Austin	Yes
10/23/2014	Legislative/External Affairs Committee Meeting	Austin	Yes
11/17/2014	Actuarial/Underwriting Committee Meeting	Austin	Yes
12/02/2014	Legislative/External Affairs Committee Meeting	Austin	Yes
12/09/2014	Quarterly Board Meeting	Corpus Christi	Yes
01/29/2015	Actuarial/Underwriting Committee Meeting	Austin	Yes
02/03/2015	Quarterly Board Meeting	Austin	Yes
05/19/2015	Quarterly Board Meeting	Austin	Yes

## Primary Board Objectives Reports

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Section 2210.107 requires the Association to submit, in addition to this Annual Report, bi-monthly reports regarding the prior two months' activity to its Board of Directors. These reports detail the extent to which the Association met the objectives outlined in the opening letter of this report. TWIA has complied with these requirements by preparing and delivering the following reports:

Date	Report Card	Complies
05/30/2014	2014 Annual Report Card	Yes
07/31/2014	May/June 2014 Report Card	Yes
09/30/2014	July/August 2014 Report Card	Yes
12/01/2014	September/October 2014 Report Card	Yes
01/30/2015	November/December 2014 Report Card	Yes
04/01/2015	January/February 2015 Report Card	Yes
06/01/2015	2015 Annual Report Card	Yes

## Public Information Act

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Texas Insurance Code Section 2210.108 provides that, except as specifically provided by Chapter 2210 or another law, TWIA is subject to Chapter 552 Texas Government Code, the Texas Public Information Act. TWIA receives and responds to requests in accordance with the Act. The following table shows the number of requests received, withdrawn, and referred to the Office of the Attorney General (OAG) for a decision under the Act from 2011 through April 2015.

	Historical				2014				April 2015	2015 YTD
	2011	2012	2013	2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014		
<b>Total Requests Received</b>	108	182	162	161	48	48	41	24	13	58
<b>Number of Requests Withdrawn</b>	7	16	14	17	3	7	3	4	4	7
<b>Number of OAG Rulings Requested</b>	10	20	26	10	7	2	0	1	0	2
<b>% of Requests sent to OAG</b>	9%	11%	16%	6%	15%	4%	0%	4%	0%	3%

As illustrated in the table above, requests increased 68.5% from 2011 to 2012, decreased 11% from 2012 to 2013, and remained steady from 2013 to 2014. Increased media attention, litigation activity, and public interest have contributed to the overall increase in the number of requests received over the past several years.

## Plan of Operation

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Texas Insurance Code Sections 2210.151 - 2210.153 provide that, with the assistance of the Board of Directors, the Commissioner of Insurance by administrative rule will adopt a plan of operation to provide windstorm and hail insurance in the catastrophe areas. The Plan of Operation must include:

- (1) A plan for the equitable assessment of the members of the association to defray losses and expenses;
- (2) Underwriting standards;
- (3) Procedures for accepting and ceding reinsurance;
- (4) Procedures for obtaining and repaying amounts under any financial instruments authorized under this chapter;
- (5) Procedures for determining the amount of insurance to be provided to specific risks;
- (6) Time limits and procedures for processing applications for insurance; and
- (7) Other provisions as considered necessary by the department to implement the purposes of this chapter.
- (8) The plan of operation may provide for liability limits for an insured structure and for the corporeal movable property located in the structure.

The Plan of Operation is found in the Texas Administrative Code, Title 28, Chapter 5, Subchapter E. TWIA is undertaking a comprehensive review and update of the Plan of

Operation. The revised Plan will be more concise and easier to use. Staff completed the first phase of revisions to the Plan in late 2014. Revisions to date included removing redundancies, reorganizing, clarifying certain language, improving overall readability, and incorporating statutory changes. Additional revisions will be included if needed to incorporate enactments by the 84th Texas Legislature. The Board of Directors will review staff's revisions and once approved, the proposed plan will be filed with the Texas Department of Insurance for approval.

## Policy Issuance

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Under Section 2210.203, if the Association determines that the property for which an application for initial insurance coverage is made is insurable property, the Association, on payment of the premium, shall direct the issuance of an insurance policy as provided by the Plan of Operation. A policy is issued for a one-year term and may be renewed annually on application for renewal as long as the property continues to be insurable property. Below are charts illustrating the number of policies currently in-force, the direct liability associated with those policies, and premiums written through April 2015:

### POLICIES IN-FORCE

Policy Type	As of 4/30/14	As of 4/30/15	Change from Prior Year
Mobile Home	955	977	2.3%
Residential	257,843	262,089	1.6%
Commercial	13,026	12,201	-6.3%
<b>Totals</b>	<b>271,824</b>	<b>275,267</b>	<b>1.3%</b>

### DIRECT LIABILITY

Policy Type	As of 4/30/14	As of 4/30/15	Change from Prior Year
Mobile Home	\$46,967,801	\$49,462,138	5.3%
Residential	\$65,169,911,708	\$68,105,438,763	4.5%
Commercial	\$12,340,071,211	\$11,140,086,355	-9.7%
<b>Totals</b>	<b>\$77,556,950,720</b>	<b>\$79,294,987,256</b>	<b>2.2%</b>

### WRITTEN PREMIUMS (YTD)

Policy Type	As of 4/30/14	As of 4/30/15	Change from Prior Year
Mobile Home	\$308,897	\$368,055	19.2%
Residential	\$107,963,442	\$114,880,345	6.4%
Commercial	\$29,496,007	\$31,255,782	6.0%
<b>Totals</b>	<b>\$137,768,346</b>	<b>\$146,504,182</b>	<b>6.3%</b>

## Compliance with Building Codes

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Texas Insurance Code Sections 2210.251, 2210.258 - 2210.260 set forth the building code and inspection requirements for eligibility in the Texas Windstorm Insurance Association and provide for limited exceptions. In accordance with these sections, TWIA requires a certificate of

compliance (WPI-8) issued by the Texas Department of Insurance on all structures constructed, altered, remodeled, enlarged, repaired, or to which additions have been made on or after January 1, 1988. A noncompliant residential structure insured by the Association under the approval process regulations in effect on September 1, 2009 is subject to an annual premium surcharge of 15% of the policy premium. These surcharges are deposited directly into the Catastrophe Reserve Trust Fund (CRTF). The following tables show the number of TWIA policies in-force as of April 30, 2015 under the various compliance standards and the total surcharge amounts deposited into the CRTF each year, through April 2015:

<b>Compliance Standard</b>	<b>Policies In-Force</b>	<b>Year</b>	<b>Surcharges</b>
<b>Certificate of Compliance (WPI-8)</b>	235,223	2011	\$6,675,047
<b>WPI-8 Waiver</b>	40,044	2012	\$7,408,157
		2013	\$7,233,546
		2014	\$7,773,258
		2015	\$2,010,965

The 83rd Texas Legislature enacted Senate Bill 1702, which amended the surcharge program for noncompliant structures and repealed the Alternative Eligibility Program. The bill also required structures insured by the Association on or after December 31, 2015, to comply with the applicable windstorm building code standards. Senate Bill 498 was proposed for consideration by the 84<sup>th</sup> Texas Legislature to indefinitely extend the WPI-8 waiver surcharge program which allows non-compliant structures to be insured with TWIA for a 15% surcharge. The bill was signed into law by the Governor on May 28, 2015 and is effective immediately.

## Rates

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Pursuant to Texas Insurance Code Section 2210.352, not later than August 15 of each year, the Association shall file with TDI a proposed manual rate for all types and classes of risks written by the Association. On August 14, 2014, TWIA submitted a uniform 5% rate increase. Under 2210.352(a-1), TWIA may file and use a 5% rate increase without approval by the Commissioner of Insurance. The rate increase became effective on January 1, 2015.

In its August 2014 rate filing, TWIA had indicated rate needs as follows:

Rate Component	TWIA Rate Indications	
	Residential	Commercial
(1) Non-Hurricane Loss & LAE Ratio	12.0%	6.9%
(2) Hurricane Loss & LAE Ratio		
Experience	43.0%	47.4%
Modeled	53.2%	51.3%
Combined	48.1%	49.4%
(3) Net Cost of Reinsurance	15.4%	15.4%
(4) Other Fixed Expenses	4.8%	4.8%
Total Indicated Loss & LAE Ratio	80.3%	76.5%
(5) Contribution to CRTF	20.0%	20.0%
(6) Other Variable Expenses	18.1%	18.1%
Variable Permissible LLAE Ratio	61.9%	61.9%
Indicated Rate Change	+30%	+24%
Filed Rate Change	+5%	+5%
Remaining Indicated Rate Change	+24%	+18%
<b>Notes:</b>	(1) Residential ratio based on industry losses over last 10+ years Commercial ratio based on TWIA losses over last 10+ years (2) Combined ratio selected giving equal weight to experience and modeled losses Experience projected using long-term historical frequency and industry experience Model results projected using long-term frequency (3) Based on the net cost of reinsurance after accounting for potential recoveries (4) Includes general operating expenses of the Association (5) Selected to generate increased contributions to the CRTF (6) Includes commissions, taxes, licenses, and fees	

## Catastrophe Plan

Texas Insurance Code Section 2210.455 requires the Association, not later than June 1 of each year, to submit to the Commissioner, the Legislative Oversight Board, the Governor, the Lieutenant Governor, and the Speaker of the House of Representatives a catastrophe plan covering the period beginning on the date the plan is submitted and ending on the following May 31. A complete copy of the [2015 TWIA Catastrophe \(CAT\) Incident Response Plan](#) is included with this report.

The level of detail in TWIA's current catastrophe event planning has dramatically increased over that of 2008 and prior years. Prior to 2012, leadership prepared only a conceptual outline which was updated infrequently and lacked detailed information about available resources and ability to scale for larger events. TWIA is constantly improving the Association's claims resource capacity and ability to respond promptly and effectively to catastrophic claims situations. Claims leadership conducts frequent catastrophe planning meetings to update the

CAT Plan with information about these improvements and with knowledge gained from real and modeled events. The 2015 version of the CAT Plan is a streamlined, dynamic document that provides detailed information regarding:

- roles and responsibilities for Claims and all other TWIA departments
- information regarding available resources
- details about scalability for larger events including pre- and post-event loss projection and staffing modeling tools
- operational guidelines and directives for TWIA's response to a catastrophe that align with emergency incident response best practices
- a corrective action program incorporating after-action reporting and improvement planning processes
- requirements for testing, training, and exercises to ensure continuous planning improvement

TWIA has implemented communications initiatives to educate stakeholders about TWIA's capabilities and planned response before, during, and after a storm. Claims, additionally, continues to meet with Office of Emergency Management officials in various coastal counties to solicit feedback to improve catastrophe response coordination. Staff has presented the CAT Plan to the Commissioner of Insurance and other TDI and Legislative staff.

## Testing & Activation

TWIA has activated the CAT Plan seven times since January 1, 2012 for localized wind and hail events and has updated the plan based on information gathered from these events. In April 2015, the CAT Plan was activated in response to a prolonged period of severe weather, resulting in the most non-hurricane claims in Association history (Previously, the first was the Robstown hail event of January 2011). To date, over 9,000 new claims have been opened as a result of storms in April and May 2015 with the following outcomes:

- Over 7,000 storm claims (80%) closed, with an average time from first notice of loss to claim payment of 14.9 days
- Continued high performance compared to industry benchmarks for field adjuster performance:
  - Average turn-around time from TWIA's assignment to field adjuster to return of adjuster estimate and report is 6.6 days
  - Average turn-around time from industry assignment to field adjuster to return of adjuster estimate and report is 13.2 days
- Responded to high volume of new claims efficiently and effectively without having to request extension of time limits from Commissioner of Insurance

TWIA tested the CAT Plan in an enterprise-wide table top exercise in June 2014. Each department presented a response to a formulated storm scenario based on the roles and

responsibilities outlined in the Plan. Results showed a high level of enterprise readiness, with no significant negative findings. The activation of the CAT Plan in 2015 will allow Claims to create and incorporate after-action reports into an improvement plan which will determine the need for additional testing, training, and exercises going forward. The CAT Plan will continue to be evaluated annually to determine the need for testing, training, and exercises.

## TWIA Claims Performance Metrics

TWIA's commitment to planning and proficiently executing the plan is evidenced by quality assurance (QA) scores and policyholder satisfaction levels. Policyholders can access TWIA's Customer Care Survey (CCS), launched in April 2012, via TWIA's website or by using their smartphones to scan QR codes on payment letters. QA scores are the result of quality assurance evaluations of claim files. Analysts conduct monthly reviews of each Claims Examiner's files, evaluating the file for regulatory compliance and to ensure accurate coverage analysis, loss investigation, loss valuation, and reserving.

The Claims department continues to exhibit quality claims handling and policyholder customer service under solid management, as demonstrated in the exhibit below.

Metric	Quarterly Summary				Monthly Summary			2015 YTD
	3Q-14	4Q-14	1Q-15	2Q-15	2/15	3/15	4/15	
<b>QA Score</b>	M	M	M	M	M	M	M	M
<b>CSS Score</b>	4.53	4.46	4.87	4.77	4.97	4.65	4.77	4.85
<b>Cycle Time</b>	8.9	6.3	6.8	10.5	5.9	7.7	10.5	7.8
<b>TDI Complaints</b>	4	4	4	1	0	2	1	5
<b>Complaint Ratio</b>	0.53%	0.64%	0.58%	0.02%	0.00%	0.50%	0.02%	0.09%

QA has revised the auditing process for staff to allow for a more in-depth, qualitative review. In the case of a catastrophe event, QA employs a compliance-based checklist to ensure additional contractors follow consistent claim handling practices. April 2015 scores reflect the level of compliance with TWIA's internal claim handling guidelines by new contractors brought on to work claims following April storm events.

"M" indicates Meets Expectations. Additionally, the key performance indicators included above measure the total number of days from receipt of a claim, or First Notice of Loss, to when TWIA issues payment (cycle time), as well as complaint ratio, which represents the percentage of TDI complaints to claims filed.

All TDI complaints are reviewed by senior Claims leadership. Trends were identified when the number of TDI complaints grew to exceed plan in the third quarter of 2014. Following corrective action, complaints have decreased. We expect the favorable trend to continue in 2015.

## Limits of Liability

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Under Texas Insurance Code Subchapter K of Chapter 2210 (Sections 2210.501 – 2210.504), TWIA is required to propose inflation adjustments to the maximum liability limits under a windstorm and hail policy. On September 17, 2014, TWIA made a filing with TDI to increase its maximum liability limits for 2015 based on increased construction costs as reflected in the BOECKH Index. On November 14, 2014, the Commissioner of Insurance issued an order disapproving the filing and, as a result, maximum limits for 2015 remain the same as the 2014 limits. The Commissioner’s order cited cumulative increases in TWIA maximum limits since 2005 as compared to cumulative increases in construction costs over that same time period.

The current and prior maximum limits are:

	2014	2015
<b>Dwellings and individually owned townhouses</b>	\$1,773,000	\$1,773,000
<b>Contents of an apartment, condominium, or townhouse</b>	\$374,000	\$374,000
<b>Commercial structures and associated contents</b>	\$4,424,000	\$4,424,000

## Certain Appeals and Other Actions

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### Section 1. Appeals

Under the previous law, an insured could dispute a claim decision by filing an appeal with the Commissioner and presenting the dispute to the State Office of Administrative Hearings (SOAH). Texas Insurance Code Section 2210.551 now limits the availability of appeals through the SOAH process to those persons or entities that have been aggrieved by an act, ruling, or decision of the Association that is not related to the payment of, the amount of, or the denial of a claim. As a result, all correspondence to insureds communicating a claims decision includes revised language to reflect rights and responsibilities as provided under current law.

### Section 2. Voluntary Arbitration & Certain Coverage and Claims Disputes

Texas Insurance Code Section 2210.554 allows TWIA to offer an “Arbitration Endorsement” to its policyholders in a form to be prescribed by the Commissioner of Insurance. If a policyholder elects to include this endorsement in his or her policy, the insured will be required to submit any dispute involving an act, ruling, or decision of the Association relating to the payment of, the amount of, or the denial of the claim to a binding arbitration process under rules established by the Commissioner of Insurance. The Association will begin offering the endorsement once the form, rules, and procedures have been adopted.

### Section 3. Claims: Settlement and Dispute Resolution

HB 3 made significant changes to both the process by which insureds can dispute TWIA’s

decision relating to the payment of, the amount of, or the denial of claims, and the remedies available to insureds. First, Section 2210.014 made Insurance Code Chapters 541 (bad faith) and 542 (Prompt Pay Act) inapplicable to TWIA claims. Second, Section 2210.572(c) made the Deceptive Trade Practices Act inapplicable to TWIA. These were three of the main causes of action asserted by insureds who sued TWIA alleging claims were underpaid or settled in bad faith. The new provisions of Chapter 2210, Subchapter L-1, now provide the process for claims decisions, payments and disputes.

The TWIA Claims Department has trained all Claims personnel on the new claim-handling procedures and deadlines included in HB 3 and revised the claims decision letters to provide clear explanations of the portions of claims that the Association has accepted or denied in full or in part, as required by Section 2210.573(d). In addition, claims decision letters now include instructions for disputing accepted or denied claims and provide forms that insureds can use to begin the dispute resolution process, as required by Section 2210.573(e)-(g).

Below is a table of data (as of April 30, 2015) regarding claims subject to the HB 3 dispute resolutions.

HB 3 Claims Tracker*						
Dispute Frequency			HB 3 Disputed Claims			
Total Claims	Disputed Claims	% of Disputed Claims	Appraisals	Notice of Intent	Mediation	Suits
20,965	167	0.80%	127	56	26	28

\* A single disputed claim may have more than one type of dispute.

The table above represents information for all HB 3 claims filed since HB 3's inception in 2011. Dispute frequency tracks the total number of HB 3 claims, and the number and percentage of HB 3 claims in which the policyholder is disputing the claims disposition for any reason.

## Section 4. Appraisal and Rulemaking

All disputes regarding claims that are accepted by the Association must be submitted to an appraisal process pursuant to Section 2210.574. The Department adopted rules to govern this appraisal process.

## Section 5. Ombudsman Funding and Program

Section 2210.582 directed TDI to establish an Ombudsman Program to assist TWIA policyholders in understanding and navigating the claims process. TDI established the Coastal Outreach and Assistance Services Team (COAST) Program and adopted rules relating to its function on March 19, 2012. Even before the formal adoption of the rules (28 TAC §5.4201), TWIA revised its claims correspondence to inform insureds about the program and provide contact information in English and Spanish. TWIA fully funds the COAST program based on the budget provided by TDI each March.

Communications staff has cultivated a strong relationship with TDI's TWIA Ombudsman, a position created by HB 3. TWIA continues to work closely with the Ombudsman to implement and develop an outreach program to promote policyholder education in the coastal areas. As part of this outreach, staff members attend and conduct presentations at a variety of events, many hosted by area chambers of commerce and other local organizations. Presentations have focused on internal changes at TWIA, eligibility and coverage issues, WPI-8s and surcharges, what to expect from the claims process, and important changes resulting from HB 3.

Ultimately the program will include targeted strategies for a variety of objectives in the coastal areas. Staff is developing templates for three different outreach engagement formats, including: presentations to deploy to affected areas post-storm, such as those conducted in Santa Fe and Hitchcock in 2013; educational presentations aimed at informing consumers of important coverage, eligibility and claims information before issues arise; and networking events during which staff conduct presentations to smaller community groups as a means of identifying community needs and organizing larger educational events.

To date, TWIA has coordinated a number of successful events, including the following: an open house forum in Mont Belvieu; an outreach effort in July 2014 in Galveston encompassing events coordinated with the City of La Marque Chamber, Independent Insurance Agents of Texas (IIAT), and the Galveston Board of Realtors; FEMA Flood Risk and Insurance open houses and agent workshops in San Patricio and Aransas Counties in November 2014; coastal community outreach meetings in Nueces County in December 2014, Jefferson County in February 2015, and Chambers and Harris Counties in April 2015 with TWIA Claims staff and local emergency management resources; a Catastrophe Readiness seminar at the Coastal Bend Hurricane Conference in Robstown in May 2015; and Prepare for Anything: Hurricanes presentation at Del Mar College in Nueces County for the small business community in May 2015.

## Annual Evaluation of Association Management

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The fifth objective outlined in Texas Insurance Code Section 2210.107(a) is to establish, and adhere to the terms of, an annual evaluation of Association management necessary to achieve the statutory purpose, Board objectives, and any performance or enterprise risk management objectives established by the Board.

Beginning January 1, 2012, TWIA's annual budget has been based upon department level budgets for which department management and their staffs are held accountable. To reflect that accountability and to establish objective standards appropriate to each employee, the Association established individual performance standards for each position. The 2015 budget was reviewed and approved by the Board at its December 9, 2014, meeting.

The Finance Department has prepared budget conformity reports at the department level to monitor performance beginning with 2012 first quarter results. Under the current

management team, TWIA has consistently performed at or below budget for controllable expenses in nearly every area since 2012.

TWIA staff is evaluated against a set of performance standards, including objective performance measures based upon their departments and their individual roles. Each department head is accountable for his or her individual budget, so the individual performance measures comprise a portion of the standard of performance against which department heads are evaluated. Employees within each department have objective measures against which to evaluate performance. Performance evaluation documents reflect these areas of accountability.

The Association has established risk management objectives in the form of business continuity planning, catastrophe response planning, reinsurance, and other funding mechanisms to effectively manage the financial and human resources of the organization in meeting its established purpose.

## Appendix A: Year-to-Date Statutory Income Statement

<b>TEXAS WINDSTORM INSURANCE ASSOCIATION</b>				
<b>Statutory Income Statement (000's omitted)</b>				
<b>for the four months ended April 30,</b>				
	<b>Actuals - 2015</b>	<b>Budget - 2015</b>	<b>Variance - 2015</b>	<b>Actuals - 2014</b>
<b>Premiums Written:</b>				
Direct	\$ 146,379	\$ 147,554	\$ (1,175)	\$ 139,136
Ceded	0	0	0	0
Net	146,379	147,554	(1,175)	139,136
<b>Premiums Earned:</b>				
Direct	\$ 163,384	\$ 163,866	\$ (482)	\$ 155,684
Ceded	0	0	0	0
Net	163,384	163,866	(482)	155,684
<b>Deductions:</b>				
Direct Losses and LAE Incurred	46,864	35,104	11,760	27,188
Direct Losses and LAE Incurred - Ike & Dolly	0	0	0	0
Ceded Losses and LAE Incurred	0	0	0	0
Operating Expenses	9,522	10,599	(1,078)	8,847
Commission Expense	23,408	23,609	(201)	22,267
Ceding commissions / brokerage	0	0	0	0
Premium / Maintenance Tax	2,855	2,907	(52)	2,750
Total Deductions	82,649	72,219	10,430	61,052
<b>Net Underwriting Gain or (Loss)</b>	<b>80,735</b>	<b>91,647</b>	<b>(10,912)</b>	<b>94,632</b>
<b>Other Income or (Expense):</b>				
Gross Investment Income	367	352	15	355
Interest Expense on Debt	(12,896)	(12,896)	0	0
Debt Issuance & Other Investment Expenses	(57)	(36)	(21)	(140)
Sales Tax Refund and Other Income (Expense)	2	0	2	1,881
Total Other Income or (Expense)	(12,585)	(12,580)	(5)	2,096
<b>Net Income Before Income Taxes</b>	<b>68,150</b>	<b>79,067</b>	<b>(10,916)</b>	<b>96,728</b>
Federal Income Tax Expense (Benefit)	0	0	0	0
<b>Net Income (Loss)</b>	<b>\$ 68,150</b>	<b>\$ 79,067</b>	<b>\$ (10,916)</b>	<b>\$ 96,728</b>
<b>Surplus (Deficit) Account:</b>				
Beginning Surplus (Deficit)	0	0	0	0
Net Income (Loss)	68,150	79,067	(10,916)	96,728
Change in Provision for Reinsurance	0	0	0	0
Change in nonadmitted assets - Income Tax Rec	0	0	0	0
Change in nonadmitted assets - Other	(3,709)	(3,196)	(513)	(2,778)
Other	0	0	0	0
Statutory Fund Cost	(64,441)	(75,871)	11,430	(93,951)
Ending Surplus (Deficit)	\$ -	\$ -	\$ (0)	\$ -

## Appendix B: 2015 TWIA Catastrophe (CAT) Incident Response Plan

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# Catastrophe Incident Response Plan

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Texas Windstorm  
Insurance Association

Texas FAIR Plan  
Insurance Association

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June 1, 2015

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## General Manager's Message

I am pleased to submit the 2015 Catastrophe (CAT) Incident Response Plan for the Texas Windstorm Insurance Association (TWIA) and the Texas FAIR Plan Association (TFPA). The Associations' commitment to driving operational efficiency throughout the Enterprise and creating a culture of continuous improvement is reflected in this year's CAT Plan. We have transitioned from a rigid "test and correct" model to a continuous planning, assessing and corrective action model. The Plan is a result of incorporating this continuous improvement with the combined best practices from insurance industry CAT responses and the National Incident Management System. This makes it a living document to better serve the needs of our policyholders

The TWIA / TFPA 2015 CAT Plan is fully compliant with insurance codes for claims handling during a catastrophe. The Plan also has a new streamlined design making it easier to implement by everyone involved in its execution.

At TWIA and TFPA we recognize the privilege and responsibility we have in serving our policyholders. Every department taking part in yearly planning is testament to that fact. With a coordinated response as the bedrock of our Plan, we are positioned to effectively serve the recovery of Association communities when a catastrophic incident strikes Texas.

With pride in our progress and resolve for our future,

A handwritten signature in black ink, appearing to read "John W. Polak", with a stylized flourish at the end.

John W. Polak, CPCU  
General Manager

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# Introduction

## Purpose

The Catastrophe (CAT) Incident Response Plan describes the activities Texas Windstorm Insurance Association (TWIA) and the Texas FAIR Plan Association (TFPA) will conduct in preparation for, and in response to, a catastrophic incident. This document demonstrates planning and mitigation efforts, deployment procedures, and the continuous improvement processes TWIA and TFPA follow throughout the year.

## Background

Texas Insurance Code 2210.455 requirements state that TWIA must submit a CAT Plan each year, and that planning should occur for the following scenarios: 1% probability event (1 in 100 year), 2% probability event (1 in 50 year), and 4% probability event (1 in 25 year). This Plan describes how the Associations will respond to incidents of varying scales, including how losses are evaluated and claims are processed if a catastrophe affects an area of maximum exposure. TFPA is not subject to Chapter 2210, but fully participates in incident planning and remains ready for the various kinds of incidents that may impact TFPA policyholders. These requirements are guidelines and should not bind the Associations to a particular course of action.

## About This Plan

This Plan is aligned with the phases of catastrophic incident response followed by the Texas Division of Emergency Management (TDEM): Mitigation, Preparedness, Response, and Recovery. The Associations focus on helping policyholders recover from catastrophic incidents: in particular, making sure the insurance claims process holds up under extreme claim volume, and helping ensure normal business processes are not interrupted. The Plan provides resources and logistics for repairing covered properties, and thus for helping communities return to normal.

### Plan Phases:



*“Reduce the occurrence of incidents or their severity.”*

–  
Plans to reduce the storm’s impact on policyholders and operations.

*“Minimize damage from a pending disaster.”*

–  
Activates systems, communications, and personnel for a pending storm.

*“Reduce secondary damage and speed recovery.”*

–  
Scales and deploys resources and continually monitors capacity.

*“Return life to normal for individuals and businesses.”*

–  
Resolves claims, and evaluates response efforts.

## Plan Objectives

Objectives have been established for each phase of the Plan. The objectives are important benchmarks to ensure:

- Compliance with legal and regulatory requirements
- Compliance with required Association procedures
- Uninterrupted essential services with prompt and fair claims handling
- Modeling for staff scalability and catastrophe funding
- Coordination of action plans between Departments
- Clear roles and responsibilities for staff and vendors
- Documented processes for quality assurance
- Leadership in assisting with community recovery

### Exhibit 1: Sample Objective from the Catastrophe (CAT) Incident Response Plan

**1.4 Maintain Plans for Deploying Mobile and Remote Facilities**

Required outcome by plan phase.	<b>Objective 1.4</b>	To maintain plans for deploying mobile and remote facilities.	Description of work required.
	Description	Claims creates site requirements (i.e., supplies) for mobile and remote facilities. Facilities plans for providing supplies for off-site facilities.	
	Purpose	<ul style="list-style-type: none"> <li>• To provide immediate policyholder assistance, including first notice of loss (FNOL), claim status information, and advanced payments.</li> <li>• To have off-site space to house additional customer care and data entry resources.</li> </ul>	
	Participants	Claims, Facilities, Legal	List of participants.
Purpose behind each objective.	Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Establishes criteria for activating mobile and remote facilities.</li> <li>• Maintains contract with Bentsys Recovery Services to provide mobile office units, equipment, network, and phone patch within 48 hours of notification.</li> <li>• Maintains contract with Agility Recovery's ReadySuite service for off-site office space, equipment, network, phone connectivity within 48 hours of notification.</li> <li>• Maintains contract with Agility for gas trucks in the case of a serious catastrophe.</li> <li>• Identifies locations for mobile offices in TWIA/TFPA territories.</li> <li>• Maintains site requirements for mobile and remote offices, including supplies.</li> </ul> <p><b>Facilities</b></p> <ul style="list-style-type: none"> <li>• Works with Claims to order supplies and equipment for off-site facilities.</li> <li>• Plans for security for mobile and remote facilities.</li> <li>• Work with administrative staff to plan for packages of handbooks, policies, forms, brochures, and other documents for the off-site offices.</li> </ul> <p><b>Legal</b></p> <ul style="list-style-type: none"> <li>• Approves all vendor contracts related to off-site facilities.</li> <li>• Ensures all required insurance policies are in place for off-site facilities.</li> </ul>	
Actions segmented into tasks by role and responsibility.	Exhibits	See Exhibit 7 "Site Plan for TWIA/TFPA Community Claims Center" in text following. <a href="#">Mobile and Remote Facilities Claims Processing Workflow</a>	References to manuals, diagrams, or other resources.
Additional explanation or detail.	Additional Information	<ul style="list-style-type: none"> <li>• Office solutions are deployed within 48 hours of landfall or when it is safe to travel.</li> <li>• Association utilizes available hotel and partners' office space before renting space.</li> <li>• The Bentsys unit supports: 30 customer seats, two reception seats, 21 computer workstations, one office, generator, HVAC, wireless network, and satellite phone.</li> <li>• Agility Recovery's ReadySuite supports: 48 workstations, generator, telephone and internet, computer equipment, 5 Intel servers, tape drives, printers, and fax.</li> </ul>	
Requirements or regulations (i.e., HB 3).	Compliance	Under construction for 2016.	Plan compliance audit tool.
	QA or Testing	Under construction for 2016.	

## Mitigation Phase (1.0)

According to the Texas Division of Emergency Management (TDEM), the goal of mitigation is not to prevent natural disasters, but to “reduce their severity.” Planning for mitigation occurs Enterprise-wide. Departments participate in personnel training, the updating of documentation, and strategic planning for how to scale up resources and supplies when faced with a catastrophic incident.

Even before an active threat is on the horizon, TWIA and TFPA have completed the work necessary for an efficient and effective catastrophic incident response. Further effort is focused on completing yearly planning, on testing prior to hurricane season, and on corrective action planning.

## 1.1 Maintain a Catastrophe (CAT) Incident Response Plan

<b>Objective 1.1</b>	To maintain a catastrophe (CAT) incident response plan.
Description	Assure a detailed Plan is in place. Update and make improvements to the Plan after an incident or a test. Annually submit updated Plan as required by Texas Insurance Code 2210.
Purpose	<ul style="list-style-type: none"> <li>To plan for delivering essential services in the case of a catastrophic incident.</li> <li>To keep the Plan current with changes in the Associations' workflows and procedures.</li> </ul>
Participants	General Manager, All Departments
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>Selects the Plan committee and recruits staff to assist with updates.</li> <li>Sets regular meetings of the committee to develop updates.</li> <li>Implements feedback from Plan tests.</li> <li>Meets with TWIA/TFPA Departments to review updates.</li> <li>Submits the Plan to the Executive Leadership Team for approval.</li> </ul> <p><b>All Departments</b></p> <ul style="list-style-type: none"> <li>Review Plan to identify and assess ownership of roles and responsibilities.</li> <li>Assist with updating the Plan, including sending updates to the CAT Plan committee.</li> <li>Assist with training Department staff on Plan requirements.</li> <li>Work under Corrective Action Program (CAP) to ensure continuous improvement.</li> <li>Assist with implementing testing, including Department tests of relevant objectives.</li> </ul> <p><b>General Manager and Executive Leadership Team</b> review and give Plan approval.</p> <p><b>Communications and Legislative Affairs</b> submits Plan to internal and external stakeholders no later than June 1.</p> <p><b>Claims</b> works with Executive Leadership Team to identify areas for improvement and creates an improvement plan including testing, training and exercises to ensure continuous improvement.</p>
Exhibits, or Related Documents	<a href="#">Appendix A - CAT Plan Revisions Log</a>
Additional Information	The Vice President of Claims networks with other wind pools concerning CAT mitigation and claims processing.
Compliance	Fulfills the need to model one, two, and four-in-100 year storms, and the need to describe pre- and post-storm processes as per Texas Insurance Code 2210.
QA or Testing	

## 1.2 Maintain Methodologies for Incident Analysis and Exposure Modeling

<b>Objective 1.2</b>	To maintain methodologies for incident data analysis and exposure modeling.
Description	Maintain methodologies to predict and confirm weather data in order to forecast and assess claims for a catastrophic incident.
Purpose	To plan for delivering essential services in the case of a catastrophic incident.
Participants	Claims, Actuarial
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Assigns business analyst to gather, format, and update Policy-In-Force (PIF) data.</li> <li>• Receives storm activity data each day across the U.S. from weather data vendor.</li> <li>• Maintains services with weather data vendor to automatically order wind or hail storm reports for the address of a policyholder filing a claim.</li> <li>• Runs regularly scheduled queries for Policy in Force (PIF) data for TWIA/TFPA.</li> <li>• Runs ad hoc queries for Policy in Force (PIF) data, as needed.</li> <li>• Trains resources on weather tracking and exposure modeling.</li> <li>• Evaluates and purchases web tools for storm data tracking.</li> <li>• Maintains process for determining potential PIF impact depending on the number of policies in impacted Association territories.</li> <li>• Maintains spreadsheet with formulas to model potential exposures in the case of a catastrophic incident.</li> </ul> <p><b>Actuarial</b> manages the modeling of TWIA and TFPA exposures prior to hurricane season.</p>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• TWIA and TFPA Policy-In-Force (PIF) Data</li> <li>• Hail/Wind Shape File Data Map</li> <li>• In text following Exhibit 2 “Hurricane/Tropical Storm Loss Projection Model.”</li> </ul>
Additional Information	
Compliance	Fulfills the need to describe pre- and post-incident processes as per Texas Insurance Code 2210.455.
QA or Testing	

**Exhibit 2: Hurricane Loss Projection Model**

<b>Storm Data Map - Loss Projection Model</b>					
<b>Wind Speed (MPH)</b>	<b>TWIA Residential PIF</b>	<b>TWIA Commercial PIF</b>	<b>TWIA Total PIF</b>	<b>Projected Claim Frequency</b>	<b>Projected Claim Volume</b>
< 50	51,453	8,445	59,898	5-10%	2,995 - 5,990
50 - 69	25,248	3,636	28,884	11-35%	3,177 - 7,221
70 - 89	131,142	9,372	140,514	36-50%	36,534 - 70,257
90 - 109	24,828	2,736	27,564	51-75%	14,058 - 20,673
>109	9	2	11	76-100%	<11
<b>Totals</b>	<b>232,680</b>	<b>24,191</b>	<b>256,871</b>	<b>...</b>	<b>70,823 - 107,040</b>

### 1.3 Utilize Scalability Modeling to Predict Staffing Needs

<b>Objective 1.3</b>	To utilize scalability modeling to predict staffing needs.
Description	Model the number and type of staff needed to provide essential services for the following scenarios: 1% probability event (1 in 100 year), 2% probability event (1 in 50 year), and 4% probability event (1 in 25 year).
Purpose	<ul style="list-style-type: none"> <li>To increase the ability to activate resources after a catastrophic incident.</li> <li>To uphold the Associations' mission to deliver prompt and fair claims service.</li> </ul>
Participants	Claims, General Manager
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>Obtains and formats relevant data for incident modeling and exposure modeling.</li> <li>Creates resource scalability models for one, two, four, and ten-in-100 year incidents.</li> <li>Continually adapts the "Claims Resource Scalability Model" to estimate capacity based on exposure modeling and projections.</li> <li>Compares current resources against scalability models to gauge capacity.</li> <li>Continually assesses need for approved claims examiners, managers, customer care, quality assurance, field re-inspectors, field adjusters, emergency mitigation, engineers, building consultants, and contents specialists.</li> <li>Publishes approved vendor fee schedules.</li> <li>Confirms available resources and maintains approved vendor contact information.</li> <li>Runs indirect incident modeling in the case of incidents outside Association territories.</li> <li>Maintains information on supplemental resources, such as preferred repair providers (PRP), direct repair providers (DRP), and salvage resources.</li> <li>Maintains mobile office and off-site office staffing plans for various CAT scenarios.</li> </ul> <p><b>General Manager</b> reviews quarterly updates on vendor assignment process.</p>
Exhibits, or Related Documents	In text following: Exhibit 3 "TWIA One Percent Probability Event," Exhibit 4 "TWIA Two Percent Probability Event, Exhibit 5 "TWIA Four Percent Probability Event, and Exhibit 6 "TWIA Ten Percent Probability Event."
Additional Information	
Compliance	<ul style="list-style-type: none"> <li>Fulfills the need to model one, two, and four-in-100 year incidents, and the need to describe pre- and post-incident processes as per Texas Insurance Code 2210.455.</li> <li>Additionally models ten-in-100 year incidents (i.e., 10 percent event).</li> <li>Fulfills the Texas Insurance Code requirement to implement indirect incident modeling once per year.</li> </ul>
QA or Testing	

**Exhibit 3: TWIA 1% Probability Event (1 in 100 year event)**

Claims Resource Scalability Modeling Tool 2014 - TWIA 1% Probability Event (1 in 100 year event)												
Projected or Actual Claims	Date Range	Claims Per Day	Claims Examiners	Managers	Customer Care	Quality Assurance	TOTAL	Field Re-Inspectors	Field Adjusters	Examiner - Claims Per Day	Adjuster - Claims Per Day	Examiners Per Manager
144,250	30	4,808	401	33	167	100	701	100	962	12	5	12
39,200	30	1,307	109	9	45	27	191	9	261	Required Customer Care Resources By Claim Volume		
10,550	30	352	29	2	6	5	43	2	70	>150	>300	>600
										1.50	2.50	5.00
										Required QA Resources By Claim Volume		
										>150	>300	>600
195,000	90		539	45	218	132	935	112	1,293	1.00	2.00	3.00

**Exhibit 4: TWIA 2% Probability Event (1 in 50 year event)**

Claims Resource Scalability Modeling Tool 2014 - TWIA 2% Probability Event (1 in 50 year event)												
Projected or Actual Claims	Date Range	Claims Per Day	Claims Examiners	Managers	Customer Care	Quality Assurance	TOTAL	Field Re-Inspectors	Field Adjusters	Examiner - Claims Per Day	Adjuster - Claims Per Day	Examiners Per Manager
88,000	30	2,933	244	20	102	61	428	61	587	12	5	12
24,200	30	807	67	6	28	17	118	6	161	Required Customer Care Resources By Claim Volume		
6,800	30	227	19	2	2	2	24	2	45	>150	>300	>600
										1.50	2.50	5.00
										Required QA Resources By Claim Volume		
										>150	>300	>600
119,000	90		331	28	132	79	570	68	793	1.00	2.00	3.00

**Exhibit 5: TWIA 4% Probability Event (1 in 25 year event)**

Claims Resource Scalability Modeling Tool 2014 - TWIA 4% Probability Event (1 in 25 year event)												
Projected or Actual Claims	Date Range	Claims Per Day	Claims Examiners	Managers	Customer Care	Quality Assurance	TOTAL	Field Re-Inspectors	Field Adjusters	Examiner - Claims Per Day	Adjuster - Claims Per Day	Examiners Per Manager
48,250	30	1,608	134	11	56	34	235	34	322	12	5	12
13,600	30	453	38	3	8	6	55	3	91	Required Customer Care Resources By Claim Volume		
4,150	30	138	12	1	0	1	13	1	28	>150	>300	>600
										1.50	2.50	5.00
										Required QA Resources By Claim Volume		
										>150	>300	>600
66,000	90		183	15	64	41	303	38	440	1.00	2.00	3.00

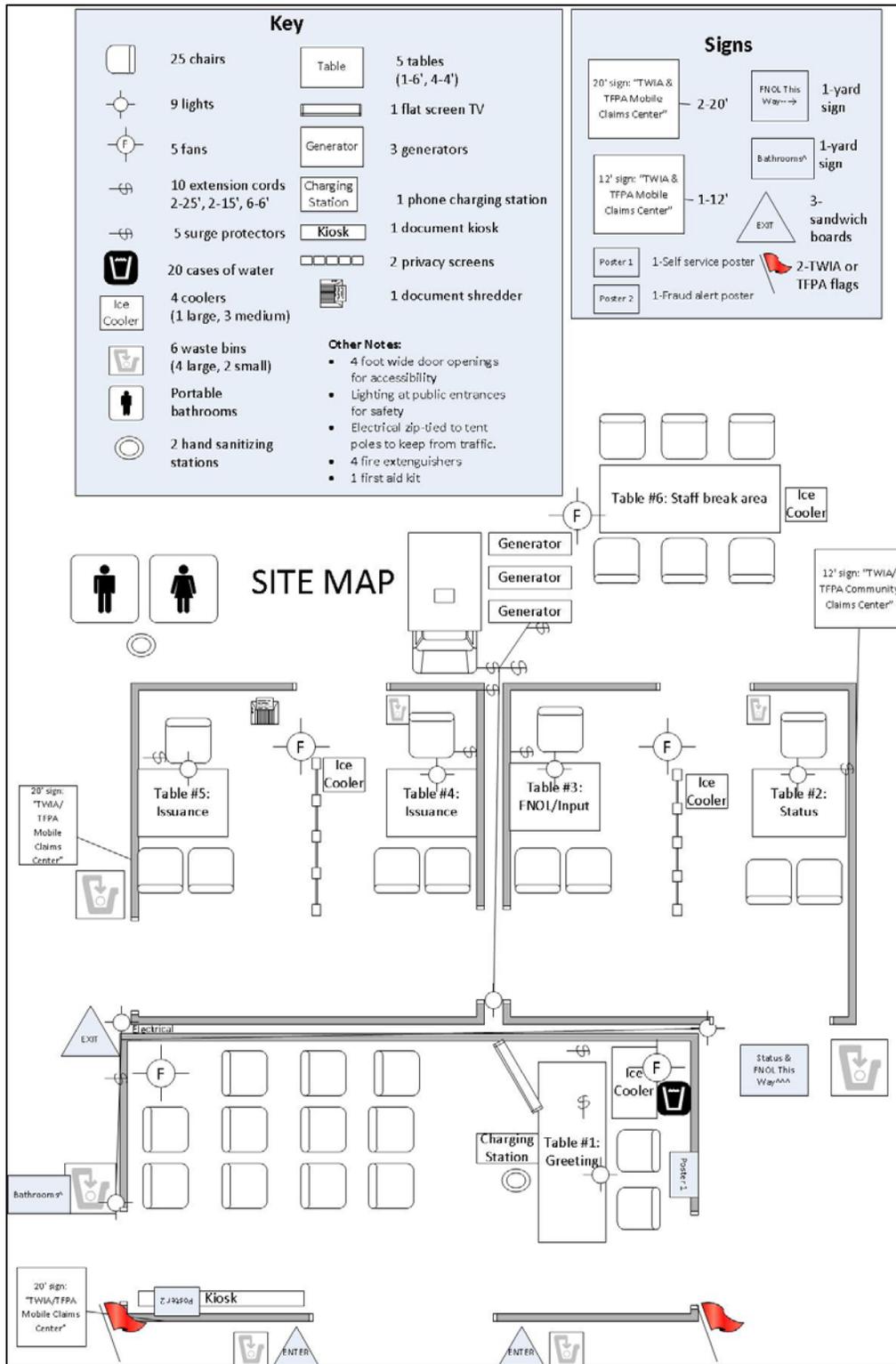
**Exhibit 6: TWIA 10% Probability Event (1 in 10 year event)**

Claims Resource Scalability Modeling Tool 2014 - TWIA 10% Probability Event (1 in 10 year event)												
Projected or Actual Claims	Date Range	Claims Per Day	Claims Examiners	Managers	Customer Care	Quality Assurance	TOTAL	Field Re-Inspectors	Field Adjusters	Examiner - Claims Per Day	Adjuster - Claims Per Day	Examiners Per Manager
18,250	30	608	51	4	21	13	89	13	122	12	5	12
5,600	30	187	16	1	2	1	20	1	37	Required Customer Care Resources By Claim Volume		
2,150	30	72	6	0	0	1	7	0	14	>150	>300	>600
										1.50	2.50	5.00
										Required QA Resources By Claim Volume		
										>150	>300	>600
26,000	90		72	6	23	15	116	14	173	1.00	2.00	3.00

## 1.4 Maintain Plans for Deploying Mobile Claims Center and Remote Facilities

<b>Objective 1.4</b>	To maintain plans for deploying mobile claims center and remote facilities.
Description	Create site requirements (i.e., supplies) for mobile and remote facilities.
Purpose	<ul style="list-style-type: none"> <li>To provide immediate policyholder assistance, including first notice of loss (FNOL), claim status information, and advanced payments.</li> <li>To have off-site space to house additional customer care and data entry resources.</li> </ul>
Participants	Claims, Facilities, Legal and Compliance
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>Establishes criteria for activating mobile claims center and remote facilities.</li> <li>Maintains contract with Rentsys Recovery Services to provide mobile office units, equipment, network, and phone patch within 48 hours of notification.</li> <li>Maintains contract with Agility Recovery’s ReadySuite service for off-site office space, equipment, network, phone connectivity within 48 hours of notification.</li> <li>Maintains contract with Agility for gas trucks in the case of a serious catastrophe.</li> <li>Identifies locations for mobile offices in TWIA/TFPA territories.</li> <li>Maintains requirements for mobile claims center and remote offices.</li> </ul> <p><b>Facilities</b></p> <ul style="list-style-type: none"> <li>Works with Claims to order supplies and equipment for off-site facilities.</li> <li>Plans for security for mobile claims center and remote facilities.</li> <li>Packages approved handbooks, policies, forms, brochures, etc. for off-site offices.</li> </ul> <p><b>Legal and Compliance</b></p> <ul style="list-style-type: none"> <li>Approves all vendor contracts related to off-site facilities.</li> <li>Ensures all required insurance policies are in place for off-site facilities.</li> </ul>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>Mobile Claims Center and Remote Facilities Claims Processing Workflow</li> <li>In text following Exhibit 7 “Site Plan for TWIA/TFPA Mobile Claims Center.”</li> </ul>
Additional Information	<ul style="list-style-type: none"> <li>Office solutions are deployed within 48 hours of landfall or when it is safe to travel.</li> <li>Association utilizes available hotel and partners’ office space before renting space.</li> <li>The Rentsys unit supports: 30 customer seats, two reception seats, 21 computer workstations, one office, generator, HVAC, wireless network, and satellite phone.</li> <li>Agility Recovery’s ReadySuite supports: 48 workstations, generator, telephone and internet, computer equipment, 5 Intel servers, tape drives, printers, and fax.</li> <li>Rentsys unit qualifies as RV, meaning few restrictions for on-site placement.</li> </ul>
Compliance	
QA or Testing	

## Exhibit 7: Site Plan for TWIA/TFPA Mobile Claims Center



## 1.5 Forecast Needs for Office Supplies and Equipment

<b>Objective 1.5</b>	To forecast needs for office supplies and equipment in the following scenarios: 1% probability event (1 in 100 year), 2% probability event (1 in 50 year), and 4% probability event (1 in 25 year).
Description	Plan for ordering and repairs in the event of rapidly increased demands on office supplies and equipment, including planning for extended-hour scenarios.
Purpose	<ul style="list-style-type: none"> <li>• To uphold the Associations’ mission to deliver prompt and fair claims service.</li> <li>• To establish processes for ordering and delivering supplies to mobile claims center and remote facilities.</li> </ul>
Participants	Facilities
Action Plans	<p><b>Facilities</b></p> <ul style="list-style-type: none"> <li>• Maintains inventory of supplies (e.g., chairs, workstations, and storage).</li> <li>• Forecasts increased demand on workspaces, supplies, and equipment, including supplies needed at remote facilities.</li> <li>• Identifies additional food and drink vendor services and cleaning services needed.</li> <li>• Coordinates additional parking for staff onsite, mobile claims center, and remote facilities.</li> <li>• Coordinates with Claims and IT to determine process for adding mailroom, printer, scanner, and fax server capacity.</li> <li>• Plans for additional security and extended hour security for Austin facilities.</li> </ul>
Exhibits, or Related Documents	Workspace Utilization Report
Additional Information	
Compliance	Fulfills the need to model one, two, and four-in-100 year incidents, and the need to describe pre- and post-incident processes as per Texas Insurance Code 2210.455.
QA or Testing	

## 1.6 Evaluate and Optimize Claims Technology

<b>Objective 1.6</b>	To evaluate and optimize claims technology needed in the following scenarios: 1% probability event (1 in 100 year), 2% probability event (1 in 50 year), and 4% probability event (1 in 25 year).
Description	Determine whether current systems are sufficient, or whether upgrades or additional licenses are needed.
Purpose	<ul style="list-style-type: none"> <li>• To uphold the Associations' mission to deliver prompt and fair claims service.</li> <li>• To expedite software and hardware purchasing during a catastrophic incident.</li> </ul>
Participants	IT, Claims
Action Plans	<p><b>IT</b></p> <ul style="list-style-type: none"> <li>• Meets with Claims and Underwriting to review systems, identify necessary upgrades, and implement software and hardware changes.</li> <li>• Maintains quotes for expanding software licenses.</li> <li>• Develops network access solutions for on-site and off-site work spaces, including assessing Rentsys satellite capabilities, wireless phones, and laptops for remote facilities and mobile claims center(s).</li> <li>• Communicates with Claims and Facilities about plans for off-site office equipment.</li> <li>• Manages Austin phones, line/voicemail capacity, and IVR.</li> <li>• Researches whether to increase phone numbers from ~80 currently available.</li> <li>• Conducts performance testing of the data center for scalability response time, availability, and reliability.</li> </ul> <p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Evaluates claims technology systems for readiness: Web portals, software, hardware, telephony, fax lines, remote access, data management, and reporting.</li> </ul>
Exhibits, or Related Documents	
Additional Information	
Compliance	Fulfills the need to model one, two, and four-in-100 year incidents, and the need to describe pre- and post-incident processes as per Texas Insurance Code 2210.455.
QA or Testing	

## 1.7 Enlist TWIA/TFPA Staff for Deployment

<b>Objective 1.7</b>	To enlist TWIA/TFPA staff for deployment in the case of a catastrophic incident.
Description	Develop and retain resources prepared to serve after a catastrophic incident.
Purpose	To set expectations with current staff for possible needs outside of this building.
Participants	Claims, All Departments
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Creates a plan to inform both Claims and non-Claims staff of the possibility of deployment in the case of a catastrophic incident.</li> <li>• Prepares a formal list of Claims and non-Claims staff willing to relocate to the incident area.</li> <li>• Maintains database listing volunteers for deployment.</li> <li>• Sets quarterly meeting for volunteers.</li> </ul> <p><b>Communications and Legislative Affairs</b></p> <ul style="list-style-type: none"> <li>• Assists with communication of recruitment and activation for deployment.</li> </ul> <p><b>All Departments</b></p> <ul style="list-style-type: none"> <li>• Assist with identifying staff by role available for deployment.</li> </ul>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• <a href="#">Appendix D - Plan for Volunteer Enlisting for Catastrophe (CAT) Incident Response Deployment</a></li> </ul>
Additional Information	Deployment policy to be developed for 2016.
Compliance	Fulfills the need to model one, two, and four-in-100 year incidents, and the need to describe pre- and post-incident processes as per Texas Insurance Code 2210.455.
QA or Testing	

## 1.8 Onboarding of Fixed and Variable Staff

<b>Objective 1.8</b>	To onboard fixed and variable staff.
Description	Contract with vendor resources so they can be prepared for CAT response. Develop and retain resources prepared to serve after a catastrophic incident.
Purpose	To uphold the Associations' mission to deliver prompt and fair claims service.
Participants	Claims, Human Resources, Legal and Compliance
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Verifies that vendor partners remain compliant with TWIA/TFPA requirements.</li> <li>• Maintains a list of approved vendors.</li> <li>• Provides copies of new employment contracts for Legal and Compliance and Human Resources.</li> <li>• Fills out SAEF for all onboarding staff (performed by Claims support staff).</li> <li>• Maintains claim adjuster licensing database for staff and contractors.</li> <li>• Conducts audits to determine any conflicts of interest with vendor contractors.</li> <li>• Maintains relationship with a network of contractors.</li> <li>• Hosts the following yearly certifications: TWIA/TFPA Residential Adjuster Certification, TWIA Commercial Adjuster Certification, TWIA/TFPA Desk Examiner Certification, TWIA/TFPA Manager and Supervisor Training.</li> <li>• Sends "Vendor Business Continuity Procedures Form" to approved vendors for the following: point of contact with person responsible for disaster recovery planning, disasters they are prepared to withstand, frequency of DR/BC testing, location for disaster recovery, backup power planning, and recovery time objective (RTO).</li> </ul> <p><b>Human Resources</b></p> <ul style="list-style-type: none"> <li>• Administers temporary/contract resources.</li> <li>• Distributes ethics policies and verifies signed conflicts of interest forms for staff, contractors, and vendors.</li> </ul> <p><b>Legal and Compliance</b></p> <ul style="list-style-type: none"> <li>• Establishes and oversees policies for staff and contractors.</li> <li>• Trains new staff and contractors in TWIA 101 and TWIA 201.</li> <li>• Coordinates training with Claims personnel to review public adjuster licensing and contract requirements, and provides procedures for reporting non-compliance.</li> <li>• Reviews any reported potential conflicts of interest with Claims management to develop action plan to mitigate or rectify conflicts.</li> </ul>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• <a href="#">Field Adjuster Online Training</a></li> <li>• Staffing Database</li> <li>• Vendor Business Continuity Procedures Form</li> <li>• In text following Exhibit 8 "Screenshot of Online Field Adjuster and Examiner Training."</li> </ul>

Additional Information	
Compliance	Fulfills the need to model one, two, and four-in-100 year incidents, and the need to describe pre- and post-incident processes as per Texas Insurance Code 2210.455.
QA or Testing	

### Exhibit 8: Screenshot of Online Field Adjuster and Examiner Training

#### Adjuster Certification

2021 Training > TWIA/TFPA > Adjuster Certification

**Texas Windstorm Insurance Association (TWIA) and Texas FAIR Plan Association (TFPA) have partnered with 2021Training.com as their exclusive provider for online adjuster certifications.**

As an adjuster, you will need to have these certifications prior to adjusting any claims for TWIA and TFPA. They're registered with the Texas Department of Insurance for CE credits. These certifications **renew annually**. Your certification will be valid for one year from the date of completion.

See FAQ below, including a list of companies that adjust claims for TWIA/TFPA

#### Field Adjusters

##### [2014 TWIA and TFPA Residential Field Adjuster Certification \(4 hr\)](#)

**Course #94516 \$55**

4 Texas CE Credit Hours

(3.5 General and .5 Ethics)

(Classroom Equivalent Hours) This certification is required to adjust **Residential** claims for

**TWIA/TFPA** and renews annually. Your certification will be valid for one year from the date of your course completion.

[Buy Now](#)

##### [2014 TWIA Commercial Field Adjuster Certification \(1 hr\)](#)

**Course #95300 \$15**

1 General Texas CE Credit Hour

(Classroom Equivalent Hours)

This certification is required to adjust **Commercial and Complex claims for TWIA**. Complex claims include multiple location losses and condos. This is an annual certification, and the online Residential Field Adjuster Certification is a **pre-requisite** for the Commercial Certification.

[Buy Now](#)

#### Desk Examiners

##### [2014 TWIA & TFPA Desk Examiner Certification \(4 hr\)](#)

**Course #95816 \$55**

4 General Texas CE Credit Hours

(Classroom Equivalent Hours) This certification is required to adjust claims for **TWIA and TFPA as a**

**Desk Examiner**. This is an annual certification. See a list of CAT companies contracted with TWIA/TFPA in the FAQs at the bottom of the screen.

[Buy Now](#)

## 1.9 Foster Compliance with Mandated Claims-Handling Timelines

<b>Objective 1.9</b>	To foster compliance with mandated claims-handling timelines.
Description	Administer training for claims-handling timelines. Coordinate Departments whose workflows are interdependent with the claims process.
Purpose	<ul style="list-style-type: none"> <li>To efficiently provide essential insurance products and services for policyholders.</li> <li>To comply with sound insurance principles and regulations.</li> </ul>
Participants	Claims, Legal and Compliance, Underwriting
Action Plans	<p><b>Claims</b> trains staff in timelines, including but not limited to the following:</p> <ul style="list-style-type: none"> <li><b>First Contact Timeline:</b> Same day contact with insured if received before 4pm, 24 hours if received after 4pm.</li> <li><b>Independent Adjuster (IA) First Contact:</b> Contact with insured within 24 hours after assignment. Send letter if contact not established within three days.</li> <li><b>IA Report Timeline:</b> Within 15 days of assignment. Additional reports every 15 days thereafter until completed. (Examiner contacts IA Firm if 48+ hours late.)</li> <li><b>Supplemental Request for Information.</b> Examiner sends to insured not later than 30 days after claim received (TIC 2210.573(b)).</li> <li><b>Supplemental Investigation:</b> Complete within 55 days after claim is filed.</li> <li><b>Claim Decision Timeframe:</b> Notify insured of claim decision in writing not later than 60 days after claim received, or the 60th day after adjuster or TWIA receives information requested from the insured (TIC 2210.573(d)).</li> <li><b>Texas Insurance Code 2210.541 and 2210.542</b> trainings for TFPA resources.</li> <li>Provides documentation to inform all TWIA/TFPA staff how to assist customers submitting first notice of loss (FNOL) or other routine requests.</li> </ul> <p><b>Legal and Compliance</b> trains resources in potential coverage, regulatory or legal concerns which could arise from a catastrophic incident, and plans for compliance with Texas Insurance Code 2210.455.</p> <p><b>Underwriting</b></p> <ul style="list-style-type: none"> <li>Maintains a process for verifying with policy validation workflows with Claims (e.g., coverage verification and “no policy” processes).</li> <li>Prepares dedicated resources for real-time CAT response.</li> </ul>
Exhibits, or Related Documents	<a href="#">Appendix C - How to Submit a Claim for TWIA and TFPA Staff</a>
Additional Information	<ul style="list-style-type: none"> <li>All intervals reflect TWIA service goals and not necessarily the full period permitted by statute or industry standards; all intervals subject to change for catastrophe claims or based extensions by Commissioner of Insurance (TIC 2210.581).</li> </ul>
Compliance	
QA or Testing	

## 1.10 Ensure the Ability to Issue Claim Payments

<b>Objective 1.10</b>	To ensure the ability to issue claim payments in the following scenarios: 1% probability event (1 in 100 year), 2% probability event (1 in 50 year), and 4% probability event (1 in 25 year).
Description	Maintain trained TWIA/TFPA resources and documented processes for making claim payments after a catastrophic incident.
Purpose	To ensure expected service levels are met or exceeded.
Participants	Claims, Accounting and Finance, IT
Action Plans	<p><b>Claims</b> trains internal resources in guidelines, including but not limited to the following:</p> <ul style="list-style-type: none"> <li>• <b>Payment timelines:</b> Trains all staff on expected speed to payment requirements.</li> <li>• <b>Advanced payment guidelines:</b> including additional living expenses (ALE), business interruption (BI), personal/business property, and food spoilage.</li> <li>• <b>Names required on claims checks:</b> Communicates thresholds for including mortgage companies, additional insureds, or loss payee names on claim payment checks. (Will vary depending on size of incident: not to exceed aggregate dwelling loss of \$5,000 for TFPA and \$10,000 for TWIA.)</li> <li>• <b>Guidelines for replacement cost coverage (RCC):</b> Communicates thresholds for activating the reserving and payment process. (Varies based on size of incident: not to exceed aggregate dwelling loss of \$5,000 for TFPA and \$10,000 for TWIA.)</li> </ul> <p><b>Accounting and Finance</b></p> <ul style="list-style-type: none"> <li>• Coordinates with Claims on manual check processes, instructions for printing checks, and information about check stock.</li> <li>• Helps plan for mobile claims center and remote facility scenarios, including workflows for mobile claims center check issuance.</li> <li>• Prepares team members to deploy in the case of a catastrophe to handle check issuance at mobile claims center and remote facilities.</li> </ul> <p><b>IT</b> ensures check-printing capabilities are available as needed internally and in the field.</p>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• Check Issuance Procedures</li> <li>• The following items to be included in the “Claim Office Procedures” or the “TWIA Claim Examiner Handbook”: RCC guidelines, advanced living expenses (ALE) guidelines, and depreciation thresholds.</li> </ul>
Additional Information	
Compliance	
QA or Testing	

## 1.11 Establish Total Loss Claim-handling Guidelines

<b>Objective 1.11</b>	To establish total loss claim-handling guidelines.
Description	Address the variety of total loss scenarios that could occur from a catastrophic incident.
Purpose	To ensure complex losses are quickly identified and addressed efficiently.
Participants	Legal and Compliance, Claims, Actuarial and Enterprise Analytics, Underwriting
Action Plans	<p><b>Legal and Compliance</b></p> <ul style="list-style-type: none"> <li>• Helps interpret concurrent causation methodologies (i.e., Texas Insurance Code 2210.578).</li> <li>• Documents processes and procedures for determining slab claims and implementing the concurrent loss methodology (when expert panel methodology becomes available).</li> <li>• Plans to use outside counsel for executing concurrent causation methodologies in the case of a large catastrophe.</li> </ul> <p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Identifies the number and locations of potential total losses for any event.</li> <li>• Determines the need to establish dedicated work group(s) to address those claims.</li> <li>• Ensures that ensuing losses (e.g., fire, theft, vandalism) are handled correctly.</li> <li>• Identifies when and how to use experts to resolve total loss claims.</li> <li>• Maintains specific procedures for resolving commercial, mobile, and residential total losses.</li> <li>• Maintains before and after aerial imaging to resolve total loss claims.</li> </ul> <p><b>Underwriting</b></p> <ul style="list-style-type: none"> <li>• Plans for assisting with gathering and interpreting specific data on total loss properties.</li> <li>• Plans for providing dedicated resources to the total loss units should a dedicated work group be formed.</li> <li>• Assists with agent relationships and customer relations related to total loss claims.</li> <li>• Plans to communicate with agent and obtain flood certificate in the case of a CAT.</li> </ul> <p><b>Actuarial and Enterprise Analytics</b></p> <ul style="list-style-type: none"> <li>• Identifies properties at risk due to storm surge exposures, or those most likely to have slab or total loss claims, prior to storm season.</li> <li>• Develops pre-incident total loss/slab claim projections (i.e., heat maps and potential numbers).</li> <li>• Works with experts to identify detailed property characteristics to improve projections.</li> <li>• Makes projections based on data put into the expert panel tool/methodology.</li> </ul>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• TDI Expert Panel Rules (Under Construction)</li> <li>• Property Damage Evaluation Guidelines (PDEG)</li> <li>• Claim Examiners Handbook</li> </ul>

Additional Information	
Compliance	See Texas Insurance Code 2210.578 for information on the expert panel.
QA or Testing	

## 1.12 Provide Capability for Claims Processing for Telecommuting Staff

<b>Objective 1.12</b>	To provide capability for claims processing in scenarios with telecommuting staff.
Description	Prepare people, processes, and tools for claims processing in telecommuting scenarios.
Purpose	To uphold the Associations' mission to deliver prompt and fair claims service.
Participants	Claims, IT
Action Plans	<p><b>Claims</b> trains resources in guidelines, including but not limited to the following:</p> <ul style="list-style-type: none"> <li>• TWIA/TFPA online training: "Working Remotely in XactAnalysis."</li> <li>• Claims workflow plans for using the Xactanalysis program.</li> <li>• Instructions on Claims Examiners access to the VoIP phone system.</li> <li>• Procedures for batch processing Xactanalysis IDs, including emailing representative with batch names and emails of onboarded staff</li> </ul> <p><b>IT</b></p> <ul style="list-style-type: none"> <li>• Plans for batch-processing email accounts in the case of a CAT.</li> <li>• Maintains instructions for Webmail login for telecommuters.</li> <li>• Updates password requirements, or creates a workflow to accommodate password changes for telecommuters.</li> <li>• Ensures Citrix access for telecommuting Managers for QA purposes.</li> </ul>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• XactAnalysis Hybrid Program Flowchart</li> <li>• XactAnalysis Hybrid Roles and Responsibilities</li> <li>• Webmail Login for Telecommuters</li> <li>• GoToMeeting and GoToWebinar Process Document</li> <li>• VoIP Phone System Access Process (technical specs and user documents)</li> </ul>
Additional Information	<ul style="list-style-type: none"> <li>• During response to a major catastrophe, some Claims staff may telecommute, and be managed via managers who are telecommuting. Remote access to the claims system would be achieved with a hybrid solution between Notus and the XactAnalysis program.</li> <li>• The Notus Claim System will facilitate financial transactions including initial reserving, reserve changes, and payment transaction.</li> <li>• XactAnalysis will be used for documenting all other claim handling activity and workflow control, and will be transferred to Notus for record-keeping.</li> <li>• Currently, telecommuters would be locked out of email after 40 days due to password change requirements administered within the Network (i.e., in Citrix).</li> </ul>
Compliance	
QA or Testing	

## 1.13 Ensure Ability to Process Complaints Promptly and Accurately

<b>Objective 1.13</b>	To ensure the ability to process complaints promptly and accurately.
Description	Train resources on best practices for processing TDI and non-TDI complaints. Ensure awareness of statutes related to complaints processing.
Purpose	To ensure compliance with statutes, regulations, and internal policies regarding complaints.
Participants	Communications and Legislative Affairs, Legal and Compliance, Claims, Underwriting
Action Plans	<p><b>Communications and Legislative Affairs</b></p> <ul style="list-style-type: none"> <li>• Trains resources on complaint procedures, including TDI requirements.</li> <li>• Trains staff in the process for appeals in unresolved complaints.</li> <li>• Plans for scalable resources.</li> </ul> <p><b>Legal and Compliance</b></p> <ul style="list-style-type: none"> <li>• Provides applicable laws and regulatory requirements.</li> <li>• Plans for scalable resources.</li> </ul> <p><b>Claims and Underwriting</b></p> <ul style="list-style-type: none"> <li>• Identify scalable resources to respond to complaints.</li> <li>• Establish workflows and levels of approval authority.</li> <li>• Ensure follow up with customers to resolve complaints.</li> </ul>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• Complaint Training PowerPoint</li> <li>• Complaint Training FAQs</li> </ul>
Additional Information	<ul style="list-style-type: none"> <li>• Generally, there are three types of complaints (i.e., legislative, TDI, and direct).</li> <li>• An insurer must maintain a complete record of all complaints received during the preceding three years, or since the date of its most recent financial examination by the commissioner of insurance.</li> <li>• The standard for compliance purposes is a 15-day resolution of complaints.</li> </ul>
Compliance	
QA or Testing	

## 1.14 Ensure Personnel Can Identify Issues of Fraud, Compliance, and Ethics

<b>Objective 1.14</b>	To ensure personnel can identify issues of fraud, compliance, and ethics.
Description	Train internal resources and train approved vendor resources on issues of fraud, compliance, and ethics.
Purpose	To ensure timely and accurate payments on valid claims only.
Participants	Legal and Compliance, Special Investigation Unit (SIU), Claims, Underwriting, Internal Audit
Action Plans	<p><b>Legal and Compliance</b></p> <ul style="list-style-type: none"> <li>• Trains new staff and contractors in fraud reporting, compliance, and ethics (i.e., TWIA 101 and TWIA 201).</li> <li>• Communicates about Lighthouse Services whistleblower program for anonymous fraud reporting.</li> <li>• Administrates Ethics and Conflicts of Interest Policy.</li> <li>• Ensures compliance with applicable fraud reporting requirements.</li> </ul> <p><b>Special Investigation Unit (SIU)</b> provides additional detail on the services offered by VRC and the list of primary indicators for desk examiners to consider.</p> <p><b>Claims and Underwriting</b></p> <ul style="list-style-type: none"> <li>• Establish processes and procedures for identifying Claims and Underwriting fraud.</li> <li>• Create guidelines for reviewing files for “red flag” indicators to determine if referral to SIU is appropriate.</li> <li>• Conduct audits to determine any conflicts of interest with vendor contractors.</li> </ul> <p><b>Internal Audit</b> monitors requirements for all Departments for internal fraud control (i.e., corporate fidelity).</p>
Exhibits, or Related Documents	In text following Exhibit 9 “Special Investigation Unit (SIU) and Fraud Reporting Requirements.”
Additional Information	<a href="#">Lighthouse Services</a> , Reporting Hotline English (877)472-2110 and Spanish (800)216-1288.
Compliance	
QA or Testing	

Exhibit 9: Special Investigation Unit (SIU) and Fraud Reporting Requirements

"THE Professional Investigative Services Leader"™



**800-654-2185**  
www.VRCinvestigations.com

VRC is a professional investigative services provider that specializes in all aspects of insurance defense investigations. Through our core values of Truthfulness, Accuracy, and Integrity we are dedicated to providing you with the finest service, partnership, and value in the fight against insurance fraud.



# SIU SPECIAL SERVICES



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**SPECIAL SERVICES**

- SIU (Anti-Fraud) Program
- Hospital/Medical Canvasses
- Comprehensive Database Services
- State Compliance
- Vendor Management
- Due Diligence

**CLAIMS SERVICES**

- Recorded Statements
- AOE/COE
- Subrogation Investigations
- Accident/Site Investigations
- Property Loss Verification
- Public Records Check
- Video Job Analysis

**SURVEILLANCE**

- Video Surveillance
- Activity Checks
- Widow/Wellness/Disability Checks

**Mandatory Referral to SIU**

- 1) Fire
- 2) Theft
- 3) Vandalism & Malicious Mischief
- 4) Liability – Bodily Injury & Property Damage
- 5) Any loss > \$25,000 Total Incurred
- 6) Suspicion that information submitted is false, altered or contains a forged signature
- 7) First edition policy or coverage amount increased shortly before loss reported
- 8) Loss reported more than 6 months from date of loss
- 9) Insured retains attorney or public adjuster after loss or prior to reporting loss
- 10) Field adjuster suspects mechanical damage
- 11) Claim reported following underwriting activity, especially if it's a cancellation notice

**Recommended Referral or Reasons to Update SIU**

- 1) Premises are over-insured
- 2) Insured has previous or similar loss history
- 3) Property was under renovation or in poor condition at the time of loss
- 4) On storm-related perils, insured property is located outside of area of known storm activity
- 5) Individual provides altered documents
- 6) Individual is overly pushy, aggressive or demanding for a quick and/or reduced settlement
- 7) Owner cannot provide documentation confirming prior damage has been repaired
- 8) Actual ownership of property was transferred before date of loss
- 9) Evidence a recent quit claim deed was executed on the subject property
- 10) One neighborhood with several homeowners being solicited by the same roofer
- 11) Individual indicates distress over prospect of an examination under oath
- 12) Investigation reveals absence of family photo graphs, heirlooms, pets or items of sentimental value
- 13) Items claimed cannot physically fit in existing floor space
- 14) Recent change in family structure (divorce) or financial condition (bankruptcy, history of late payments, unemployment)
- 15) Losses include numerous appraised items, items of scheduled property, a large amount of cash, or family heirlooms
- 16) Loss amounts reported to the police and or fire department are inconsistent with the amount listed in the proof of loss or claim forms
- 17) Receipts are from businesses that are no longer active or we cannot determine if the businesses were ever active

SIU CONTACTS

Jim Irving TWIA/TFPA SIU (940) 240-5029 Ext. 108	Bill Randall Assisant Vice President (940) 240-5029 Ext. 139	Rob Hughey Director (940) 240-5029 Ext. 152	Dave Stacey Vice President (940) 240-5029 Ext. 105
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## 1.15 Coordinate Information about Internal and External Bi-Lingual Resources

<b>Objective 1.15</b>	To coordinate information about internal and external bi-lingual resources.
Description	Share information on internal and external bi-lingual resources, and ensure availability and scalability of bi-lingual resources.
Purpose	To improve communication with policyholders and their representatives.
Participants	Claims, Human Resources
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Maintains list of external bi-lingual resources, including translation services.</li> <li>• Confirms approved vendors have bi-lingual resources.</li> <li>• Assists with Enterprise training for use of available bi-lingual resources.</li> <li>• Documents process for requesting bi-lingual services at TWIA/TFPA.</li> </ul> <p><b>Human Resources</b></p> <ul style="list-style-type: none"> <li>• Communicates to internal resources to update ADP for the languages they speak in order to identify available bi-lingual resources.</li> <li>• Circulates information about the bi-lingual database on Workforce Now.</li> </ul>
Exhibits, or Related Documents	TWIA and TFPA Vendor Commitments & Contact Information Globo Telephone Interpreting Instructions
Additional Information	
Compliance	
QA or Testing	

## 1.16 Project Staffing Costs

<b>Objective 1.16</b>	To project staffing costs the Associations would incur in the following scenarios: 1% probability event (1 in 100 year), 2% probability event (1 in 50 year), and 4% probability event (1 in 25 year).
Description	Calculate the four-week cost of contracted personnel during catastrophe response using the average cost and the number of staff needed during peak periods.
Purpose	To maintain a funding strategy with plans for paying for peak CAT staffing.
Participants	Claims
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Maintains competitive pricing information for catastrophe pay in the insurance industry.</li> <li>• Utilizes the scalability model to forecast the number of staff needed and average costs for each kind of contracted staff.</li> <li>• Updates cost projections on a regular basis to reflect scalability and industry data.</li> <li>• Provides sample staffing cost projections to relevant business units.</li> </ul>
Exhibits, or Related Documents	In text following Exhibit 10 “Sample Staffing Cost Projections.”
Additional Information	<ul style="list-style-type: none"> <li>• Assumptions are based on a four-week period at maximum staffing costs with a four-week period defined by seven-day workweeks.</li> <li>• Projections serve as approximations only.</li> </ul>
Compliance	Fulfills the Texas Insurance Code 2210.455 requirement to describe the manner in which the Association will evaluate losses and fund claims after a catastrophic incident.
QA or Testing	

### Exhibit 10: Sample Staffing Cost Projections

<b>1 in 100 (1% Event)</b>			
	Avg. Cost	# of Staff	4 Week Cost
Claims Examiners	\$ 600.00	539	\$ 9,055,200
Managers	\$ 800.00	45	\$ 1,008,000
Customer Care	\$ 100.00	218	\$ 610,400
Quality Assurance	\$ 600.00	132	\$ 2,217,600
Reinspectors	\$ 800.00	112	\$ 2,508,800
<b>Total</b>			<b>\$ 15,400,000</b>
Field Adjusters	Allocated to the claim file		
<b>1 in 50 (2% Event)</b>			
	Avg. Cost	# of Staff	4 Week Cost
Claims Examiners	\$ 600.00	331	\$ 5,560,800
Managers	\$ 800.00	28	\$ 627,200
Customer Care	\$ 100.00	132	\$ 369,600
Quality Assurance	\$ 600.00	79	\$ 1,327,200
Reinspectors	\$ 800.00	68	\$ 1,523,200
<b>Total</b>			<b>\$ 9,408,000</b>
Field Adjusters	Allocated to the claim file		
<b>1 in 25 (4% Event)</b>			
	Avg. Cost	# of Staff	4 Week Cost
Claims Examiners	\$ 600.00	183	\$ 3,074,400
Managers	\$ 800.00	15	\$ 336,000
Customer Care	\$ 100.00	64	\$ 179,200
Quality Assurance	\$ 600.00	41	\$ 688,800
Reinspectors	\$ 800.00	38	\$ 851,200
<b>Total</b>			<b>\$ 5,129,600</b>
Field Adjusters	Allocated to the claim file		
<b>1 in 10 (10% Event)</b>			
	Avg. Cost	# of Staff	4 Week Cost
Claims Examiners	\$ 600.00	72	\$ 1,209,600
Managers	\$ 800.00	6	\$ 134,400
Customer Care	\$ 100.00	23	\$ 64,400
Quality Assurance	\$ 600.00	15	\$ 252,000
Reinspectors	\$ 800.00	14	\$ 313,600
<b>Total</b>			<b>\$ 1,974,000</b>
Field Adjusters	Allocated to the claim file		

## 1.17 Maintain a CAT Funding Strategy and Plans for Managing Reinsurance

<b>Objective 1.17</b>	To maintain a CAT funding strategy and plans for managing reinsurance.
Description	Maintain plans for how to fund losses, including excess losses, in the case of a catastrophic incident.
Purpose	To secure sufficient funding to pay claims and other financial obligations.
Participants	Actuarial, Accounting and Finance, General Manager
Action Plans	<p><b>Actuarial</b></p> <ul style="list-style-type: none"> <li>• Communicates with reinsurance brokers to get information on contract terms and available reinsurance.</li> <li>• Determines the amount of reinsurance to purchase each year and the terms of each year's reinsurance contracts.</li> <li>• Manages reinsurance placement for TWIA and TFPA yearly.</li> </ul> <p><b>Accounting and Finance</b></p> <ul style="list-style-type: none"> <li>• Provides financial projections, balance sheet, income statement, and cash flows.</li> </ul> <p><b>General Manager</b></p> <ul style="list-style-type: none"> <li>• Coordinates between Actuarial and the CFO to make decisions about reinsurance and funding strategies.</li> <li>• Oversees communication with the Board of Directors/Governing Committee related to funding strategy.</li> </ul>
Exhibits, or Related Documents	
Additional Information	
Compliance	Fulfills the Texas Insurance Code 2210.455 requirement to describe the manner in which the Association will evaluate losses and fund claims after a catastrophic incident.
QA or Testing	

## 1.18 Outline a CAT Communication Strategy

<b>Objective 1.18</b>	To outline a communications strategy (i.e., a CAT communications plan) ensuring delivery of key messages to stakeholders, including policyholders, agents, and the public.
Description	Prepare communications in advance for readiness throughout the year including a suite of printed and digital materials (e.g., advertisements, educational materials, social media messaging, website blogs and announcements).
Purpose	<ul style="list-style-type: none"> <li>To uphold TWIA's commitment to a swift, effective response to a catastrophe.</li> <li>To operate transparently through open communication with stakeholders.</li> </ul>
Participants	Communications and Legislative Affairs, Claims
Action Plans	<p><b>Communications and Legislative Affairs</b></p> <ul style="list-style-type: none"> <li>Maintains a strategic communication plan accompanied by a tactical communications plan based on incident size and location.</li> <li>Continually updates information about claims on the Associations' websites.</li> <li>Manages the creation and distribution of hurricane preparedness and claims process educational packets (printed and digital).</li> <li>Prepares hurricane season advertisements and reserves space for publishing.</li> <li>Maintains a Media Briefing Book; a reference guide for media.</li> <li>Develops hurricane preparedness workshop for the coastal counties.</li> <li>Communicates regularly to policyholders and agents on what to do in the case of an incident.</li> <li>Creates policy inserts with CAT Claims processing information.</li> <li>Leverages media to disseminate messages to policyholders, agents, and the public, including scheduling media tours when appropriate.</li> <li>Develops social media messaging for rapid response to incidents.</li> <li>Prepares bi-lingual catastrophe bulletins and advertisements.</li> </ul> <p><b>Claims</b></p> <ul style="list-style-type: none"> <li>Coordinates with the Communications Department to provide written catastrophe instructions for release on the TWIA and TFPA websites.</li> <li>Maintains FAQs for processing claims and posts on the TWIA/TFPA websites.</li> <li>Sends policyholder claim acknowledgements.</li> </ul>
Exhibits, or Related Documents	Catastrophe (CAT) Incident Response Communications Plan
Additional Information	
Compliance	
QA or Testing	

## 1.19 To Document Information on Technology Scalability Plans

<b>Objective 1.19</b>	To document information on technology scalability plans for Network, IT Ops, Data Center, and Production Application in the following scenarios: 1% probability event (1 in 100 year), 2% probability event (1 in 50 year), and 4% probability event (1 in 25 year).
Description	Identify the core areas of information technology that need to be scaled pre-event or are scalable post-event.
Purpose	To ensure Associations' readiness for capacity demands up to a one-in-100-year event.
Participants	IT
Action Plans	<p><b>IT Ops</b> establishes plans for the following:</p> <ul style="list-style-type: none"> <li>• Purchasing printing services and/or printers, toner, fax machines, scanners, printers, headsets, and other office equipment.</li> <li>• Ensuring pre- and post-incident processes and procedures are in place to quickly scale up to meet user demands for hardware, software, and telephone needs.</li> <li>• Establishing relationships with staffing firms in order to scale up required resources to add and configure additional users.</li> </ul> <p><b>Network</b></p> <ul style="list-style-type: none"> <li>• Maintains the Internet bandwidth and capacity for up to a one-in-100-year event.</li> <li>• Maintains plans for ordering, installing, and configuring network switches in order to scale up ports for network access in the Austin office. (May be outsourced.)</li> <li>• Maintains adequate capacity for up to a one-in-100-year event at this time; if need arises, TWIA can execute in house, or shorten the timeframe by outsourcing.</li> </ul> <p><b>Production Application Support</b></p> <ul style="list-style-type: none"> <li>• Works with business users to prepare a list of mission critical applications necessary to support an incident response.</li> <li>• Establishes change management controls to ensure problems are not introduced into production environments during an incident response.</li> <li>• Partners with business users to determine whether or not any interruptions to production environments will be allowed and when.</li> <li>• Prepare to scale up staffing as needed.</li> </ul> <p><b>Data Center Systems</b></p> <ul style="list-style-type: none"> <li>• Maintains adequate server capacity for up to a one-in-100-year event at this time; if need arises, IT can add server capacity with no more than a two week turnaround.</li> <li>• Maintains contract through Rentsys for data center backup, and a contract for a DR/BC location with workstations, network, computer, telephone, and supplies.</li> </ul>
Exhibits, or Related Documents	

Additional Information	<ul style="list-style-type: none"><li>• IT has ownership for Enterprise disaster recovery (DR) planning.</li></ul>
Compliance	
QA or Testing	

## 1.20 Understand Associations' Role in Emergency Management Incident Response

<b>Objective 1.20</b>	To understand the role the Associations play in the Emergency Management Incident Response System, and how to coordinate and interact with local, county, state, and federal emergency management agencies.
Description	Understand the emergency management incident response command structure. Establish points of contact and meet with local, county, state, and federal emergency management.
Purpose	<ul style="list-style-type: none"> <li>• To share information and solicit feedback about TWIA's CAT planning and response.</li> <li>• To improve coordination with emergency management resources.</li> <li>• To ensure optimal response for the people and businesses we commonly serve.</li> </ul>
Participants	Claims, Communications and Legislative Affairs
Action Plans	<p><b>Claims and Communications and Legislative Affairs</b></p> <ul style="list-style-type: none"> <li>• Maintains relationships with the following agencies: Texas Division of Emergency Management (TDEM) - disaster district coordinators, county emergency management coordinators (EMCs), relevant city management, and FEMA.</li> <li>• Attends relevant meetings/conferences (e.g., Texas State Disaster Coalition (TSDC) meetings, Texas Emergency Management Conference, Coastal Bend Hurricane Conference, Emergency Management Association of Texas symposium.)</li> <li>• Hosts meetings with state, county, local, and federal emergency management.</li> <li>• Obtains local mitigation plans, emergency management newsletters, and public hurricane plans for the coastal territories.</li> <li>• Considers whether to include TWIA information in local mitigation plans, newsletters, and hurricane plans.</li> <li>• Creates a plan for ongoing communication and test training and exercises (TT&amp;E) for each of these entities (where invited, or where possible).</li> </ul>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• Emergency Management Resources Contact List</li> <li>• <a href="#">TDEM District Coordinator Areas</a></li> <li>• <a href="#">Texas State Disaster Coalition Catastrophe Plan</a></li> </ul>
Additional Information	<p><b>Websites</b></p> <p>Texas State Disaster Coalition: <a href="http://www.tdi.texas.gov/consumer/storms/hcoalition.html">http://www.tdi.texas.gov/consumer/storms/hcoalition.html</a></p> <p>Local and regional mitigation plans unit: <a href="mailto:TDEM.PLANS@dps.texas.gov">TDEM.PLANS@dps.texas.gov</a></p> <p>Emergency Management Association of Texas: <a href="http://www.emat-tx.org/">http://www.emat-tx.org/</a></p> <p>Texas Emergency Management Conference: <a href="http://www.txdps.state.tx.us/dem/conference/txEmerMgmtConf.htm">http://www.txdps.state.tx.us/dem/conference/txEmerMgmtConf.htm</a></p> <p>Texas Division of Emergency Management: <a href="http://www.txdps.state.tx.us/dem/Operations/index.htm">http://www.txdps.state.tx.us/dem/Operations/index.htm</a></p>
Compliance	
QA or Testing	

## 1.21 Identify Junctures to Inform Internal and External Stakeholders of Plan Efforts

<b>Objective 1.21</b>	To identify appropriate junctures to inform internal and external stakeholders of Plan efforts.
Description	Update the TWIA/TFPA Board of Directors, TDI and the Texas Legislature of the Associations' CAT readiness, testing, and compliance. Assist with posting notices, including bulletins on the TWIA/TFPA website.
Purpose	To operate transparently through open communication with stakeholders.
Participants	Communications and Legislative Affairs, General Manager
Action Plans	<p><b>Communications and Legislative Affairs</b></p> <ul style="list-style-type: none"> <li>• Informs Texas Legislature, Board of Directors, and TDI of modeled exposures and funding structure, of TWIA's Plan.</li> <li>• Creates all messages for distribution and posting on the TWIA/TFPA websites.</li> </ul> <p><b>General Manager</b></p> <ul style="list-style-type: none"> <li>• Oversees all communication with the TWIA/TFPA Board of Directors, TDI, and the Texas Legislature.</li> <li>• Prepares Board of Directors meeting agendas and the posting of notices.</li> <li>• Submits agenda items for the Board of Directors' meetings.</li> </ul>
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

## **Preparedness Phase (2.0)**

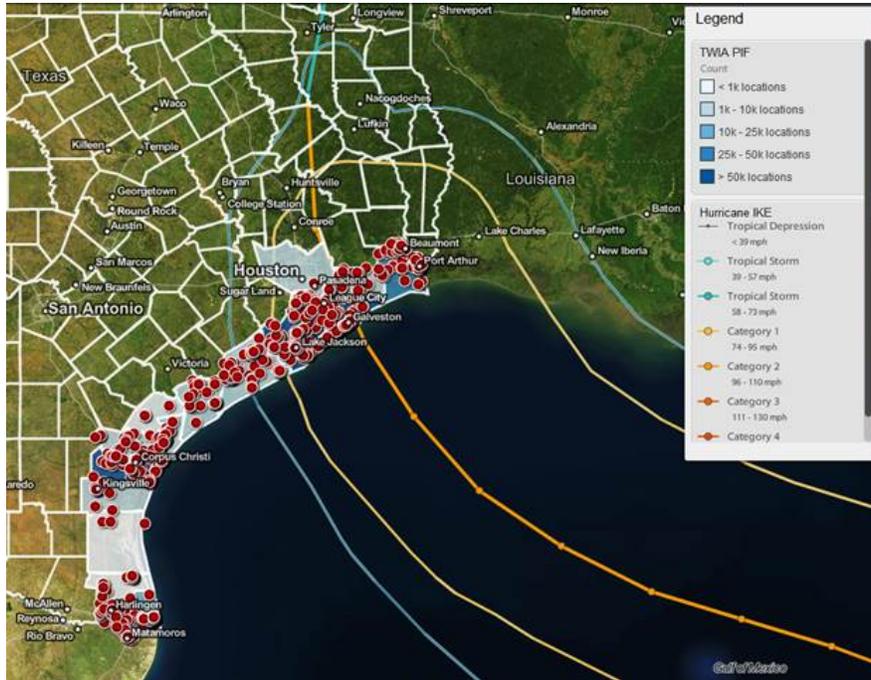
Since disasters cannot be prevented, it is necessary to promote a state of preparation for expected or pending incidents. This phase is called preparedness, and it is a response to a known potential threat. For TWIA and TFPA, preparedness means minimizing impact to claims processing by closely monitoring the severity and development of a particular incident.

Based on the development of an incident, executive leadership decides whether to activate catastrophe plans and communicate with external stakeholders. When it is clear the disaster will strike, TWIA and TFPA begin to set in motion the resources and business processes necessary for a timely response. This phase happens from the first notice of the incident and continues until landfall, or until it is reasonable to begin responding to the incident.

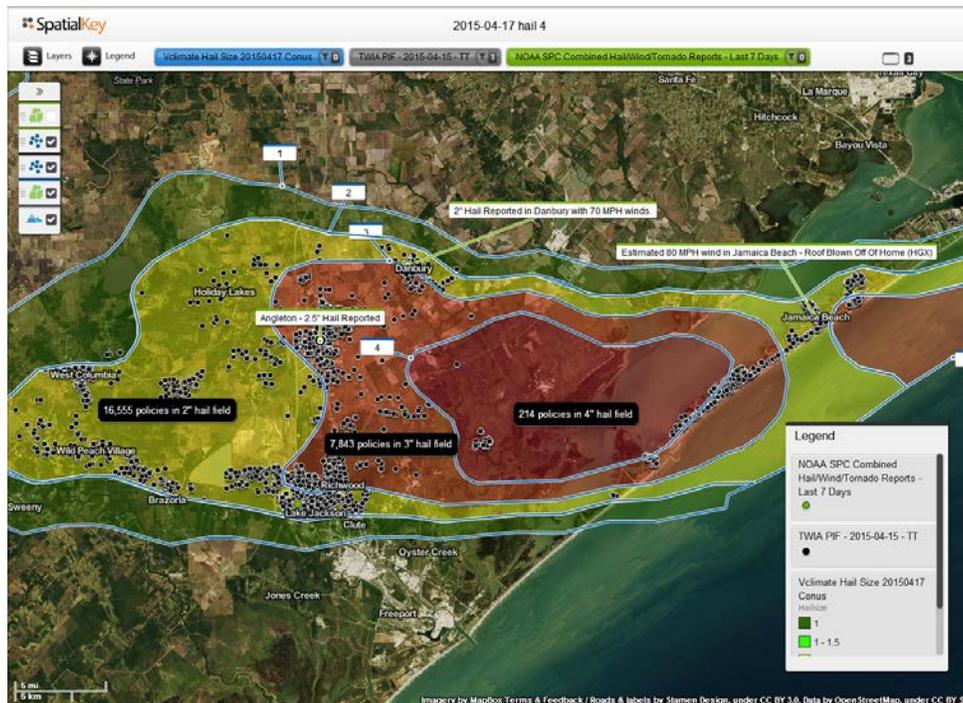
## 2.1 Track Weather and Model Exposures

<b>Objective 2.1</b>	To track weather and model exposures.
Description	Monitor potential incident(s) and location(s) for severe weather and other catastrophic incidents (e.g., wind, hail, lightning, and wildfire). Track available incident information in real-time to determine whether or not to activate the Plan.
Purpose	To have sufficient incident data for determining whether to activate the Associations' Plan and/or suspend new business.
Participants	Claims, Actuarial, Accounting and Finance, Underwriting
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Conducts pre- incident claim volume modeling using available policy in force (PIF) and storm shape data.</li> <li>• Monitors weather and other conditions (i.e., wildfires) to assist with understanding the likelihood of a catastrophic incident, and to assess if pre- or post- incident analytical activity is required for helping determine whether to activate the Plan.</li> <li>• Stays informed of National Weather Service (NWS) alerts through iNWS, which also provide non-weather data (e.g., aerial imagery, infrared, lidar).</li> </ul> <p><b>Actuarial and Accounting &amp; Finance</b></p> <ul style="list-style-type: none"> <li>• Models expected claim volume, average payments, and total incurred.</li> <li>• Provides guidance to the General Manager whether a pending incident will be a catastrophic loss that could impact funding adequacy.</li> </ul> <p><b>Underwriting</b> reviews projected path of incident(s) and discusses with the General Manager the suspension of policy/coverage binding activity.</p>
Exhibits, or Related Documents	In the text following: Exhibit 11 "Sample Storm Data Map Hurricane Ike" and Exhibit 12 "Sample Storm Data Map Angleton April 2015."
Additional Information	<ul style="list-style-type: none"> <li>• Incidents will be monitored up to two weeks before potential impact.</li> <li>• The following sites are used to help track activity:  Verisk Climate &lt;<a href="http://www.veriskclimate.com/">http://www.veriskclimate.com/</a>&gt;  NOAA Storm Prediction Center &lt;<a href="http://www.spc.noaa.gov/">http://www.spc.noaa.gov/</a>&gt;  Weather Underground &lt;<a href="http://www.wunderground.com/hurricane/">http://www.wunderground.com/hurricane/</a>&gt;  Hailwatch Reports &lt;<a href="http://www.hailwatch.com/">http://www.hailwatch.com/</a>&gt;  iNWS alerts, &lt;Hurricane.gov&gt;, &lt;mobile.weather.gov&gt;, &lt;NWSChat.weather.gov&gt;, <a href="http://www.weather.gov">www.weather.gov</a>, morning and other NWS briefings (email, phone, Webinar)</li> </ul>
Compliance	
QA or Testing	

### Exhibit 11: Sample Storm Data Map Hurricane Ike



### Exhibit 12: Sample Storm Data Map Angleton, Texas April 2015



## 2.2 Communicate CAT Plan Activation Criteria

<b>Objective 2.2</b>	To communicate CAT Plan activation criteria when 500+ claims are expected or received from a single incident.
Description	Analyze criteria to help determine when to activate the CAT Plan.
Purpose	To ensure appropriate response for every type of catastrophic incident. To identify critical success factors for early identification and response.
Participants	Claims, General Manager
Action Plans	<p><b>Claims</b> considers the following in the decision to activate Plan:</p> <ul style="list-style-type: none"> <li>• Involved cause(s) of loss (e.g., hurricane, tornado, wind and hail).</li> <li>• Severity of the incident (e.g., wind speed, hail size, depth of storm surge).</li> <li>• Location and concentration of claims (e.g., widespread or centralized).</li> <li>• Access to food and water.</li> <li>• Status of communication resources.</li> <li>• Habitability of homes and building mobility within the affected area.</li> </ul> <p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Determines if CAT Plan should be activated, as per Objective 2.1 above.</li> <li>• Recommends Plan should be activated by the General Manager.</li> </ul> <p><b>General Manager</b></p> <ul style="list-style-type: none"> <li>• Approves activation of the Plan.</li> </ul>
Exhibits, or Related Documents	
Additional Information	<ul style="list-style-type: none"> <li>• Incident type determines how far in advance the Plan is activated, such as hurricane incidents, which are typically activated three to five days in advance of landfall.</li> </ul>
Compliance	
QA or Testing	

## 2.3 Prioritize CAT Preparation and Response Activities upon CAT Plan Activation

<b>Objective 2.3</b>	To prioritize CAT preparation and response activities upon CAT Plan activation for potential immediate action.
Description	Identify critical success factors for early identification and response. Review these priorities to ensure transparency and communication from the start.
Purpose	To ensure appropriate response for every type of catastrophic incident. To promote accountability to the Plan for all Departments.
Participants	General Manager and Executive Leadership Team, All Departments
Action Plans	<p><b>General Manager and Executive Leadership Team</b> meet and review priorities to decide on:</p> <ul style="list-style-type: none"> <li>• Activating vendor resources and deployed resources.</li> <li>• Setting claims systems and website to “CAT mode.”</li> <li>• Notifying Survey Monkey of authorization for customer surveys above set limit.</li> <li>• Activating disaster recovery and business continuity (DR/BC) plans.</li> <li>• Establishing the estimated date of the incident and when to advise Departments to schedule strategic planning (96 hours before landfall).</li> <li>• Determining whether preparation and response activities take priority over other Enterprise Department functions or projects.</li> </ul> <p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Establishes and communicates changes in work hours, so team members can remain on alert for mandatory overtime.</li> <li>• Determines whether to activate mobile claims center and remote facilities.</li> <li>• Establishes the name of the incident templates.</li> </ul> <p><b>Communications</b></p> <ul style="list-style-type: none"> <li>• Determines whether to publish CAT communications.</li> <li>• Notifies agents, TDI, the Texas Legislature, TWIA/TFPA staff, and the Board of Directors about Plan activation and estimated exposure.</li> </ul> <p><b>IT</b></p> <ul style="list-style-type: none"> <li>• Determines whether to order supplies and equipment.</li> <li>• Changes telephone systems (i.e., IVR) to CAT Mode.</li> <li>• Determines whether to add software licenses to scale for additional users.</li> </ul> <p><b>All Departments</b></p> <ul style="list-style-type: none"> <li>• Schedule preliminary team meetings to advise on Plan activation.</li> <li>• Schedule a strategic planning meeting 96 hours before landfall.</li> </ul> <p><b>Facilities</b> notifies all personnel and contractors of CAT status using one-call messaging.</p>
Exhibits, or Related	

Documents	
Additional Information	<ul style="list-style-type: none"> <li>• This typically occurs immediately after CAT Plan is activated.</li> <li>• For TFPA the incident naming convention is a 3-digit numerical code that is the sequential number of the incident followed by the last two digits of the year (e.g., 1<sup>st</sup> incident of 2015 is 115).</li> <li>• For TWIA the naming convention is the month, date, and a location name we give it (e.g., 041415Coastal and 042715Beaumont).</li> </ul>
Compliance	
QA or Testing	

## 2.4 Coordinate with Local, County, State, and Federal Emergency Management

<b>Objective 2.4</b>	To coordinate with local, county, state, and federal emergency management resources in response to a catastrophic incident.
Description	Obtain and share information to coordinate action plans to ensure we comply with command structure for emergency response, while also executing on our Plan.
Purpose	To ensure timely and compliant response to the CAT Plan in an emergency environment controlled by governmental entities.
Participants	TDI TWIA Ombudsman, Claims, Communications and Legislative Affairs
Action Plans	<p><b>Texas Department of Insurance TWIA Ombudsman</b></p> <ul style="list-style-type: none"> <li>• Confirms locations of emergency operations centers.</li> <li>• Sends information gathered by the State Emergency Response Team (SERT).</li> <li>• Sends information about the extent of damage compiled by each county.</li> </ul> <p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Confirms incident information with TDI TWIA Ombudsman.</li> <li>• Refers to TDEM’s emergency condition alerts (e.g., Level I, Level II, and Level III).</li> <li>• Checks FEMA Region VI Situational Awareness Briefing, or Weather Threat Briefing.</li> <li>• Makes contact with district coordinators, mayors, and representatives in relevant counties and territories.</li> <li>• Contacts local authorities to gain access to the affected areas and identify claims on public buildings essential to the recovery effort (e.g. police and fire departments).</li> <li>• Arranges tour of the disaster area with disaster coordinators when it is safe.</li> </ul> <p><b>Communications and Legislative Affairs</b> works as needed with Ombudsman and Claims.</p>
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

## 2.5 Decide whether Incident Requires the Suspension of New Business

<b>Objective 2.5</b>	To decide whether incident requires the suspension of new business.
Description	Decide whether to suspend issuance of new business, and notify relevant stakeholders (e.g., agents and regulatory authorities). Prioritize new business process during suspension.
Purpose	<ul style="list-style-type: none"> <li>• To efficiently provide essential insurance products and services for policyholders.</li> <li>• To comply with sound insurance principles.</li> </ul>
Participants	Claims, Actuarial, Underwriting, General Manager, Communications and Legislative Affairs
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Sends data on the projected path of the incident to Underwriting for the purposes of work prioritization.</li> <li>• Sends incident data to Actuarial to get assistance determining when an incident is encroaching upon or has breached the area delimited by the 20th parallel north and the 80th meridian west in the Gulf of Mexico (i.e., 80/20 designation).</li> </ul> <p><b>Actuarial</b> sends assessment of 80/20 designation to Underwriting and to the General Manager for determination of the Associations accepted/projected incident location.</p> <p><b>Underwriting</b></p> <ul style="list-style-type: none"> <li>• Recommends appropriate action on hurricane binding exception based on the Associations' accepted/projected incident location.</li> </ul> <p><b>General Manager</b></p> <ul style="list-style-type: none"> <li>• Decides whether to approve the recommendation to implement the hurricane binding exception by Underwriting.</li> <li>• Decides whether to approve "CAT mode," and alerts executive leadership team.</li> </ul> <p><b>Underwriting</b></p> <ul style="list-style-type: none"> <li>• Emails agents on claim reporting procedures when TWIA predicts a significant multi-county impact but the incident does not meet "Hurricane Binding Exception."</li> <li>• Emails agent claim procedures about suspending applications and quotes, restating agent binding authority if incident meets "Hurricane Binding Exception."</li> <li>• Sends IT updates to CGI Agent Portal with banner re: suspension of business in affected counties.</li> <li>• Prioritizes new business processing when applications and quotes are suspended, requalifying renewals and endorsement requests.</li> <li>• Serves as a resource to Claims for template catastrophe reserving.</li> <li>• Sends Communications and Legislative Affairs an agent bulletin on suspensions for the TWIA website.</li> <li>• Considers pulling a list of top agents to contact via the call center.</li> </ul> <p><b>Communications and Legislative Affairs</b></p> <ul style="list-style-type: none"> <li>• Reports to Texas Legislature and TDI on TFPA /TWIA's suspension of acceptance to new business in impacted counties.</li> <li>• Distributes an Agent Bulletin, updates the website with an Agent specific posting, and posts on Facebook and Twitter regarding the suspension of new business.</li> </ul>

	<b>Actuarial</b> models actual exposure to an incident and other data analysis, as needed.
Exhibits, or Related Documents	
Additional Information	<b>Hurricane Binding Exception:</b> After a windstorm is designated as a hurricane by the United States Weather Bureau being in the Gulf of Mexico or within the boundaries of 80 degrees west longitude and 20 degrees north latitude.
Compliance	
QA or Testing	

## 2.6 Activate and Optimize Claims Technology for CAT Response

<b>Objective 2.6</b>	To activate and optimize Claims technology for CAT response.
Description	Coordinate the updating of the Claims system, portals, and websites. Purchase additional computers. Communicate about IT support during a CAT.
Purpose	To ensure resources have the technology to respond in accordance with the Plan.
Participants	General Manager and Executive Leadership Team, Claims, IT
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Requests incident template from CGI and sets reserves (e.g., indemnity and expense).</li> <li>• Reports to General Manager and Claims when templates are ready.</li> <li>• Recommends activation of “CAT mode” on Association websites, portals and the Notus claims system, and sets the estimated incident dates.</li> <li>• Updates “Notus” to “CAT mode,” with incident name, date range, and reserves.</li> </ul> <p><b>IT</b></p> <ul style="list-style-type: none"> <li>• Updates policy system with changes to counties where business has been suspended. (System flags temporarily suspended issuance or coverage changes.)</li> <li>• Prices new PC computers, extra monitors, and supplies such as toner.</li> <li>• Communicates the request for additional equipment to the General Manager.</li> <li>• Works with Rentsys to ensure availability of required technology.</li> <li>• Orders computers at first notice of the incident since delivery takes two weeks.</li> </ul> <p><b>General Manager and Executive Leadership Team</b> approve equipment purchases.</p>
Exhibits, or Related Documents	
Additional Information	<ul style="list-style-type: none"> <li>• The following roles have permissions to set TWIA TOS systems in CAT mode: General Manager, Underwriting Manager, Claims Manager, IT Manager.</li> <li>• May decide to use equipment in training rooms in lieu of ordering new equipment to shorten time frames.</li> </ul>
Compliance	
QA or Testing	

## 2.7 Manage Publication of CAT Communications and Advertisements

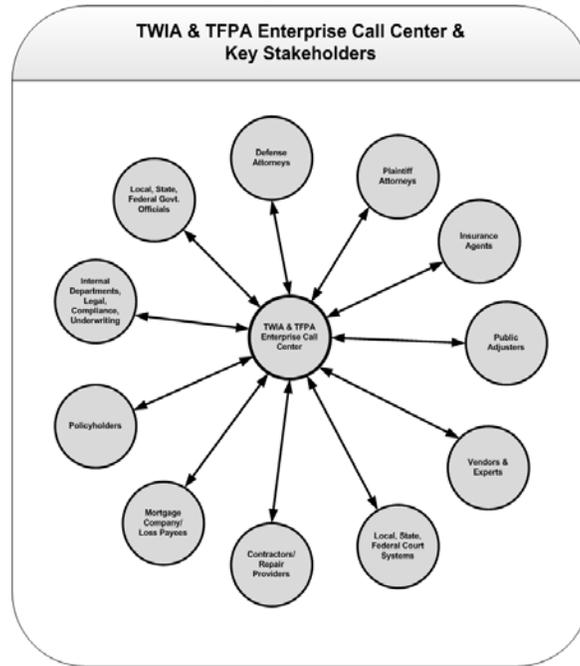
<b>Objective 2.7</b>	To manage publication of CAT communications and advertisements.
Description	Execute the communications plan to inform the public, policyholders, and stakeholders of preparations in the pre-incident phase, as well as response efforts.
Purpose	To operate transparently through open communication with stakeholders.
Participants	Communications and Legislative Affairs, General Manager and Executive Leadership Team
Action Plans	<p><b>Communications and Legislative Affairs</b></p> <ul style="list-style-type: none"> <li>• Meets with team to review communications plan and reviews for execution.</li> <li>• Runs print advertisements in appropriate news outlets to report claims procedures.</li> <li>• Runs radio spots in appropriate outlets to report claims procedures.</li> <li>• Posts messaging across pertinent social channels (Facebook and Twitter) to promote claims procedures.</li> <li>• Publishes announcements on the TWIA/TFPA websites.</li> <li>• Alerts evacuating policyholders to bring their policy and agent contact information via print advertisements, radio spots, social media and TWIA/TFPA websites.</li> <li>• Includes remote office information in print advertisements and radio spots.</li> <li>• Determines appropriate geographies for ad campaign based on evacuation sites.</li> <li>• Distributes press release with information on the incident, either: “Advice on Hurricane Preparedness in Context of Approaching Storm” or “Hurricane Has Hit.”</li> <li>• Establishes a relationship with the Texas Disaster Recovery liaison and attends phone conferences on behalf of TWIA and TFPA.</li> <li>• Conducts media training for executives and disaster duty spokespersons, and prepares talking points for media interviews.</li> <li>• Meets with approved media contacts and confirms Associations’ level of readiness at agreed intervals.</li> </ul> <p><b>General Manager and Executive Leadership Team</b></p> <ul style="list-style-type: none"> <li>• Coordinates with or delegates to Communications and Legislative Affairs to develop catastrophe preparedness and response media content.</li> </ul>
Exhibits, or Related Documents	Catastrophe (CAT) Incident Response Communications Plan
Additional Information	
Compliance	
QA or Testing	

## 2.8 Activate an Efficient and Scalable Enterprise Call Center

<b>Objective 2.8</b>	To activate efficient and scalable Enterprise call center solutions.
Description	Optimize the configuration of our internal and external call centers to scale up our communications with stakeholders in response to a catastrophic incident.
Purpose	<ul style="list-style-type: none"> <li>• To ensure the customer’s ability to communication in real-time with a live person.</li> <li>• To ensure no interruption to the service levels we offer.</li> <li>• To establish performance metrics and tracking mechanisms.</li> </ul>
Participants	Claims, General Manager and Executive Leadership Team
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Provides a diagram for the call routing and the script for the messages.</li> <li>• Coordinates with IT and All Departments to record the messages (English and Spanish).</li> <li>• Confirms available resources for recording messaging, or confirms back up plans.</li> <li>• Plans to measure call agent performance and quality using VOIP recordings.</li> <li>• Evaluates existing phone numbers (~81) and whether there is additional need.</li> <li>• Evaluates whether to update and modify telephony to implement IVR capabilities.</li> <li>• Configures the order of options according to IVR diagram from Claims.</li> <li>• Notifies translation service providers of expected volume spike per contract requirement.</li> <li>• Notifies outsourced Enterprise call center providers of expected volume spike per contract requirement.</li> <li>• Assigns dedicated resource(s) to monitor and evaluate call volumes, agent capacity, and compliance with average speed of answer (ASA) and call abandonment rates.</li> <li>• Confirms ability to make outgoing customer satisfaction survey calls, if requested.</li> <li>• Tests call center’s ability to provide 24/7/365 loss reporting services, such as confirming call routing matches IVR workflows.</li> </ul> <p><b>General Manager and Executive Leadership Team</b> approve changes to call center configurations, and call routing, including IVR.</p>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• Interactive Voice Response (IVR) Workflows</li> <li>• In the text following: Exhibit 13 “TWIA and TFPA Enterprise Call Center and Key Stakeholders,” Exhibit 14 “Call by Day Report: Call Center,” Exhibit 15 “Calls Answered Report: Call Center,” Exhibit 16 “Abandoned Calls Report: Call Center.”</li> </ul>
Additional Information	<p>There are multiple configurations, separate for TWIA and FAIR Plan:</p> <ul style="list-style-type: none"> <li>• <b>Business Hours:</b> Gives English or Spanish options, and instructions for reaching correct Department. New claims are routed to a call center vendor and existing claims to a desk examiner.</li> <li>• <b>After-hours:</b> Announces an “after-hours” message. Routes general callers to voicemail and claims status calls to the claims call center vendor.</li> <li>• <b>Business Hours during Incident Response:</b> Given expected increase in claims call volume, the option to select Claims is presented to the caller first.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>After Hours during Incident Response:</b> The option to select Claims is presented first, before the option that the office is closed.</li> </ul>
Compliance	
QA or Testing	

**Exhibit 13: TWIA and TFPA Enterprise Call Center and Key Stakeholders**



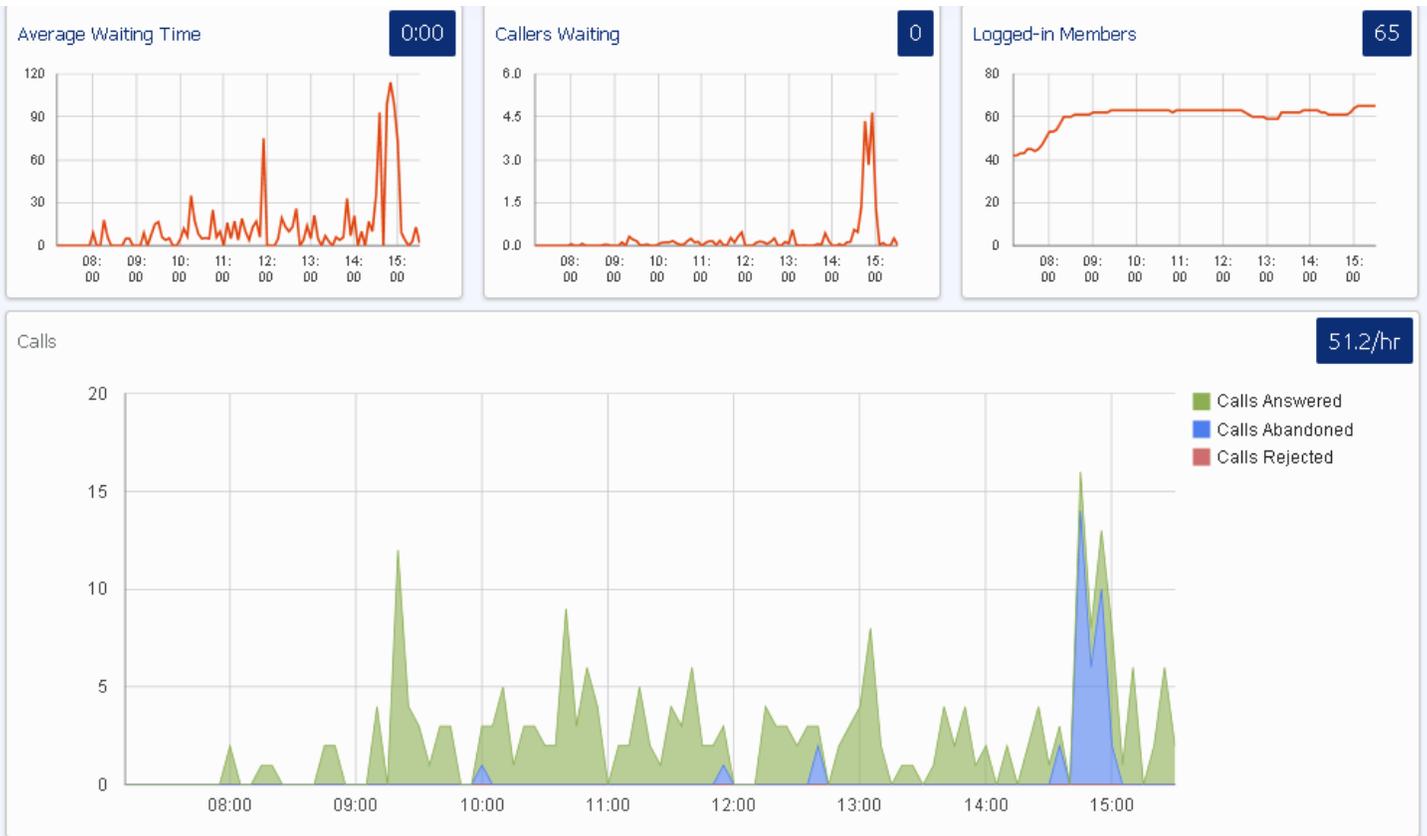
**Exhibit 14: Call by Day Report: Call Center**



### Exhibit 15: Calls Answered Report: Call Center



### Exhibit 16: Abandoned Calls Report: Call Center



## 2.9 Activate and Scale Up Staff and Vendor Resources for Claims Processing

<b>Objective 2.9</b>	To activate and scale up staff and vendor resources for claims processing.
Description	Identify potential increase in business activity for a variety of incidents in order to scale up and activate additional resources. Determine the number and type of resources needed based on predicted new business activity, including claim volumes.
Purpose	To ensure all Departments are prepared for changes or increases in business activities after a catastrophic incident.
Participants	Claims
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Notifies all staffing firms to complete process of identifying, notifying and preparing all resources by requested role for immediate deployment upon request.</li> <li>• Confirms current available staff and support staff capacity with Human Resources.</li> <li>• Anticipates and prepares for attrition with any staff type to ensure identification and staging of additional resources for immediate onboarding as needed.</li> <li>• Compares to needed capacity considering loss complexity, and determines numbers of desk examiners, field adjusters, and field adjusters for re-inspection.</li> <li>• Activates Special Investigation Unit (SIU) resources for coordination with desk and field resources.</li> <li>• Republishes the current vendor fee schedule document.</li> <li>• Notifies vendors of claim projections, locations, and incident staffing models, and sends a current TWIA/TFPA Claims organizational chart with contact information.</li> <li>• Adjusts desk claim examiner staffing based on incident models and claims received.</li> <li>• Conducts orientation and training to certify additional resources as TWIA/TFPA trained staff, including field adjuster training on workflows and procedures.</li> <li>• Requests scalability Plans from firms and tracks current vendor commitments.</li> </ul>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• TWIA/TFPA Adjuster Fee Schedule</li> <li>• TWIA and TFPA Vendor Commitments &amp; Contact Information</li> <li>• Staffing Database</li> </ul>
Additional Information	
Compliance	
QA or Testing	

## 2.10 Activate and Scale Up Staff and Vendor Resources at the Enterprise Level

<b>Objective 2.10</b>	To activate and scale up staff and vendor resources at the Enterprise level.
Description	Identify the potential increase in business activity for a variety of incidents in order to scale up and activate additional resources. Determine the number and type of resources needed based on predicted new business activity.
Purpose	To ensure all Departments are prepared for changes or increases in business activities after a catastrophic incident.
Participants	All Departments
Action Plans	<p><b>IT</b> considers increasing work hours for existing staff, re-prioritizing current projects, or adding staff to scale to support stakeholders before, during, and after an incident including:</p> <ul style="list-style-type: none"> <li>• System User Admin – user access and controls.</li> <li>• Help Desk – user support.</li> <li>• Desktop Hardware/Software and Network – configuration and utilization.</li> <li>• Ongoing monitoring of printers/copiers.</li> </ul> <p><b>Communications and Legislative Affairs</b> considers increasing work hours for existing staff, re-prioritizing current projects, or adding staff to scale for increase in need to communicate with all stakeholders before, during, and after an incident.</p> <p><b>Facilities &amp; Operations</b> scales up mail room processing hours and production capabilities to meet increased demand for postal services including after-hours and weekends.</p> <p><b>Actuarial &amp; Enterprise Analytics</b> considers increasing resources to assist with reporting to reinsurers, conducting reserve adequacy activities, and analytics support for Enterprise.</p> <p><b>HR</b> scales up to assist with onboarding potential large numbers of internal and external resources.</p> <p><b>Legal &amp; Compliance:</b></p> <ul style="list-style-type: none"> <li>• Understands any increases in need for additional legal support especially where the Texas Insurance Code 2210.578 mandated TWIA expert panel may be involved or levels of disputed or litigated claims become a concern.</li> <li>• Ensures additional resources are available to assess compliance with the CAT Plan and all laws, rules and regulations related to a response to any incident.</li> <li>• Scales up to assist with the onboarding process as needed.</li> </ul> <p><b>Accounting &amp; Finance</b></p> <ul style="list-style-type: none"> <li>• Identifies Accounting &amp; Finance support functions for other Departments either in the office or at mobile claim centers.</li> <li>• Monitors check activity for increases in requests for check clearance status, stop pays, or voids.</li> </ul> <p><b>Underwriting</b> identify functions that need to scale up to:</p> <ul style="list-style-type: none"> <li>• Assist with any increases in Underwriting business activity.</li> </ul>

	<ul style="list-style-type: none"> <li>• Backfill deployed staff.</li> <li>• Help other Departments either in the office or at mobile claim centers.</li> </ul>
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

## 2.11 Activate Association Employee Catastrophe and Deployment Compensation Policy

<b>Objective 2.11</b>	To activate policies and procedures as required for “Association Employee Catastrophe and Deployment Compensation Policy.”
Description	Address pay provided to staff and managers who are deployed or working extended hours due to a weather incident.
Purpose	To compensate both non-exempt and exempt staff for deployment and/or extended hour work.
Participants	Claims, General Manager, Human Resources
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Evaluates the results of pre-incident modeling suggesting the scale of incident.</li> <li>• Establishes extended hours based on operating requirements and business needs.</li> <li>• Proposes CAT pay authorization.</li> </ul> <p><b>General Manager</b> authorizes the catastrophe pay provisions and alerts Executive Leadership Team.</p> <p><b>Human Resources</b></p> <ul style="list-style-type: none"> <li>• Posts catastrophe timesheets with CAT pay plan on employee reference drive.</li> <li>• Collects catastrophe timesheets for processing.</li> <li>• Enters time inputting on the catastrophe timesheets for non-exempt staff into ADP.</li> <li>• Enters deployment pay and extended shift pay on payroll log for processing.</li> </ul>
Exhibits, or Related Documents	Association Employee CAT Pay Policy
Additional Information	<ul style="list-style-type: none"> <li>• This policy does not apply to contracted workers.</li> <li>• Deployment pay and extended shift pay are not included in an employee’s annual base salary for classification and pay purposes.</li> <li>• Provisions remain in effect until the General Manager determines deployment sites and extended hours are no longer necessary to support the response.</li> <li>• Association Employee Catastrophe and Deployment Compensation Policy under construction for 2016.</li> </ul>
Compliance	
QA or Testing	

## 2.12 Coordinate Staff for Deployment to Mobile Claims Center and Remote Facilities

<b>Objective 2.12</b>	To coordinate staff for deployment to mobile claims center and remote facilities.
Description	Determine the number and type of resources and locations needed based on predicted new claim volume. Add additional capacity from approved vendors.
Purpose	To ensure local response within the communities affected by catastrophic incident.
Participants	Claims
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Identifies mobile claims center locations and expected volume for each location.</li> <li>• Identifies Claims and non-Claims resources by number and type.</li> <li>• Activates and deploys locations and people after needs are determined.</li> <li>• Notifies Claims and non-Claims resources of deployment plans and schedules.</li> <li>• Appoints a Claims or non-Claims resource to manage the site.</li> <li>• Ensures communication plan between mobile claims center, remote facilities, and main office.</li> <li>• Coordinates and establishes work schedules.</li> <li>• Designates and notifies the following roles: claims leaders, claims examiners, claims coordinators, quality assurance, accounting, IT, legal, SIU, and other resources.</li> <li>• Ensures all personnel required to be licensed are properly licensed.</li> </ul>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• Mobile Claims Center and Remote Facilities Claims Processing Workflow</li> <li>• In text following Exhibit 17 “Mobile Claims Center Office Staff Roles.”</li> </ul>
Additional Information	
Compliance	
QA or Testing	

### Exhibit 17: Mobile Claims Center Staff Roles

<b>Claims Supervisors</b>	Responsible for ensuring TWIA/TFPA's ability to provide service to its policyholders, including paying claims in a timely manner. Provide leadership and ensures the availability of required infrastructure.
<b>Claims Examiners</b>	Review the reports generated by the field adjusters, make claims decisions, communicate decisions to policyholders, and issue claim and expense payments.
<b>Accounting Deployment Lead Specialist</b>	Responsible for maintaining the security of the signature stamp and signing each field check utilizing the signature stamp, as well as ensuring all field check registers are delivered to TWIA's home office in Austin.
<b>Accounting Deployment Specialist</b>	Responsible for maintaining the security of the field checks and field registers, as well as writing all field checks and maintaining a record of all field checks written on a field check register.
<b>Customer Greeters</b>	Welcome customers, answer questions, assist with customer information sheet, and direct policyholders to the correct resource(s).
<b>Claims Service Representative</b>	Review customer information sheet, assess policyholders' needs and discuss policy information, explain the steps of the claim process, and determine need for advance payments.
<b>Maintenance and Support</b>	Supply fuel for generators, assist with site setup and takedown, arrange meals for staff, clean facilities, and run errands.
<b>EagleView Connect Explorer Power User</b>	Responsible for using the EagleView platform to access aerial imagery onsite at the mobile claims center. Trains mobile claims staff in EagleView platform.
<b>Administrative positions</b>	Answer customer questions, inventory office supplies, and assists in FNOL process.
<b>Site Manager</b>	A Claims or non-Claims leader with overall responsibility for ensuring all activities are taking place in accordance with this Plan. Claims Supervisor on site may also be assigned this role.
<b>Underwriting Representative</b>	Expert in policy-processing and Underwriting present at mobile claims center. When not directly performing assistance role, they will assist with other roles where possible.
<b>IT Representative</b>	Expert in IT to provide support for hardware/software and network connectivity.
<b>Communications Representative</b>	Communications may be present to assist with complaints, respond to onsite media, and coordinate outreach events (e.g., town hall meetings).
<b>Security</b>	Facilities is responsible for providing on-site security for mobile claims center and remote facilities. Plans include outsourced security vendors.

## 2.13 Determine Pre-Incident Staging Needs and Processes to Follow

<b>Objective 2.13</b>	To determine pre-incident staging needs and processes to follow.
Description	Pre-incident staging is the assembly of responders for each of these areas: TWIA Claims, independent adjuster, quality assurance, SIU, leadership and staff, legal and policy services. Where warranted, key leadership and staff should be deployed within 24 to 72 hours prior to the occurrence of an incident, or immediately after.
Purpose	To onboard and orient leadership and trainers in real-time to ensure cascading of policies and procedures to be followed by each entity in response to a specific incident.
Participants	Claims, Legal and Compliance, Communications and Legislative Affairs
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Works with vendors to determine if incident requires pre-incident staging.</li> <li>• Manages SIU vendor and ensures stakeholders are protected against fraud.</li> <li>• Identifies staging and site deployment locations.</li> <li>• Prepares staging locations, and coordinates the deployment of resources to those sites.</li> <li>• Begins staging locations for vendor orientation and deploy vendors so they are on the ground near landfall (i.e., safe locations proximate to the impacted area).</li> <li>• Coordinates with SIU mobile unit to set up in the same location.</li> <li>• Contacts approved vendors to activate temporary living facilities.</li> <li>• Provides regular updates to CAT Manager on site status.</li> <li>• Meets with team and finalize deployment details.</li> </ul> <p><b>Legal and Compliance</b> approves orientation material for best practices and compliance.</p> <p><b>Communications and Legislative Affairs</b> sends communications to let the public know about incident staging and fraud awareness.</p>
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

## 2.14 Coordinate Supplies for Mobile Claims Center and Remote Facilities

<b>Objective 2.14</b>	To coordinate supplies for mobile claims center and remote facilities.
Description	Coordinate to ensure mobile claims center, remote facilities, and housing are equipped.
Purpose	<ul style="list-style-type: none"> <li>• To provide immediate policyholder assistance, including first notice of loss, claim status information and advance payments.</li> <li>• To have a staging area for additional claim resources, including adjusters, experts, quality assurance, and the special investigation unit (SIU).</li> </ul>
Participants	Claims, Facilities, Claim Supervisor
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Determines appropriate mobile office solution based on scale and geographic spread of loss: single vehicle, multiple vehicle, Rentsys, or large "Basecamp."</li> <li>• Determines potential staging and site deployment locations based on claim volume (projected or actual), and verifies availability of the sites.</li> <li>• Coordinates information for rental vehicle drivers with claims supervisor, secures rental vehicles, and confirms insurance coverage.</li> <li>• Contacts the Accounting Department to report the quantity of mobile claims center and remote facilities, emergency claims field checks, field check registers, signature stamps, and request the assignment of deployment personnel, who will issue and control all emergency claim field checks.</li> <li>• Due to risks to power and system connectivity, maintains back up plan for a manual workaround with each mobile claims center or remote facility having a regular load of current data policy available in thumb drive, CD-Rom and/or printed documents.</li> </ul> <p><b>Facilities</b></p> <ul style="list-style-type: none"> <li>• Provides physical security solution for mobile claims center and remote facilities.</li> <li>• Rents or purchases equipment, including vehicles, toilets, chairs, tables, tents, generators, fans, signs/banners, documents, manuals, and bottled water.</li> <li>• Arranges delivery of all equipment and supplies, including loading delivery rental car (i.e., cargo van).</li> </ul> <p><b>Claim Supervisor</b></p> <ul style="list-style-type: none"> <li>• Confirms availability of computers, checks, signs, tables, canopies, and security.</li> <li>• Communicates with Operations and vendors about scheduling delivery of supplies.</li> <li>• Determines configuration of vehicles, trailers, and equipment.</li> <li>• Oversees the set-up of the field office and notifies CAT Manager when operational.</li> </ul> <p><b>Accounting</b> secures checks and petty cash.</p>
Exhibits, or Related Documents	

Additional Information	Utilize available hotel and vendor/partners' office space before renting space.
Compliance	
QA or Testing	

## 2.15 Procure Post-Incident Aerial Imagery of Incident Damage

<b>Objective 2.15</b>	To procure post-incident aerial imagery of incident damage.
Description	Schedule flyovers to confirm exposures and incident damage as part of the post-incident process.
Purpose	<ul style="list-style-type: none"> <li>• To provide TWIA expert panel with aerial images and other services in support of their requirements.</li> <li>• To facilitate before and after comparisons of the condition of the property.</li> </ul>
Participants	Underwriting, Claims, Aerial Imagery Vendor, General Manager
Action Plans	<p><b>Underwriting</b> provides pre-incident risk management reports, including aerial imagery, obtained via the Risk Visualization Program.</p> <p><b>Claims</b> works with aerial imagery vendor pre- or post- incident to obtain aerial images.</p> <p><b>Aerial Imagery Vendor</b></p> <ul style="list-style-type: none"> <li>• Tracks major incidents and maps out flight plans according as soon as it is safe.</li> <li>• Maps paths for aerial imagery, typically covering up to 200 square miles per day.</li> <li>• Sends flight plans to Claims via the Vendor Manager.</li> <li>• Proceeds once they receive approval from TWIA and clearance from the FAA.</li> <li>• Sends aerial images within 24-48 hours of flight completion.</li> </ul> <p><b>Claims</b> obtains approval from General Manager to incur costs.</p> <p><b>General Manager</b> approves cost for aerial imagery.</p>
Exhibits, or Related Documents	
Additional Information	<ul style="list-style-type: none"> <li>• FAA clearance is typically given within 24-48 hours after the incident.</li> <li>• EagleView is TWIA/TFPA’s aerial imagery vendor. Point of contact is Jim King.</li> <li>• Aerial imagery will be 6” resolution or greater, and will be available in a separate tab in EagleView CONNECT Explorer.</li> <li>• Eagle has agreed that for significant incidents of industry interest, they will do a flyover. Cost will be determined at time based on number of people who sign up. We will determine whether we sign up, based on estimated costs and needs.</li> </ul>
Compliance	
QA or Testing	

## **Response Phase (3.0)**

Response represents the time period immediately after a catastrophic incident occurs and typically lasts up to 90 days post- incident. The response phase is characterized by heavy customer contact and high property inspection, payment, and claim closure activity, with the majority (90 percent or more) of all the incident claims reported, evaluated, processed, and closed during this time.

During this phase, it is important for the Enterprise to immediately recognize needs to increase capacity for serving our policyholders, including claims, vendor manager, mobile claims offices and remote facilities to serve impacted communities on the ground.

### 3.1 Ensure Compliance with Established Guidelines and Performance Standards

<b>Objective 3.1</b>	To ensure compliance with established Association guidelines and performance standards.
Description	Ensure ethical, timely, and efficient incident response.
Purpose	<ul style="list-style-type: none"> <li>• To efficiently provide essential insurance products and services for policyholders.</li> <li>• To comply with sound insurance principles.</li> </ul>
Participants	Claims, Legal and Compliance, Underwriting
Action Plans	<p><b>Claims:</b></p> <ul style="list-style-type: none"> <li>• Assesses stakeholder needs for loss reporting, securing advance payments, and guidance for temporary repairs/protection of property.</li> <li>• Communicates thresholds for withholding replacement cost coverage (RCC) benefits, including mortgagee on claim payments.</li> <li>• Sends a reminder about best practices for administering thresholds, including how to distribute threshold information.</li> <li>• Communicates manner in which ALE claims will be handled during catastrophe.</li> <li>• Assigns claims depending on loss complexity.</li> <li>• Monitors total loss procedures and advanced payments during an incident.</li> <li>• Reminds examiners to help policyholders with finding emergency repair service providers and board up services.</li> <li>• Enforces claim handling timeframes, IA timelines, and payment timelines.</li> <li>• Utilizes the services of experts (e.g., engineers and building consultants) to help mitigate disputed claims.</li> <li>• Measures first notice of loss (FNOL) and call center metrics, adjuster and examiner cycle times payments, file closings, and reopen rates.</li> <li>• Evaluates desk examiner claims handling using quality assurance criteria.</li> <li>• Distributes regular incident summary reports, including claim volume, volume of escalated claims, projected new claim volume and expected total incurred.</li> <li>• Deploys re-inspectors to monitor field adjuster performance.</li> </ul> <p><b>Legal and Compliance</b></p> <ul style="list-style-type: none"> <li>• Temporarily staffs the floor to answer questions.</li> <li>• Brings in outside counsel to assist depending on size of incident.</li> <li>• Establishes assistance paths via phone calls and email where onsite presence is not available.</li> </ul> <p><b>Underwriting</b></p> <ul style="list-style-type: none"> <li>• Researches in real-time to support Claims handling process when claim is filed where no policy is identified.</li> <li>• Provides dedicated resources to assist with identifying which buildings and items are covered and which are not, where a commercial policy has multiple items,</li> <li>• Provides Underwriting information as needed in real time, including information from Underwriting files: policy application and renewal information, inspection</li> </ul>

	<p>reports, risk visualization reports, other insurance company information for fire and flood, certified copies of policies and endorsements.</p> <ul style="list-style-type: none"> <li>Provides Workforce optimization/planning for assistance to Claims.</li> </ul>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>In text following: Exhibit 18 "Sample Daily Incident Summary Report."</li> <li>CAT Plan Claim Triage and Assignment Process</li> </ul>
Additional Information	
Compliance	
QA or Testing	

### Exhibit 18: Sample Daily Incident Summary Report

Santa Fe Storm (5/1/13)	All Claims	Commercial	Residential	Mobile Home	No Policy
<b>New Claims</b>	3,910	91	3,779	31	8
<b>By Line of Business</b>	100%	2%	97%	1%	0%
<b>Closed Claims</b>	3,352	42	3,271	31	8
<b>Open Inventory</b>	687	49	508	0	0
<b>% Closed</b>	86%	46%	87%	100%	100%
<b>Closed With Payment</b>	1,958	14	1914	22	8
<b>% Closed With Payment</b>	50%	15%	51%	71%	100%
<b>Closed Without Payment</b>	444	10	420	6	8
<b>% Closed Without Payment</b>	11%	11%	11%	19%	100%
<b>Re-Opened Claims</b>	350	N/A	N/A	N/A	N/A
<b>% Re-Opened</b>	9.0%	N/A	N/A	N/A	N/A
<b>Paid Indemnity</b>	\$36,417,224	\$842,357	\$35,353,141	\$221,725	\$0
<b>Paid Expense</b>	\$2,833,312	\$66,586	\$2,746,797	\$19,929	\$0
<b>Outstanding Indemnity</b>	\$8,836,084	\$2,549,750	\$5,276,334	\$10,000	\$0
<b>Outstanding Expense</b>	\$647,379	\$251,348	\$395,379	\$1,000	\$0
<b>Total Incurred</b>	<b>\$49,248,706</b>	<b>\$4,762,521</b>	<b>\$44,233,531</b>	<b>\$252,654</b>	<b>\$0</b>
<b>Avg. No. Days - FNOL to Inspect</b>	3.3	3.8	3.3	3.4	N/A
<b>Avg. No. Days - Inspect to TWIA</b>	3.5	4.7	3.4	4.1	N/A
<b>Avg. No. Days - TWIA to Payment</b>	7.7	11.5	7.6	6.3	N/A
<b>Total No. Days - FNOL to Payment</b>	14.3	19.2	14.2	13.6	N/A
<b>Average Paid</b>	\$10,039	\$9,988	\$10,083	\$7,552	\$0
Comments: Re-Open information by line of business not available (N/A)					

### 3.2 Manage Mobile Claims Center and Remote Facilities

<b>Objective 3.2</b>	To manage mobile claims center and remote facilities, including operations and staff.
Description	Provide a TWIA presence in the impacted communities to allow for loss reporting, advance payments to policyholders, and face-to-face resolution of policyholder concerns.
Purpose	<ul style="list-style-type: none"> <li>• To provide immediate policyholder assistance, including first notice of loss (FNOL), claim status information and advance payments.</li> <li>• To have a staging area for additional claim resources, including adjusters, experts, quality assurance, and the special investigation unit (SIU).</li> </ul>
Participants	Claims, Accounting and Finance
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Coordinates roles and responsibilities and personnel to and from site.</li> <li>• Ensures adherence with the TWIA and TFPA policies, workflows, and procedures.</li> <li>• Meets with the team frequently to discuss questions, concerns, and trends.</li> <li>• Coordinates with Maintenance staff to provide meals for personnel.</li> <li>• Ensures a customer-centric workflow.</li> <li>• Maintains inventory of office supplies, handbooks, policies, forms, and brochures until administrative staff are deployed and can have this delegated to them.</li> <li>• Provides regular updates to CAT Manager, including operations reporting.</li> <li>• Completes operations reporting, including issues and recommendations.</li> <li>• Responsible for end-to-end claims process management from FNOL to payment.</li> </ul> <p><b>Vendor Manager</b></p> <ul style="list-style-type: none"> <li>• Ensures that the vendor partners execute on contracted services.</li> <li>• Communicates with Claims single point of contact (SPOC) designees to get assistance with vendor management.</li> </ul> <p><b>Accounting and Finance</b> controls check process including securing check signature stamp, maintaining check stock, controlling check endorsement process, establishing and maintaining a check log, and processing payments.</p>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• Mobile Claims Center and Remote Facilities Claims Processing Workflow</li> <li>• Single Points of Contact (SPOC) for Vendors</li> </ul>
Additional Information	<ul style="list-style-type: none"> <li>• Because there is a risk to power, voice communications, and system connectivity, our back up plan is to have a manual workaround with each mobile claims center or remote facility with current policy data available on a thumb drive, CD-Rom and/or printed documents.</li> <li>• Deployed resources may be asked to assume one or more roles at any time.</li> <li>• Designated non-Claims leadership may be assigned leadership roles off-site.</li> </ul>
Compliance	
QA or Testing	

### 3.3 Administrative Complaint-Handling Process

<b>Objective 3.3</b>	To administrate complaint-handling process.
Description	Coordinate processing general written complaints, appeal complaints, and legislative complaints. Ensure appropriate complaint response, consistent with statutory requirements and aligned with our mission to provide quality customer service.
Purpose	To ensure complaints are properly addressed to avoid further escalation and to prevent future complaints where possible.
Participants	Claims, Communications and Legislative Affairs
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Ensures that staff follows complaint-handling process.</li> <li>• Communicates information from escalated complaint calls to impacted personnel.</li> <li>• Administers surveys to gauge whether claim handling is satisfactory to customers.</li> <li>• Communicates with principals of approved vendors and the Legal and Compliance Department on issues of ethics, conflicts of interest or fraud.</li> <li>• Uses compliant information for continuous improvement to reduce complaints.</li> </ul> <p><b>Communications and Legislative Affairs</b></p> <ul style="list-style-type: none"> <li>• Monitors complaint resolution process.</li> <li>• Meets to review complaints disputed claim data and survey results.</li> <li>• Arranges meetings with staff to reinforce customer service objectives and telephone etiquette as trends emerge from complaint data</li> <li>• Estimates complaint volume based on exposure, and estimates time needed for complaint handling and resources needed to meet additional complaint volume.</li> <li>• Ensures all complaints are being logged accurately and completely, and responded to as appropriate for all business units.</li> <li>• Ensures all written complaints are referred to Communications and Legislative Affairs for follow-up and inclusion in complaint log.</li> </ul>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• Complaint Training PowerPoint</li> <li>• Complaint Training FAQs</li> </ul>
Additional Information	<ul style="list-style-type: none"> <li>• <b>TDI</b> assigns a document number to complaint file and sends letter to the insured letting them know the complaint is being sent to TFPA for review.</li> <li>• An insurer must maintain a complete record of all complaints received during the preceding three years, or since the date of its most recent financial examination by the commissioner of insurance.</li> </ul>
Compliance	
QA or Testing	

### 3.4 Communicate Roles and Responsibilities of Claims Support and Customer Care

<b>Objective 3.4</b>	To communicate roles and responsibilities of Claims support staff and customer care.
Description	Perform tasks to support the claim lifecycle. Assume responsibilities beyond normal staff roles in the case of an incident.
Purpose	To efficiently provide essential insurance products and services for policyholders.
Participants	Claims
Action Plans	<p><b>Claims Support Staff</b> oversees parts of the Claim lifecycle, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Monitoring TWIA/TFPA email accounts for: Call Center template for initial contacts, data from the online FNOL form, and data from the online contact forms.</li> <li>• Inputting claim information from main TWIA/TFPA email boxes into the system.</li> <li>• Maintaining records data on vendor services and invoices, and paying invoices.</li> <li>• Researching coverage and contacting insured or agent in the case of no coverage.</li> <li>• Assisting with claim triage, assignment, dispatch and workload balancing processes.</li> <li>• Running as needed ISO reports on each claim, Association capacity permitting.</li> <li>• Voiding checks and issuing stop pays for claim files.</li> <li>• Managing the CGI fax queue.</li> </ul> <p><b>Claims Support Staff and /or Customer Care Staff</b> may assume the following during a CAT:</p> <ul style="list-style-type: none"> <li>• Completing contacts, such as: acknowledging receipt of claim, providing insured a claim number, obtaining a description of damage, advising insured of next steps, providing claim status and field adjuster information, advising on reporting concerns.</li> <li>• Assisting in assigning claims.</li> <li>• Fulfilling roles and responsibilities for XA hybrid claims support procedures.</li> <li>• Handling urgent calls and transfers policyholders to claims examiner when needed.</li> <li>• Escalating serious claims (e.g., uninhabitable property or business interruption).</li> <li>• Coordinating with field adjusters on priority inspections.</li> <li>• Assisting with payment processing for emergency ALE payments, indemnity payments, and vendor invoices, if given proper authorities.</li> <li>• Processing incoming/outgoing mail, faxes, and paper FNOL documents.</li> </ul>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• XactAnalysis Hybrid Program Flowchart</li> <li>• XactAnalysis Hybrid Roles and Responsibilities</li> </ul>
Additional Information	Based on incident size, multiple claims support and/or customer care units may be utilized.
Compliance	
QA or Testing	

### 3.5 Manage IT Support

<b>Objective 3.5</b>	To manage ongoing IT support after landfall of a catastrophic incident.
Description	Determine whether to suspend regular IT operations to provide support for Claims' extended hours of operation.
Purpose	To uphold the Associations' mission to deliver prompt and fair claims service.
Participants	IT
Action Plans	<p><b>IT</b></p> <ul style="list-style-type: none"> <li>• Provides support for Rentsys unit and Agility Recovery's Readysuite site.</li> <li>• Provides support in Austin for extended hours of operations.</li> <li>• Assists with computer issues, setting up new PCs as needed, and internet support.</li> <li>• Developers provide support for all TWIA applications such as Notus, CallCenter Portal, Policy Explorer, and Policyholder Portal.</li> <li>• Evaluates impact for changes to nightly maintenance runs vs. Claims' extended hours and evaluates if iteration deployment plan can be deferred or frozen.</li> <li>• Communicates with business units to evaluate iteration risks and deployment plan.</li> <li>• Monitors systems with Orion (monitoring tool) on an ongoing basis.</li> </ul>
Exhibits, or Related Documents	
Additional Information	<ul style="list-style-type: none"> <li>• IT generally works in production enhancements and fixes which are developed, tested, and deployed every two weeks. These will be reconsidered during a CAT to allow for IT to scale up support functions.</li> <li>• IT personnel should be available 24 hours a day including weekends to provide support for CAT operations.</li> </ul>
Compliance	
QA or Testing	

### 3.6 Manage Office Supplies, Office Space, and Equipment

<b>Objective 3.6</b>	To manage office supplies, office space, and equipment during a response.
Description	Manage all aspects of the main Austin office, including supplies and space, security, and vendor services (e.g., catering and cleaning). Set up and maintain equipment for office spaces.
Purpose	To drive operational efficiency in the case of an incident.
Participants	IT, Facilities
Action Plans	<p><b>IT</b></p> <ul style="list-style-type: none"> <li>• Researches, purchases, and configures new equipment during an incident.</li> <li>• Works with Facilities to setup PCs and phones for additional cubicles.</li> <li>• Uses tool allowing IT Operation to create Active Directory accounts in large volumes, which saves an average of 15 minutes per account.</li> <li>• Confirms hardware, software, network connectivity and voice communications capabilities are functioning and secure.</li> </ul> <p><b>Facilities</b></p> <ul style="list-style-type: none"> <li>• Manages the Austin physical plant.</li> <li>• Enlists security guards, cleaning services 7 days a week, 24-7 building repairs vendors, and enlists janitorial to secure the building nightly.</li> <li>• Orders mailroom supplies (printer, scanner and fax server capacity), including paper, supply closet, postage funds, and access cards.</li> <li>• Coordinates additional coffee, vending, and common area supplies.</li> <li>• Programs HVAC system for extended office hours.</li> <li>• Confirms parking with Austin Oaks church, formerly First Evangelical Free Church, to be assigned as needed.</li> <li>• Marks TWIA parking permit spaces, and issues, tracks parking permits.</li> <li>• Coordinates with management to assign workstations based on availability.</li> <li>• Locates off-site office space and off-site storage space, if needed.</li> </ul>
Exhibits, or Related Documents	Workspace Utilization Report
Additional Information	<ul style="list-style-type: none"> <li>• As of March 2015, there are 122 cubicles and 3 offices available with an additional 119 spaces in various conference and meeting rooms.</li> <li>• Available cubicles are equipped with PCs and phones.</li> </ul>
Compliance	
QA or Testing	

### 3.7 Manage Check Stock for Payments and Check Processor

<b>Objective 3.7</b>	To manage check stock and check processor when payments exceed typical volume.
Description	Manages check issuance onsite in mobile claims center and remote facilities. Maintain check-printing equipment.
Purpose	To drive operational efficiency in the case of an incident.
Participants	Accounting and Finance, IT, Claims
Action Plans	<p><b>Accounting and Finance:</b></p> <ul style="list-style-type: none"> <li>• Determines need for remote manual check process and/or electronic funds transfer.</li> <li>• Funds manual check accounts with initial balances.</li> <li>• Establishes and maintains a check log.</li> <li>• Manages inventory for the following options: system-generated checks, manual checks, advanced payments, and signature stamps.</li> <li>• Maintains communications with mobile and off-site offices to regularly check on the status of check inventory.</li> <li>• Reconciles on-site payments immediately with on-site computers and network access, and reconciles daily where network access is not available.</li> <li>• Controls check endorsement process.</li> <li>• Manages banking relationships to minimize disruptions to customer payments.</li> </ul> <p><b>IT</b></p> <ul style="list-style-type: none"> <li>• Administers permissions for CheckProcessor.exe file in the check processor machine from list of claims users with permissions to print claims checks.</li> <li>• Purchases rollers and toner supplies and replaces weekly or as needed.</li> <li>• Advises personnel to regularly check printers and assists with daily check printing.</li> <li>• Supports on-site printing and mailing from Austin, as well as off-site (e.g., desk examiner or customer care unit).</li> </ul> <p><b>Claims</b> coordinates with Accounting for secure check issuance and exceptions.</p>
Exhibits, or Related Documents	Check Issuance Procedures
Additional Information	
Compliance	
QA or Testing	

### 3.8 Identify and Evaluate Possible Fraudulent Activity

<b>Objective 3.8</b>	To identify and evaluate possible fraudulent activity.
Description	Utilize Special Investigation Unit (SIU) services for compliance with state fraud reporting requirements. Support enterprise-wide awareness of different types of fraud: vendor fraud, policyholder fraud, and internal fraud.
Purpose	<ul style="list-style-type: none"> <li>• To ensure stakeholders are aware of potential fraudulent activities.</li> <li>• To ensure all claims are legal and accurate.</li> <li>• To fulfill duties to report any cases of fraud.</li> </ul>
Participants	All Departments
Action Plans	<p><b>SIU</b></p> <ul style="list-style-type: none"> <li>• Assists with identifying suspicious claim practices, including gathering information and following up with suspected policyholders or vendors.</li> <li>• Works with other carriers to identify trends in suspect claims.</li> <li>• Communicates with Claims on any suspicious practices or red flag items.</li> </ul> <p><b>Legal and Compliance</b></p> <ul style="list-style-type: none"> <li>• Investigates any reported or suspected cases of fraud, including the following types: vendor fraud, independent fraud, policyholder fraud, and internal fraud.</li> <li>• Communicates with TDI fraud staff and/or appropriate federal, state and local governments when necessary.</li> </ul> <p><b>Claims</b> refers the claim to SIU for evaluation based on internal SIU referral requirements.</p> <p><b>All Departments</b> re-assign any TWIA/TFPA staff to Compliance manager for purposes of investigating suspected act of fraud.</p>
Exhibits, or Related Documents	<ul style="list-style-type: none"> <li>• TWIA/TFPA Fraud Referral Form</li> <li>• Claim Examiner Handbook</li> </ul>
Additional Information	<ul style="list-style-type: none"> <li>• <a href="#">Web portal</a> or phone call to SIU.</li> <li>• <a href="#">Suspected Insurance Fraud Report</a> via TDI.</li> <li>• Texas Insurance Code 701.051 there is an affirmative duty for TWIA to report suspected insurance fraud to TDI.</li> <li>• Duty to report not later than the 30<sup>th</sup> day after the date.</li> </ul>
Compliance	
QA or Testing	

### 3.9 Coordinate Emerging Legal Issues with House and/or Outside Counsel

<b>Objective 3.9</b>	To coordinate emerging legal issues with house and/or outside counsel.
Description	Maintain proper resources to correctly interpret policy contracts and claim handling requirements, including staffing for: disputed or litigated claims and Texas Insurance Code 2210.578 expert panel claims.
Purpose	<ul style="list-style-type: none"> <li>• To scale legal resources to assist with catastrophic incidents.</li> <li>• To ensure compliance with applicable laws and statutes.</li> </ul>
Participants	Legal and Compliance
Action Plans	<p><b>Legal and Compliance</b></p> <ul style="list-style-type: none"> <li>• Maintains up-to-date knowledge of case law in order to determine trends in disputed claims industry-wide.</li> <li>• Conducts in-depth research on issues lending towards litigation (e.g., depreciation).</li> <li>• Identifies and confirms the availability of contracted counsel to assist with coverage interpretations.</li> <li>• Projects disputes and litigation rates to determine resources needed.</li> <li>• Identifies the patterns of issues and determine avenues to find resolution.</li> <li>• Coordinates between different firms to handle workload on lawsuits emerging if volume of suits exceeds Association capacity.</li> <li>• Understands any increases in need for additional legal support especially where the Texas Insurance Code 2210.578 mandated TWIA expert panel may be involved or levels of disputed or litigated claims become a concern.</li> </ul>
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

### 3.10 Determine Need for Extension of Time for Claim Acceptance and/or Denial

<b>Objective 3.10</b>	To determine need for extension of time for claim acceptance and/or denial.
Description	Determine when a request of extension of time is needed because the Associations do not have the capacity to accept claims in 60 days. Apply for extension with TDI.
Purpose	To ensure claims are processed within statutory guidelines.
Participants	Claims, Legal and Compliance
Action Plans	<p><b>Claims</b> determines the need for an extension of time to accept claims and defines the required extension.</p> <p><b>Legal and Compliance</b></p> <ul style="list-style-type: none"> <li>• Assists Claims in formatting the request for an extension.</li> <li>• Sends request for extension to the appropriate stakeholders at TDI.</li> <li>• Informs Claims, Legislators, and Board Members, if and when extension is granted,</li> </ul>
Exhibits, or Related Documents	
Additional Information	
Compliance	Statute 2210.581 governs the amount of time the Associations have to process and accept claims.
QA or Testing	

### 3.11 Secure Catastrophe Funding

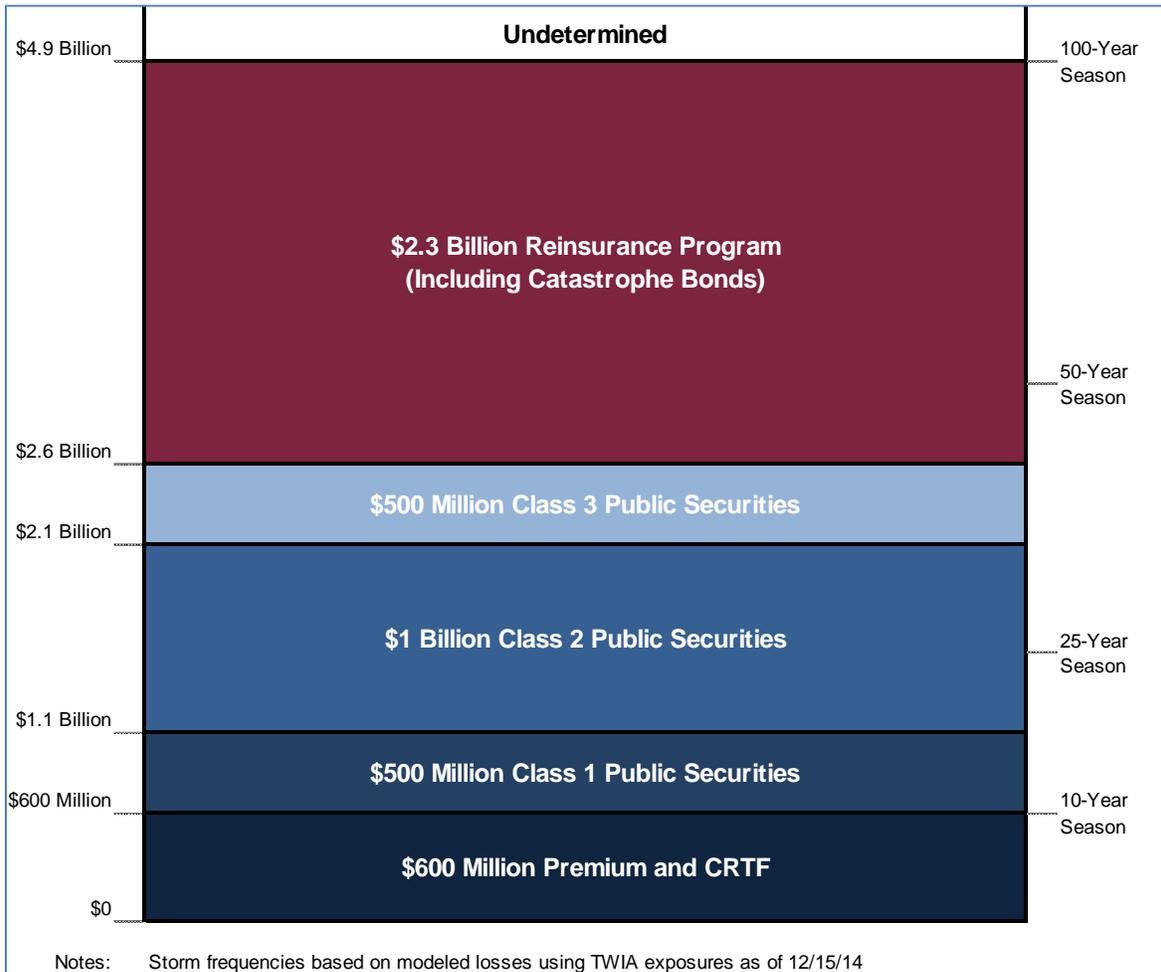
<b>Objective 3.11</b>	To secure catastrophe funding to support the funding needs based on loss estimates and actual claims experience.
Description	Estimate short term and long term funding needs. Assist with public security funding and reinsurance. Communicate with external stakeholders about securities issuance and assessments.
Purpose	To ensure adequate funds are available to pay claims in a timely manner.
Participants	Actuarial, General Manager, Accounting and Finance
Action Plans	<p><b>Actuarial</b></p> <ul style="list-style-type: none"> <li>• Manages reinsurance recovery process with reinsurance brokers, including onsite claim file reviews.</li> <li>• Manages short and long term funding needs with the Board of Directors and the General Manager.</li> <li>• Assists in securing funding from public securities.</li> </ul> <p><b>Accounting and Finance</b></p> <ul style="list-style-type: none"> <li>• Assists in securing funding from public securities.</li> <li>• Manages short and long term funding needs with the Board of Directors and the General Manager.</li> </ul> <p><b>General Manager</b></p> <ul style="list-style-type: none"> <li>• Informs the commissioner and comptroller of total estimated catastrophic losses and potential reinsurance recoveries, and updates them with changes to estimates.</li> <li>• Communicates with bond and other legal counsel as to proper processes in statute and plan of operation for post- incident securities issuance.</li> <li>• Should a deficit occur, at the direction of the Commissioner, TWIA/TFPA shall either request the issuance of public securities as authorized by Chapters 2210 and 2211 of the Insurance Code (respectively), or assess participating insurers.</li> </ul>
Exhibits, or Related Documents	In text following Exhibit 19 “Sources of Funding - Single Storm” and Exhibit 20 “Sources of Funding – Hurricane Season.”
Additional Information	Note that Exhibit 19 demonstrates compliance with Texas Insurance Code 2210 by planning for scenarios with a single storm (1 in 100, 1 in 50, and 24 year storms). Exhibit 20 includes funding plans for the entire hurricane season with plans for funding in the case of multiple storms.
Compliance	
QA or Testing	

**Exhibit 19: Sources of Funding – Single Storm Scenarios\***

Event	Estimated Losses (in millions)	Sources of Funding			
		Premium Revenue (in millions)	CRTF (in millions)	Public Securities (in millions)	Reinsurance (in millions)
1% (1 in 100)	\$4,669	\$125	\$475	\$2,000	\$2069
2% (1 in 50)	\$2827	\$125	\$475	\$2,000	\$227
4% (1 in 25)	\$1,509	\$125	\$475	\$909	0
10% (1 in 10)	\$519	\$125	\$394	0	0

\*Estimates current as of 06/01/2015.

**Exhibit 20: Sources of Funding – Hurricane Season\***



\*Estimates current as of 06/01/2015.

### 3.12 Track Losses and Reserve Adequacy

<b>Objective 3.12</b>	To track losses and reserve adequacy.
Description	Monitor losses and projections to ensure adequate reserves and funding are allocated for paying claims and other financial obligations.
Purpose	To secure sufficient funding to pay claims and other financial obligations.
Participants	Underwriting, Claims, Accounting and Finance
Action Plans	<p><b>Underwriting</b></p> <ul style="list-style-type: none"> <li>• Conducts quarterly reserve reviews and estimates incurred but not reported (IBNR).</li> <li>• Calculates potential funding needs and assists in communications to stakeholders.</li> <li>• Monitors reported losses, payment projections, and reserve adequacy.</li> <li>• Reports on expected cash flows and ultimates, and key projected financial metrics attached for TWIA and TFPA.</li> <li>• Serves as a resource to Claims for template catastrophe reserving.</li> </ul> <p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Segments losses based on whether the claim is residential or commercial.</li> <li>• Segments residential losses as non-complex, complex or multiple locations/buildings.</li> <li>• Works with actuary and General Manager on volume, severity, complexity of reported losses, expected losses and status of plan implementation.</li> </ul> <p><b>Accounting and Finance</b></p> <ul style="list-style-type: none"> <li>• Manages and projects cash flow</li> </ul>
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

## **Recovery Phase (4.0)**

According to Texas Division of Emergency Management, recovery is defined as “long-term activities that help return life to normal for individuals, businesses, and infrastructure.” In the recovery phase, the vast majority of claims are closed and Association operations are being scaled back to normal.

During this phase, the corrective action program is fully implemented and activated, including review of all after action reports to determine the level of Plan updates and need for future testing, training, and exercises.

## 4.1 Restore Normal Insurance Application Procedures

<b>Objective 4.1</b>	To restore normal insurance application procedures if weather incident meets 'Hurricane Binding Exception' and threat has passed.
Description	Initiate the restoration of normal business. Update the settings in the policy system.
Purpose	To restore essential insurance services after a catastrophic incident.
Participants	Underwriting, General Manager, Communications and Legislative Affairs, Underwriting
Action Plans	<p><b>Underwriting</b> recommends to General Manger the deactivation of "CAT Mode" and the restoration of normal insurance application procedures in impacted counties.</p> <p><b>General Manager</b> decides whether to deactivate "CAT mode," and alerts executive leadership team.</p> <p><b>Underwriting</b></p> <ul style="list-style-type: none"> <li>• Notifies IT to deactivate "CAT Mode" in Notus, according to the procedures documented in the <i>Storm Mode User Guide</i>.</li> <li>• Notifies IT to deactivate "CAT Mode" in the CGI Agent Portal.</li> <li>• Notifies Communications and Legislative Affairs to place "Normal Processing Mode" Agent Bulletin on TWIA Website.</li> </ul> <p><b>Communications and Legislative Affairs</b></p> <ul style="list-style-type: none"> <li>• Oversees taking down the "CAT mode banner" on the website.</li> <li>• Reports to Texas Legislature and TDI on TFPA /TWIA's restoration of normal insurance procedures in impacted counties.</li> </ul> <p><b>Underwriting</b></p> <ul style="list-style-type: none"> <li>• Prepares agent bulletin and email to send TWIA agents information on restoration of normal submission procedures, offsite office closings, restating agent binding authority, and claim reporting procedures.</li> <li>• Coordinates with Communications and Legislative Affairs for approval of agent bulletins, posting of bulletins to website, and sending emails.</li> <li>• Advises staff of return to normal processing guidelines.</li> </ul> <p><b>IT</b></p> <ul style="list-style-type: none"> <li>• Deactivate "CAT Mode" in Notus, according to the procedures documented in the <i>Storm Mode User Guide</i>.</li> <li>• Deactivate "CAT Mode" in the CGI Agent Portal.</li> </ul>
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

## 4.2 Communicate with Public and External Stakeholders

<b>Objective 4.2</b>	To communicate with public and external stakeholders about the recovery phase.
Description	Alert the public and external stakeholders when catastrophe response has been successful, and outline steps for the phase of recovery.
Purpose	<ul style="list-style-type: none"> <li>• To operate transparently through open communication with stakeholders.</li> <li>• To ensure a quality customer service experience.</li> </ul>
Participants	Communications and Legislative Affairs
Action Plans	<p><b>Communications and Legislative Affairs</b></p> <ul style="list-style-type: none"> <li>• Considers running full-page “After the Storm” newspaper ads with claims process and contact information.</li> <li>• Considers running radio ads with claims process and contact information.</li> <li>• Considers sending press release to follow up with media in affected areas.</li> <li>• Considers offering interviews with TWIA/TFPA to key reporters regarding insurance issues.</li> <li>• Crafts and posts “After the Storm” message for publication on the TWIA/TFPA websites.</li> <li>• Posts “After the Storm” information on pertinent social platforms (Facebook, Twitter).</li> </ul>
Exhibits, or Related Documents	Catastrophe (CAT) Incident Response Communications Plan
Additional Information	
Compliance	
QA or Testing	

### 4.3 Release Contracts and Dismantle Site(s) of Mobile Claims Center and Remote Facilities

<b>Objective 4.3</b>	To release contracts and dismantle site(s) of mobile claims center and remote facilities.
Description	Tear-down and clean up mobile sites. Coordinate inventory of supplies at mobile sites and off-site offices. Release vendor contracts where relevant.
Purpose	To return mobile operations back to home office operations.
Participants	Claims, Facilities, Communications and Legislative Affairs
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Communicates with Rentsys Recovery Services to release mobile office units and equipment, when they are no longer needed.</li> <li>• Conducts final staff meeting to discuss any pertinent information before closing the mobile claims center and remote facilities, including: rental vehicle return procedures, final timesheet processing, final expense report processing, and return-to-work instructions for personnel.</li> <li>• Confirms completion of final site clean-up.</li> <li>• Coordinates the tear-down plans and release of equipment, ensuring site is left clean in the case of a Basecamp temporary housing scenario.</li> <li>• Coordinates check out protocols in the case of hotel lodging.</li> <li>• Oversees return of rental cars, when they are no longer needed.</li> </ul> <p><b>Facilities</b></p> <ul style="list-style-type: none"> <li>• Works with Claims to inventory company equipment and supplies.</li> <li>• Works with Claims to collect all documents, including handbooks, policies, forms, and brochures.</li> <li>• Communicates with Agility Recovery’s ReadySuite service to release off-site office space when it is no longer needed.</li> <li>• Communicates with security vendors release off-site office services when they are no longer needed.</li> </ul> <p><b>Communications and Legislative Affairs</b> communicates to stakeholders on the closing of mobile and remote facilities.</p>
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

## 4.4 Transition Supplies to Pre-CAT Status

<b>Objective 4.4</b>	To transition supplies to the level needed for normal business procedures.
Description	Return supplies, security, and vendor services to pre-CAT levels. Deactivate extra equipment and phones.
Purpose	To drive operational efficiency.
Participants	IT, Facilities, Claims
Action Plans	<p><b>IT</b></p> <ul style="list-style-type: none"> <li>• Works with Rentsys to deactivate systems technology for mobile claims center.</li> <li>• Deactivates excess phones.</li> <li>• Inventories computers, extra monitors, and supplies such as toner.</li> <li>• Returns excess, mistakenly ordered, or faulty equipment if applicable.</li> <li>• Returns any equipment taken from training rooms and reconciles supplies.</li> </ul> <p><b>Facilities</b></p> <ul style="list-style-type: none"> <li>• Deactivates security badge for contractors.</li> <li>• Inventories and reconciles supplies (e.g., chairs, workstations, and storage).</li> <li>• Evaluates actual demand on workspaces, supplies, and equipment to determine changes to supply planning.</li> <li>• Communicates with security services to restore pre-CAT status.</li> <li>• Communicates with food and drink vendor services and cleaning services to restore pre-CAT status.</li> <li>• Communicates to restore parking to pre-CAT status.</li> </ul> <p><b>Claims</b> works with IT and Facilities to ensure that supplies and technologies are transitioned to pre-CAT status.</p>
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

## 4.5 Conduct Reviews of Vendors, Contractors, and Service Providers

<b>Objective 4.5</b>	To conduct reviews of vendors, contractors, and service providers.
Description	Evaluate vendors and contractors based on observations made during the incident activities and make recommendations for changes to vendors, or processes and procedures.
Purpose	To ensure we partner with the best available vendor resources.
Participants	Claims, Facilities, Human Resources, Legal and Compliance
Action Plans	<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>• Participates in Association debriefs after response efforts.</li> <li>• Gathers feedback from units that worked with vendors, contractors, and service providers for recommendations on improvements to be made.</li> <li>• Conducts surveys to rank vendors by degree of performance.</li> <li>• Assigns Department personnel to evaluate the observations and recommendation.</li> <li>• Schedules Department meeting to discuss recommendations, and plan changes.</li> <li>• Sends report to General Manager within 30 days of response efforts.</li> </ul> <p><b>Facilities and Human Resources</b></p> <ul style="list-style-type: none"> <li>• Participates in Association debriefs after response efforts.</li> <li>• Conduct surveys to rank vendors by degree of performance.</li> <li>• Assigns Department personnel to evaluate the observations and make recommendations.</li> <li>• Schedules Department meeting to discuss recommendations.</li> <li>• Schedule Department meeting to discuss recommendations, and plan changes.</li> <li>• Sends report to General Manager within 30 days of response efforts.</li> </ul> <p><b>Legal and Compliance</b></p> <ul style="list-style-type: none"> <li>• Coordinate with business units to evaluate compliance of vendors, contractors, and service providers with agreements and assess need for any resulting amendments, terminations, or new agreements.</li> </ul>
Exhibits, or Related Documents	
Additional Information	Will likely be a part of the Corrective Action Program (CAP) process.
Compliance	
QA or Testing	

## 4.6 Implement a Corrective Action Program (CAP)

Objective 4.6	To implement and follow a corrective action program (CAP) to ensure continuous Improvement of the Plan.
Description	Evaluate Enterprise performance and Plan adequacy based on lessons learned or observations made during an incident, or during testing training and exercises (TTE).
Purpose	<ul style="list-style-type: none"> <li>To compel Enterprise resources to identify strengths and weaknesses.</li> <li>To ensure a process is in place so the value of lessons learned is not lost.</li> </ul>
Participants	All Departments
Action Plans	<p><b>All Departments</b> ensure awareness and compliance with the CAP including:</p> <ul style="list-style-type: none"> <li>Assigning Department personnel to evaluate the observations and recommendations.</li> <li>Documenting activities or findings into after action report format and file with designated CAP manager.</li> <li>Participating in Association debriefs after response efforts.</li> <li>Scheduling Department-wide meeting to discuss recommendations.</li> <li>Participating in Enterprise feedback sessions for a full review with all key players within several weeks of the incident.</li> </ul> <p><b>Claims</b></p> <ul style="list-style-type: none"> <li>Creates an After Action Report with all documented issues to assess product, services and future recommendations.</li> <li>Creates a CAP document to include: issues raised in the after-action report and their recommended resolutions, work assignments for each issue or cluster of issues, timeframes for review and completion, a TTE plan with milestones for implementing and documenting the solutions.</li> </ul>
Exhibits, or Related Documents	After Action Program Template
Additional Information	For now, after action reports are filed via email to a central point of contact in Claims.
Compliance	
QA or Testing	

## 4.7 Conduct Testing, Training, and Exercises (TTE)

Objective 4.7	To conduct testing, training, and exercises (TTE) of the catastrophe (CAT) incident response plan.
Description	Ensure that the CAT Plan supports the common overall goal of preparedness.
Purpose	To provide activities to identify areas of strength, areas of improvement, obtain leadership buy-in, allow staff to practice procedures, help to inform and train staff.
Participants	All Departments
Action Plans	<p><b>All Departments</b> Assist with development and execution of test, training, and exercises (TTE), including:</p> <ul style="list-style-type: none"> <li>• System tests – Performance, Scalability, Reliability, and Functionality.</li> <li>• Procedures tests – Claims and non-Claims</li> <li>• Discussion-based exercises (e.g., Seminars, Workshops, Tabletop, and Games)</li> <li>• Operations-based exercises (e.g., Drills, Functional, and Full-scale)</li> <li>• Training: Leadership - by plan roles and responsibilities</li> <li>• Training: All Staff – for roles and responsibility</li> <li>• Training: Desire is to include cross-training where possible especially for mobile or remote workers</li> <li>• Controls- Process and analytics for plan compliance and testing</li> </ul>
Exhibits, or Related Documents	
Additional Information	<ul style="list-style-type: none"> <li>• Current incidents allowing for 2015 testing effort to be completed.</li> <li>• Corrective Action Program activated and will drive need for additional changes and tests for rest of 2015 and into 2016.</li> </ul>
Compliance	
QA or Testing	

## Appendices

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## Appendix A - CAT Plan Revisions Log

Date	Revised By	Description
08/23/11	Julie Kronbach, Consultant	Rewrite of TWIA and TFPA Catastrophe Plan
03/31/12	David Williams, Vice President and Claims Management Team	Rewrite of TWIA and TFPA Catastrophe Plan to include updated workflows and procedures
05/06/13	David Williams, Vice President, and Claims Management Team	Completed rewrite of TWIA and TFPA Catastrophe Plan to include HB3 requirements and updated workflows and procedures
08/22/13	John Morrison	Added Appendix U: Association Employee CAT Pay Policy
08/29/13	John Morrison	Moved phone system responsibilities from Operations to IT
05/15/14	Claims Management Team	Revised and updated Catastrophe Plan including House Bill 3 requirements
5/31/15	General Manager, Executive Leadership Team, and Enterprise Subject Matter Experts	Rewrite of TWIA and TFPA Catastrophe Plan

## Appendix B - CAT Summary Checklist for TWIA and TFPA Staff

### Before Hurricane Season:

- Participate in development and testing of the CAT Plan
- Participate in development and testing of the Disaster Recovery/Business Continuity (DR/BC), the plan for when a disaster affects the Austin office.
- Participate in all TWIA/TFPA mandatory trainings
- Learn how to take first notice of loss (FNOL) information from policyholders in the case of a misdirected call
- Update emergency contact information and all languages spoken in the ADP system
- Create a plan for your household in the case of CAT deployment and/or mandatory overtime
- Identify where to check for information on office closings, and regularly access for information.

### While Monitoring a Pending Storm:

- Remain on alert for one-call messaging notifying of activation of the CAT Plan
- Remain on alert for mandatory overtime based on Association needs
- Activate plans at home for deployment and/or overtime
- Attend preliminary Department meeting for briefing on CAT Plan duties and roles
- Attend Department strategic planning meeting 96 hours before landfall
- Remain on alert for the activation of “storm mode” in the policy system, and pay attention to emails from IT indicating updates to systems technology
- Refer all media requests to Communications
- Prepare for role transitions (i.e., taking on a temporary position specific to the CAT)
- If chosen to deploy, prepare to travel to the impacted area or a nearby staging area when it safe to do so.

### After Landfall of a Storm:

- Follow statutory timelines for claims and complaints
- Assist contract resources in complying with Association policies
- Report the following kinds of fraud when you see them: vendor fraud, policyholder fraud, internal fraud, and independent resource fraud
- For all misdirected calls, help the policyholder as much as possible, including taking FNOL information
- Participate in ongoing CAT meetings and briefings
- Continue referring all media requests to Communications
- If deployed, uphold TWIA and TFPA policies and procedures for professional behavior

### Post-Event Phase:

- If deployed or at an offsite facility, assist with dismantling and cleaning the site
- Return equipment and supplies distributed to you for CAT response
- Remain on alert for the de-activation of “storm mode” in the policy system, and pay attention to emails from IT indicating updates to systems technology
- Prepare for role transitions (i.e., transitioning out of your temporary CAT role)
- Participate in Department Enterprise evaluations of CAT response
- Participate in conducting reviews of contractors and service providers

## Appendix C - How to Submit a Claim for TWIA and TFPA Staff

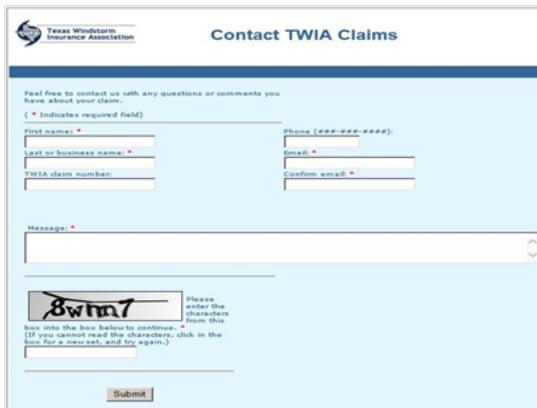
### Providing Policyholder Assistance during a Catastrophe

When receiving an errant phone call during a catastrophe, please provide direct customer service. If the insured has filed a claim, use the **online contact form** to submit an inquiry. If the insured has not submitted a claim, use the **claim reporting tool**. The instructions below outline how to submit these online forms on behalf of the insured.

→Ask the following. “Have you filed a claim yet? Has your agent filed a claim for you?” For insureds with existing claims, see: “A. How to Submit the Online Contact Form.” For insureds needing to file a claim, see: “B. Using the Online Claim Reporting Tool.”

#### A. How to Submit the Online Contact Form

1. Go to **Policyholders** via the main navigation bar on the TWIA or TFPA homepage and scroll to select “Claims Center.”
2. Click on the “request a claim status online” link, which takes you to the portal <<https://portal.twia.org/twia/pub/simpleContact>>.



3. Complete the form on the insured’s behalf. Include a message about the inquiry, and let the insured know they will receive a phone call from Claims within a few hours.

#### B. Using the Online Claim Reporting Tool

1. Select “Report a Claim” in the mid-section of the TWIA or TFPA homepage, which takes you to the portal <<https://portal.twia.org/twia/pub/simpleFNOL>>.



2. Enter TWIA/TFPA policy number provided by the customer. Leave blank if they do not have it.
3. Enter the exact date of damages under “Date of Loss.” Request their best estimate if they do not know.
4. Select the type of loss. Most are wind or hail related. A plumbing leak is a water claim. You can use your judgment.

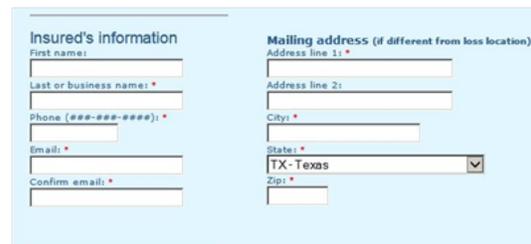
5. Record your name, and the “Description of Loss.” Your name helps to identify how the FNOL came in. For the description, take notes on the location(s) of damage. Ex: “Shingles on ground in back of house. Roofer found hail hits. Interior leaks in living room and master bedroom closet. Tree impact on front of home.”



6. Enter the address of loss location. Confirm the address is the same as where the damages occurred.

7. Enter the insured’s info. Verify the spelling of their name, phone number, and email. (If the insured has no email, use [claimsassist@twia.org](mailto:claimsassist@twia.org) OR [tfpa.claims@texasfairplan.org](mailto:tfpa.claims@texasfairplan.org).)

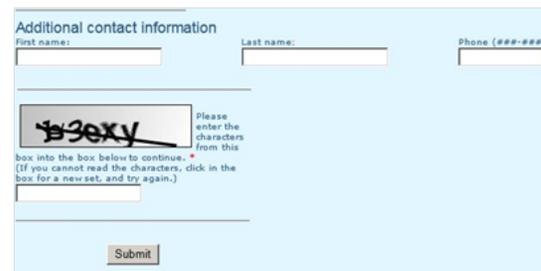
8. Insured’s mailing address. Only required if the mailing address is different from the loss location.



9. Additional contact info. Enter additional contacts for the claim (e.g., husband, daughter, etc.).

10. Submit the form. Type in the characters from the CAPTCHA into the blank field and click submit.

11. Closing. Please let the insured know they will receive a phone call from Claims within a few hours.



## Appendix D - Plan for Volunteer Enlisting for Catastrophe (CAT) Incident Response Deployment

### Purpose

The purpose of this document is to outline a strategy to ensure the enlistment of staff in the months prior to hurricane season for response to a catastrophic incident.

The Plan seeks to:

### Identify Staff and Recruit Volunteers for:

- Deployment to mobile and remote offices
- Deployment positions for all Department functions

### Educate staff on:

- Roles and responsibilities for deployment during a CAT.
  - Information about mandatory overtime and volunteer and/or mandatory CAT deployment.
- I. **Volunteer Recruitment** (The following deliverables should be sent annually no later than July 1<sup>st</sup> of each year).
    - a. Instructions for updating ADP system (languages spoken, address, and emergency info).
    - b. Email to Department heads, including list of positions for remote facilities and mobile claims center.
  - II. **Maintain List of Prepared Volunteers.** (The following will be done annually.)
    - a. Compile list of volunteers from each Department, including data on deployment positions they could fill.
    - b. Annual meeting with volunteers to discuss expectations for deployment needs outside of the main office.
    - c. Updates to the database with information on volunteers for deployment.
  - III. **Day of Deployment Communication** (sent when CAT Plan is activated)
    - a. Checklist of what to bring when deployed.
  - IV. **Returning from Deployment** (sent when remote and mobile facilities are closed)
    - a. Description of the returning to the office and resources TWIA offers for adapting post-catastrophe.