



TEXAS WINDSTORM
INSURANCE ASSOCIATION



2016

Texas Windstorm Insurance Association
Annual Report Card

Jennifer T. Armstrong
Vice President, Communications & Legislative Affairs

June 1, 2016



June 1, 2016

Re: Annual Report Card – Section 2210.107(b)

The Honorable Greg Abbott, Governor

The Honorable Dan Patrick, Lieutenant Governor

The Honorable Joe Straus, Speaker, Texas House of Representatives

The Honorable Kelly Hancock, 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

Dear Gentlemen,

House Bill 3, effective on September 28, 2011, modified various aspects of the operations of the Texas Windstorm Insurance Association (TWIA or the Association). Pursuant to Texas Insurance Code Section 2210.107(b), please find the Annual Report evaluating the extent to which TWIA has met the objectives described therein for the 12-month period immediately preceding the date of this report.

The primary objectives of the Board, as set forth in Chapter 2210 of the Texas Insurance Code, 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 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.

The Annual Report is the culmination of the interim report cards published every two months to the Association's Board of Directors. The Annual Report is organized into the following sections: (1) **Financial Health**; (2) **Operations**; (3) **Governance**; and (4) **Transparency**. The report also includes an **Executive Summary**, highlighting accomplishments in these areas during the reporting period; the **State of the Association**, a detailed narrative of the Association's transformation since 2011; and a **Statutory Compliance** section detailing each required area of compliance in order of the statutory reference.



The Association is in full material compliance with all current standards of performance outlined in this report. This is the fifth Annual Report to be issued by TWIA since the enactment of House Bill 3.

Should you have any questions, please feel free to contact me at (512) 637-4031.

Sincerely,

A handwritten signature in black ink that reads "Jennifer T. Armstrong". The signature is written in a cursive, flowing style.

Jennifer T. Armstrong
Vice President, Communications & Legislative Affairs



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Executive Summary

The primary purpose of the Texas Windstorm Insurance Association is the provision of an adequate market for windstorm and hail insurance in the seacoast territory of Texas, which the Legislature has determined is necessary for the economic welfare of the state. TWIA aims to achieve this legislative purpose by fulfilling our vision and mission, adhering to our values, and complying with the Texas Insurance Code 2210, the Plan of Operations, sound insurance principles and the primary objectives of the Board of Directors.

Our vision is to be respected and trusted by our stakeholders and our mission is to provide essential property insurance products and services to eligible Texas policyholders when no one else will. Our values of service and respect; financial stability and operational efficiency; and accountability and integrity give us a shared purpose. Under the governance of the Board of Directors, the TWIA leadership team has implemented sweeping reforms to the Association's financial condition, processes and controls, communications and transparency, and culture. This transformation – a process that began in 2011 with a disciplined approach to identify and address deficiencies across the enterprise – recently culminated in the release of TWIA from Administrative Oversight by the Texas Department of Insurance.

TDI placed TWIA under Administrative Oversight in 2011 following legislative and regulatory concerns about the Association's operations and financial condition. Fundamental changes across the Association were needed to protect the interests of the public and rebuild credibility with the Legislature, TDI, and other key stakeholders. Leadership employed a systematic approach to identify operational and financial weaknesses, apply industry best practices, and evaluate outcomes and take corrective actions to continuously refine and improve the newly implemented processes.

In addition to operational changes, a key element of the plan was a fundamental shift in the Association's culture and values from a task-based mentality, to a focus on service, accountability, and transparency. The success of this approach is evidenced in the Association's improved financial condition, increased operational efficiency, greater accountability, and more proactive and effective communications with stakeholders. Notably, TWIA has:

- established the highest balance in the history of the Catastrophe Reserve Trust Fund;
- created a robust, scalable catastrophe plan that is tested and enhanced annually;
- addressed all recommendations resulting from over a dozen external audits; and
- developed an annual communication plan to ensure timely, accurate, and relevant information is provided to key stakeholders.

TWIA is committed to sustaining a high level of performance through strategic planning, effectual execution, and continuous improvement.



Financial Health

Highlights

- Secured approximately \$4.9 billion in funding for 2015 and 2016 – equal to a 100-year season – continuing the trend of progressively higher funding levels each year since 2009 and over \$2B more than the total cost of Ike;
- Contributed \$262.7 million to the CRTF as a result of 2014 operations and \$93 million as a result of 2015 operations despite the second largest storm season since Ike, bringing the balance to more than \$582 million – the highest in the history of the CRTF
- Maintained the 3rd lowest cost as a percentage of premium of the 36 U.S. FAIR plans and wind pools in 2014
- Issued \$500M in pre-event Class 1 public securities in 2014 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 programs in 2014 and 2015, providing multi-year stability and further diversifying and expanding TWIA’s claims-paying capacity
- Performed below budget on controllable expenses for the 5th straight year

Catastrophe Funding

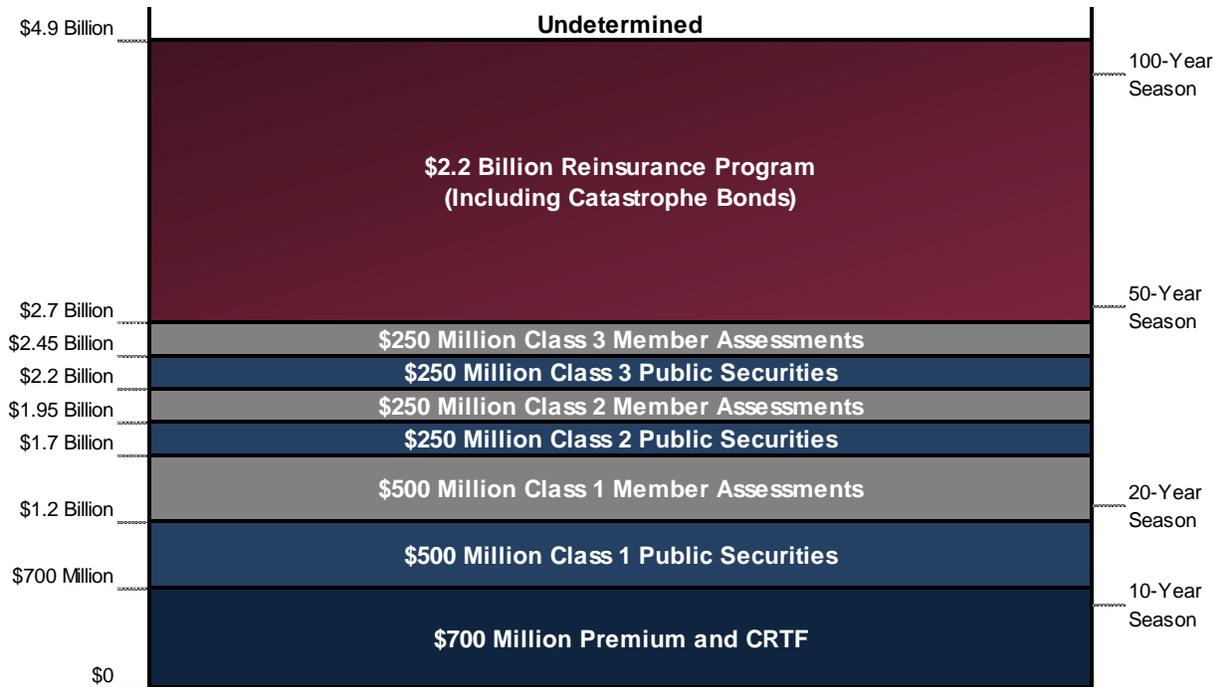
Effective September 1, 2015, Senate Bill (SB) 900 revised TWIA funding sources, providing a combination of public securities and company assessments and requiring total funding to remain at an amount at least equal to the 100-year Probable Maximum Loss (PML), sufficient to cover 99% of all possible storm seasons.

Prior to the enactment of SB 900, the Board of Directors approved TWIA to secure funding of \$4.9 billion for the 2015 hurricane season – equal to the 100-year PML, almost \$2 billion more than the combined costs of Hurricanes Dolly and Ike, and significantly greater than any previous year’s funding since 2009.

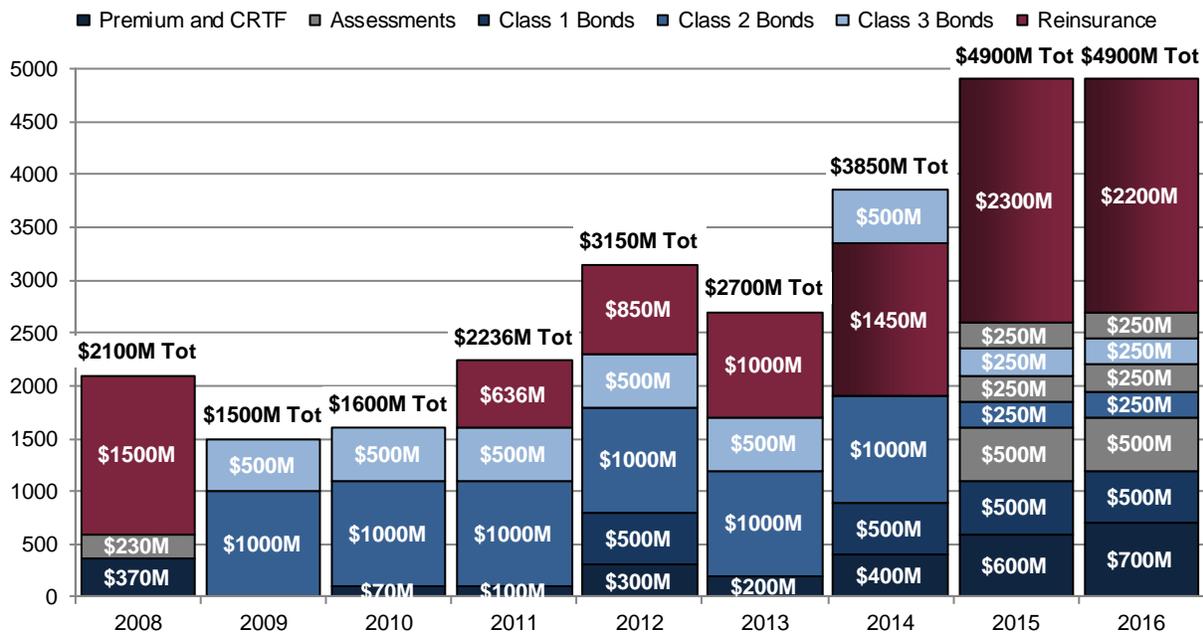
Due to a reduction in TWIA exposures and minor changes in the hurricane models, the 100-year PML for 2016 has decreased to \$4.7 billion. The 2016 reinsurance program, effective June 1, 2016, continues to provide \$4.9 billion in total aggregate funding, sufficient for over 99% of all possible storm seasons and in excess of the statutory minimum funding. The reinsurance program provides coverage on an aggregate basis, meaning multiple hurricane events will be covered under the same reinsurance program. The 2016 program also includes catastrophe bonds, originally issued in 2014 and 2015, with staggered expirations in order to provide multi-year stability, diversification, and expanded claims-paying capacity.



TWIA’s funding for the 2016 hurricane season is illustrated by the chart below and followed by a historical comparison of funding levels.



Storm frequencies based on modeled losses using TWIA exposures as of 12/31/15



Funding for 2008 shown as it existed for Hurricane Ike, post-Hurricane Dolly; unlimited additional funding available via reimbursable assets. Funding for 2009-2011, 2013 assumes \$0 Class 1 Public Securities issuable. Funding for 2012, 2014-2015 includes \$500 million pre-event Class 1 Public Securities. Funding for 2015-16 incorporate bond repayments that differ from prior years.



Operations

Highlights

- Maintained favorable cycle times and high customer survey scores in 2015 during record spring storm claims
- Addressed all recommendations resulting from prior external audits
- Enhanced the enterprise Catastrophe Plan to include plans for testing, training and exercises as well as a corrective action program to allow for after action reports and formal improvement plans; CAT Plan includes commitments for over 6,000 adjusters – enough to handle the claim volume of a 100-year event
- Implemented the initial release of Policy Center, resulting in immediate issuance of approximately 90% of new business and renewal policies and eliminating seasonal backlogs
- Consolidated underwriting functions of TWIA and TFPA into a single operation to optimize efficiency and eliminate redundancies
- Implemented cloud-based Office 365 reducing costs, improving disaster recovery, and providing more robust access

Catastrophe Response

The CAT Plan was activated twice in 2015 for storms in the spring and in late October, for a total of 9 times since 2011. TWIA received a total of 18,889 claims in 2015, the second-highest volume of claims in Association history, second only to Hurricane Ike. The Claims Department maintained low cycle times from receipt of claim to payment, high staff performance, and positive customer satisfaction ratings throughout 2015 despite the high claim volume.

Depopulation

SB 900, passed by the 84th Texas Legislature authorized TWIA to create two new depopulation programs to assist TWIA policyholders in finding coverage in the private market: a Voluntary Market Depopulation Program and an Assumption Reinsurance Depopulation Program. TDI rules governing these programs have been published and became effective December 22, 2015. TWIA is currently transitioning from the prior depopulation program, the Voluntary Coastal Windstorm Insurance Portal, to the two new depopulation programs created by SB 900.



Voluntary Coastal Windstorm Insurance Portal

The Voluntary Coastal Windstorm Insurance Portal (VCWIP), launched in 2014, has provided access to TWIA policyholder information to 16 companies. These companies were given this access after signing a Nondisclosure and Terms of Use Agreement. One company, United Property & Casualty, identified almost 60,000 policies that they were interested in writing and began contacting agents to make offers on those policies in April 2015. UPC is providing regular reports of the offers of coverage made and accepted. As of April 30, 2016, they have had over 5,100 acceptances.

Access to the existing portal was discontinued in December 2015 pursuant to TDI rules implementing the provisions of SB 900. The VCWIP is being replaced by the new Voluntary Market Depopulation Program described below.

Voluntary Market Depopulation Program

The Voluntary Market Depopulation Program will function in a manner similar to the VCWIP. Participating carriers will continue to receive access to TWIA policyholder data after signing a Nondisclosure and Terms of Use Agreement and will continue to approach the agent of record to make offers of coverage. Acceptance of any offers remains strictly voluntary and no changes will take place unless the agent and policyholder affirmatively accept the participating carrier's offer. Acceptance of any offers is strictly voluntary and no changes will take place unless the agent and policyholder affirmatively accept the participating carrier's offer. The new Voluntary Market Depopulation Program was filed with TDI and approved in March 2016. As of May 31, 2016, eight companies had returned signed NDAs in order to gain access to TWIA policyholder data.

A process document describing the steps involved in the Voluntary Market Depopulation Program is included in [Appendix B](#).

Assumption Reinsurance Depopulation Program

In addition to a voluntary market program, SB 900 allows for assumption reinsurance agreements between TWIA and participating insurers to facilitate depopulation, allowing large numbers of TWIA policyholders to obtain coverage from private insurance companies interested in writing on the Texas coast. This type of transaction, often called a "take-out", has been used effectively in Florida and Louisiana to minimize the use of those states' residual markets.

The statute provides several protections for TWIA agents and policyholders under the Assumption Reinsurance Depopulation Program. These protections, and other key elements of the program include:

- Participating carriers must offer comparable coverage and premiums to the TWIA policy, as



determined by TDI, and must offer at least three renewals to any policy taken out as part of the program.

- Carriers must be approved by TDI and sign a confidentiality agreement prior to being granted access to TWIA policyholder data.
- All offers must be made through the existing agent of record on the TWIA policy, either through appointment or limited servicing agreement, and under the prevailing terms, conditions, and commissions of the agent.
- The agent of record must have at least 60 days to accept an appointment or other written agreement with a participating carrier.
- Policyholders will have the opportunity to opt out of the depopulation process.
- Companies would begin selecting policies for depopulation in summer 2016 with policies being assumed effective June 1, 2017.

TWIA is in the process of developing the Assumption Reinsurance Depopulation Program and is actively reaching out to various stakeholders, including the Agent Advisory Group, interested carriers, and TDI and legislative offices. TWIA has also contacted other residual markets to obtain information on their depopulation programs and to leverage their experience.

TWIA has created a timeline describing the proposed program and a more detailed process document, included in [Appendix C](#) and [Appendix D](#).

Once the program has been filed with and approved by TDI, implementation and communications phases will begin. TWIA will continue to solicit feedback from the AAG and its technical group on specific aspects of the program, such as the functionality of the portals used by agents as part of the depopulation process. Communications with TWIA agents and policyholders will be extensive and involve a series of messages across multiple channels leading up to the actual depopulation process. Once approved, the assumption reinsurance program will commence in August 2016.

Policy Administration System

TWIA successfully implemented a new policy administration system, Policy Center, in May 2015. The initial release of Policy Center deployed a web-based system for residential policies accepting new business applications immediately and migrating renewal applications monthly. Policy Center increased automation and internal operating efficiency significantly resulting in immediate issuance (without intervention by an underwriter) of over 80% of transactions submitted with payment. All residential policies will be converted to Policy Center by August 2016.

A second major release, completed in December 2015, provided several enhancements to the system, including agent invoicing, email notification options, work assignment options, and address

standardization. These features and functions provide greater customization for agents and improve the accuracy of the information provided to TWIA. The enhancements were based on feedback from TWIA's Agent Advisory Group. TWIA will begin discussing requirements for the Commercial and Manufactured Home implementation with an agent focus group in the second quarter of 2016. In the fourth quarter of 2016, TWIA will discuss possible system enhancements for residential with an agent focus group and use that feedback to prioritize for an additional major release planned for 2017.

Over 239,000 policy transactions have been automatically processed by Policy Center as of June 1, including 85% of new business applications, 86% of renewals, and 80% of policy changes.

Plan of Operation

In March 2010, TWIA filed proposed changes to the Plan of Operation (Plan) with the Texas Department of Insurance (TDI) to incorporate changes required by the enactment of HB 4409 in 2009. In November 2011, TWIA filed additional changes to the Plan to incorporate the changes required by the enactment of HB 3 in 2011. In December 2011, TWIA notified TDI that the Board wanted to study the proposed HB 3 changes. In August 2012, TWIA advised TDI that we did not anticipate any supplemental filing for changes in connection with HB 3. After considering the TWIA filings, TDI in 2014 requested that TWIA complete a comprehensive revision of the Plan to improve readability and eliminate any redundant or unnecessary provisions. TWIA staff and counsel proposed revisions to the Plan to accomplish those objectives.

Initial revisions included removing redundancies, reorganizing, improving clarity and overall readability, and incorporating statutory changes through the 84th Legislative Session. Additional changes included adding a section that provides a process for suspending an agent's license if the agent fails to maintain documentation concerning a policyholder's eligibility and adding language to accommodate installment payments. The Board of Directors approved the proposed revisions at their meeting on April 5, 2016. The amended Plan of Operation was filed with TDI on May 6, 2016, and it is currently under consideration by TDI.

Audit Results

Milliman completed an audit of TWIA in August of 2014, and as of November 12, 2015, all of the findings and recommendations have been completed or addressed. There are currently no outstanding external audit findings.



Governance

TWIA Board of Directors

Under SB 900, the Board consists of nine members: three industry representatives from companies actively writing and renewing windstorm and hail insurance in first tier coastal counties, three public members residing in the first tier coastal counties, and three non-coastal representatives who live more than 100 miles from the Texas coast. 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.

New board members were appointed by the Commissioner of Insurance on October 1, 2015. The current membership of the TWIA Board of Directors is as follows:

Name	Position
Blair Crossan	Insurance Industry Representative
Joshua Fields	First Tier Coastal Representative
Chandra Franklin	First Tier Coastal Representative
Michael Gerik	Insurance Industry Representative
R. Scott Kesner	Non-Seacoast Territory Representative
Debbie King	Insurance Industry Representative
Georgia Neblett	First Tier Coastal Representative
Tony Schrader	Non-Seacoast Territory Representative
Bryan Shofner	Non-Seacoast Territory Representative

The most recent meeting of the TWIA Board of Directors occurred in Austin on May 10, 2016. The next quarterly meeting of the Board of Directors will occur on August 2, 2016 in Galveston.

Transparency

Standards of Conduct: Ethics, Fraud Reporting, and Whistleblower Policy

TWIA continues to monitor, train, and report on ethics issues and fraud-reporting standards. No instances of suspected fraud or ethics violations were filed through the third-party whistleblower vendor during the reporting period.

Staff reviewed and updated the ethics policy to ensure it best reflects the Association's ethical culture, characterized by both transparency and accountability. Staff worked to make the policy more user-friendly while clearly communicating expectations for ethical behavior. Revisions to the policy were completed in February 2016 and approved by the TWIA Board and Texas FAIR Plan Governing Committee



at their respective February quarterly meetings. Association-wide training on the updated policy is taking place in the second quarter of 2016.

Open Meetings Act

The Association continues to meet the requirements of the Open Meetings Act by complying with posting requirements for meetings of the Board of Directors and its subcommittees, as well as live broadcasting of meetings and archival of those meetings for later viewing on the [Association website](#). The following table lists the meetings conducted during this reporting period as well as upcoming meetings:

July 30, 2015	Underwriting & Actuarial Committee Meeting
August 4, 2015	Quarterly Board of Directors Meeting
November 3, 2015	New Board of Directors Orientation – TDI
November 4, 2015	New Board of Directors Orientation – TWIA
December 8, 2015	Quarterly Board of Directors Meeting
February 23, 2016	Quarterly Board of Directors Meeting
April 5, 2016	Board of Directors Meeting – Plan of Operations
April 18, 2016	Underwriting & Actuarial Committee Meeting
May 9, 2016	Executive Committee Meeting
May 10, 2016	Quarterly Board of Directors Meeting
August 2, 2016	Quarterly Board of Directors Meeting
December 6, 2016	Quarterly Board of Directors Meeting

Public Information Act

The Association received seven (7) new Public Information Act requests in the reporting period. All requests were handled in accordance with applicable statutes and timeframes.



State of the Association

On April 8, 2016, TDI released the Association from Administrative Oversight. This concluded a five year transformation that began in 2011 when TDI placed TWIA under Administrative Oversight following legislative and regulatory concerns about the Association's operations and financial condition. 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 TDI and an independent consulting firm reported no significant negative 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, claim 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 bimonthly 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. TWIA has now addressed all required changes, with simplified renewals incorporated into the implementation of TWIA's new policy administration system, Policy Center, in 2015. The Association has divided the HB 3 simplified renewal mandate into two phases.

The initial phase, simplifying 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 immediately issues 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 in 2016 with deployment planned for 2017.

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 has brought a broader range of skills and experience to TWIA 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 and Strategic Planning

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. 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.

In 2013, 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 2016 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 annual strategic 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:

Service and Respect

Provide quality service to our policyholders and respect the interest of a broad spectrum of stakeholders.

Stability and Efficiency

Be good stewards of the public trust by ensuring financial stability and operating efficiently.

Accountability and Integrity

Be accountable for performance and operate with integrity by holding ourselves to a high standard of ethics.

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, which did not allow TWIA to acquire an adequate number of contractors or properly train them during a catastrophe. Available resources were severely tested when the claim volume went from a modest 10 to 15 claims per day to over 92,000 claims in a 12-month period, 80,000 of which were filed in the first 30 days. Today, TWIA has a new infrastructure capable of supporting claims operations during both catastrophe and non-catastrophe years. The department 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 and can be quickly and effectively deployed if volume warrants additional staff. This staffing model follows industry best practices and comprises one of the largest dedicated catastrophe teams in the industry. Management has also combined and cross-trained the TWIA and 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.

TWIA has also reorganized the Underwriting, IT, Accounting, and Legal and Compliance 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 Internal Audit function 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 in 2015 to ensure open and transparent communications with all stakeholder groups. In order to better understand the interests of all of our diverse stakeholders, 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 and user-friendly website in May 2015.

Operational Improvements

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. Today, the Association monitors the following key underwriting performance metrics to measure the efficacy of those changes and reports on them to leadership and the Board of Directors in a monthly scorecard:

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

Claims

The TWIA Claims Department has instituted sweeping changes over the last few years and continues to enhance its operational capabilities.

TWIA ended 2015 with 18,889 new claims due to major storms in the spring and late October. It is the second-highest level of new claims compared to the past 10 years, as illustrated in the charts below.

Year	Number of Claims
2005	12,783
2006	1,862
2007	4,195
2008	99,813
2009	4,812
2010	4,801
2011	10,608
2012	8,601
2013	10,541
2014	2,843
2015	18,889

Hurricane	Number of Claims
Rita (2005)	11,583
Dolly (2008)	8,374
Ike (2008)	93,046



The chart below displays the Claims Key Performance Indicators through April 30, 2016.

Key Performance Indicators	Quarterly Summary				Monthly Summary			
	3Q-15	4Q-15	1Q-16	2Q-16	2/16	3/16	4/16	2016 YTD
QA Score	94%	91%	91%	92%	91%	91%	92%	91%
CS Score	4.55	4.51	4.52	4.46	4.45	4.46	4.46	4.46
Cycle Time	9.3	9.2	9.2	10.3	8.8	9.3	8.2	10.3
TDI Complaints	6	7	4	0	2	0	0	4
Complaint Ratio	0.2%	0.2%	0.2%	0.0%	0.3%	0.0%	0.0%	0.1%

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.

- 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 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.

Financial metrics are also key measures of performance at an enterprise level. The \$183 million deficit recorded in 2012 was eliminated by December 2013, three months earlier than originally projected. TWIA exceeded projected contributions to the Catastrophe Reserve Trust Fund (CRTF) by \$91 million as a result of 2014 operations. 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 2015. Of the 36 property insurance plans in the United States, TWIA maintains the third-lowest operating expense as a percentage of premiums.

Through diligent efforts, staff has achieved several notable financial milestones concerning the Association's funding for the 2015 storm season and beyond, including:

- contributing \$262.7 million to the CRTF as a result of 2014 operations and \$93 million as a result of 2015 operations despite the second largest storm season since Ike, bringing the balance to more than \$582 million – the highest in the history of the CRTF
- issuing \$500 million in pre-event Class 1 public securities in 2014 to provide immediate claims-paying capacity after a storm and additional protection to coastal policyholders and residents, with no associated impact on rates, and
- 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, most recently 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 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 audits performed by TDI (2009-2011), Robert E. Nolan, Deloitte & Touche, the State Auditor's Office, and

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. All of the findings and recommendations have been addressed or completed as of November 12, 2015.

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 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, and, in April 2016, TDI released the Association from Administrative Oversight completely.
- 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.”

84th Texas Legislative, Regular Session

The 84th Texas Legislative, Regular Session resulted in the passage of a number of bills in 2015 with a range of impacts on TWIA and the insurance industry. TWIA continues to meet with TDI and Legislators to discuss

the rulemaking process and operational considerations to comply with this legislation. Below are updates about the legislative rulemaking and implementation process for two key pieces of legislation passed in 2015:

House Bill 2439

House Bill (HB) 2439 created two ways to certify that a structure complies with the applicable windstorm building code, required for insurability through TWIA. Completed structures are considered certified when a Texas-licensed professional engineer sends either a signed and sealed design or a post-construction evaluation report to TWIA. Structures with ongoing construction may be certified by having a qualified inspector submit to TDI a form affirming that the structure either complies with the applicable windstorm building code or is built to a design sealed by a Texas-licensed professional engineer and complies with the applicable windstorm building code. HB 2439 removes statutory language giving TDI authority to require qualified inspectors who are Texas-licensed professional engineers to seal inspection forms. The bill also repeals the requirement for the Texas Board of Professional Engineers to maintain a roster of engineers licensed to conduct windstorm inspections. The new law applies only to a TWIA policy delivered, issued for delivery, or renewed on or after January 1, 2017.

TDI began the rulemaking process for implementing the provisions of HB 2439 in September 2015 and will work with TWIA and the Texas Board of Engineers to develop the rules and processes required. Draft rules were published by TDI on April 1, 2016 with a request for informal comments due by April 22, 2016. TWIA staff met with TDI in March to discuss the draft rules and provided comments by the April due date. TDI will likely publish the formal rule in the next few weeks.

Senate Bill 900

SB 900 is a comprehensive bill with several components. To date, all requirements have been implemented except for the depopulation programs authorized by the legislation for which the rulemaking process is ongoing. The primary components of the bill are outlined below.

- SB 900 requires changes in the loss funding structure, including provisions relating to reinsurance, requiring TWIA to fund, at a minimum, a 100-year storm season. The bill requires this level of funding every year from the following sources: TWIA premiums and the CRTF, a combination of \$1 billion in company assessments and \$1 billion in bonds repaid first by TWIA policyholders and by all coastal policyholders, if necessary, and sufficient reinsurance or other risk financing to achieve the 100-year storm season.
- SB 900 requires changes in the Board composition to a 3-3-3 industry/coastal/inland structure from a 4-4-1 industry/coastal/inland structure.



- SB 900 allows for assumption reinsurance agreements between the Association and private insurers to facilitate depopulation, allowing large numbers of TWIA policyholders to obtain coverage from private insurance companies interested in writing on the Texas coast. Policyholders are guaranteed comparable rates and coverages for the first year and the option to renew for at least three years. They will maintain their ability to choose their own agent, and may stay with TWIA if they desire. TDI published final rules on the depopulation program, which took effect December 22, 2015. TDI and TWIA staff are currently working to develop the business processes needed to implement the program.
- SB 900 authorizes TWIA to issue a policy for temporary coverage (up to 30 days) if a TDI-approved inspection verification form or other inspection form adopted by TDI has been issued for a structure before the WPI-8 is secured.
- SB 900 allows the Commissioner to contract with an administrator (MGA or TPA) to manage the Association and administer the plan of operation if it is in the best interest of policyholders and the public. In light of the many Association improvements in the last few years, it is difficult to envision a scenario in which a third-party management company overseeing TWIA would be necessary.

Appendix A: Operational Improvements provides an overview of the most significant accomplishments of the Association during the reporting period across four areas: Financial; Management, Controls, & Accountability; Communications & Transparency; and Operational Efficiency.



Statutory Index

The Association has provided supplemental information regarding each of the relevant provisions of Chapter 2210 of the Texas Insurance Code, and the Association's compliance therewith, as follows:

Statutory Reference	Section	Subject Matter
2210.0025	Section A	Biennial Report
2210.004, 2210.201-302	Section B	Insurable Property and Coverage Requirements
2210.008	Section C	Rulemaking Authority
2210.009, 2210.053(b)	Section D	Depopulation
2210.012 & 2210.013, 2210.015	Section E	Standards of Conduct
2210.054	Section F	Annual Statement
2210.057, 2210.058	Section G	Examination of Association
2210.071-075	Section H	Catastrophe Funding
2210.105, 2210.108	Section I	Open Meetings Act
2210.108	Section J	Public Information Act
2210.15-153	Section K	Plan of Operation
2210.203	Section L	Policy Issuance
2210.251, 2210.258-260	Section M	Compliance with Building Codes
2210.352	Section N	Rates
2210.455	Section O	Catastrophe Plan
2210.501-504	Section P	Limits of Liability
2210.551	Section Q	Certain Appeals and Other Actions
2210.014, 2210.572(c), 573	Section Q, Part 3	Claims: Settlement and Dispute Resolution
2210.574	Section Q, Part 4	Appraisal and Rulemaking
2210.582	Section R	Ombudsman Funding and Program
2210.107(a)	Section S	Annual Evaluation of Association Management



Section A: Biennial Report

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. The TWIA Board of Directors will be meeting this year to prepare legislative recommendations for the December 2016 report as required.

Section B: Insurable Property and Coverage Requirements

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 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.

Risk Visualization Program

In May 2014, TWIA partnered with EagleView Technologies to provide aerial imagery for the Association's coverage territory. The high-resolution imagery captured on annual flyovers provides the claims and underwriting departments with the ability to visually inspect a property through a web-based solution. The oblique images provide views from the north, south, east and west direction of a home. Because the images are geo-referenced, users are able to use basic analytical tools to extract data and gain visual intelligence about the property. The aerial imagery combined with a patented technology for remote 3D aerial roof measurements and third-party data provides the Association with information which can be used in risk data verification. The technology also provides underwriters with a side-by-side view of current and past imagery to identify changes to the insured properties and initiate discussions with agents regarding any update to coverages.



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

- Improved assessment of property insurability and assistance in determining adequacy of insurance-to-value for each risk
- Increase the total number of properties inspected annually while lowering the average cost on a per policy basis
- Efficient use of inspection dollars by effectively identifying properties requiring onsite inspection
- Identification of unrepaired damage
- Identification of other underwriting concerns related to the general condition of the structure
- Reduced uncertainty, such as when a policyholder files a claim only to find he or she did not purchase appropriate coverage
- Reduced opportunities for fraud

Quality Assurance and 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. QA scores are split between Residential and Commercial lines. Based on data from January 1, 2016 through April 30, 2016, the QA scores for both lines exceed the department's goal to achieve a 95% QA score with Residential at 97.1% and Commercial at 99%.

Agent Compliance Program

As required by Rule 5.4902 of Title 28 of the Texas Administrative Code, an agent audit process was developed and implemented in 2015 to verify agent compliance with the Association's declination and flood insurance requirements. Prior to implementation, the Association developed a plan to test the audit procedures on a small sample of agents and reviewed the plan with TDI, the TWIA Agent Advisory Group (AAG), and the Independent Insurance Agents of Texas (IIAT). Based on the AAG's feedback, staff incorporated revisions to the program and provided status updates to the TDI, AAG, IIAT, and Legislative Offices.

A proposed amendment to the plan of operation 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 TAC sections §5.4902, §5.4903 and §5.4904 was approved by the Board of Directors on



April 5, 2016 and submitted to the Department of Insurance for review. The proposed amendment also includes a procedure for an agent to obtain a review of the suspension.

Section C: Rulemaking Authority

Texas Insurance Code Section 2210.008 provides the Commissioner of Insurance general rulemaking authority to issue any orders necessary to implement Section 2210. TDI is currently working on rules to implement SB 900. The following rules were proposed and/or adopted pertaining to TWIA operations during this reporting period:

Subject	Section Number	Adoption Filed	Effective Date
Chapter 5. Property and Casualty Insurance Subchapter E. Texas Windstorm Insurance Association Division 7. Inspections for Windstorm and Hail Insurance	<u>§5.4605</u>	TBD	TBD
Chapter 5. Property and Casualty Insurance Subchapter E. Texas Windstorm Insurance Association Division 10 Eligibility and Forms REPEAL	<u>§5.4906 and §5.4907</u>	5/9/16	5/26/16
Chapter 5. Property and Casualty Subchapter E. Texas Windstorm Insurance Association Division 3. Loss Funding Division 10. Eligibility and Forms	<u>§§5.4101, 5.4102, 5.4121, 5.4123 – 5.4125, 5.4134 – 5.4136, 5.4141, 5.4144, 5.4161, 5.4171 – 5.4173, 5.4181, 5.4182, 5.4184 – 5.4190, and repealing and replacing 28 TAC §§5.4126, 5.4127, 5.4142, 5.4143, and 5.4145, and proposes repealing 28 TAC §§5.4128, 5.4146 – 5.4149, and adding new §5.4912</u>	2/18/2016	3/9/2016
Chapter 5. Property and Casualty Subchapter E. Texas Windstorm Insurance Association Division 5. Depopulation Programs	<u>§§5.4301 - 5.4309</u>	12/2/2015	12/22/2015



Section D: Depopulation

Voluntary Coastal Windstorm Insurance Portal

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) in November 2014. The Depopulation Portal provided access to an online data repository of insurance data through which insurers can obtain detailed information about current TWIA policies. Private market insurers could use the data to identify policies that meet their underwriting standards and that they were willing to write.

By making this insurance data available to private market insurance companies willing to write policies in the designated catastrophe area, the online data repository resulted 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. One participating carrier, United Property & Casualty Insurance Company (UPC), began extending offers to almost 60,000 TWIA policyholders in March 2015 and, as of April 30, 2016, had received over 5,100 acceptances. Access to the existing portal was revoked in December 2015 pursuant to TDI rules.

Depopulation Program

Pursuant to the newly passed Subchapter O of Chapter 2210 (Sections 2210.701 – 2210.705), TWIA is required to administer a depopulation program that encourages the transfer of association policies to insurers through the voluntary market or assumption reinsurance. TDI rules governing these programs have been published and became effective December 22, 2015. TDI and TWIA staff are currently working to develop the business processes needed to implement the program.

Section E: Standards of Conduct

Business Ethics and Conflicts of Interest Policy

TWIA developed and implemented a comprehensive Business 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 was updated again in February 2016 as part of our normal policy review cycle. The revisions were approved by the TWIA Board and Texas FAIR Plan Governing Committee at their respective February



quarterly meetings. The Policy was updated to reflect improvements in Association operations, internal controls, and culture; to address normal business practices; and to modernize and simplify the format and readability of the Policy. The Ethics Policy reflects the statutory standards of Sections 2210.012 and 2210.013 and states that a member of the TWIA Board of Directors or employee shall not:

- (1) Accept or solicit any gift, favor, or service that could, by reasonableness standards, tend to influence the person in the performance or nonperformance of his or her job duties and/or that the person knows or should know is being offered to influence the person's actions;
- (2) Accept other employment or engage in any activity that the person might reasonably expect would require or induce the person to disclose confidential information the person gained through his or her responsibilities or position within the Associations;
- (3) Accept other employment or compensation that could reasonably be expected to impair the person's independent judgment in the performance of his or her job;
- (4) Make personal investments that could reasonably be expected to create a substantial conflict between the person's private interest and the interest of the Associations; or
- (5) Intentionally or knowingly solicit, accept, or agree to accept any benefit, financial or otherwise, for exercising the person's authority or performing the person's job duties in favor of another.

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 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 and 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 conduct regular sessions for new 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

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. Additionally, all TWIA employees will be required to attend a Rights and Responsibilities training in the second quarter of 2016 that reviews the Ethics Policy and other related employee policies.

- (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 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 five 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 same 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. Increased claim activity in 2015 contributed to a significant rise in referrals last year.

Reports Filed	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	4/30/16
TDI Fraud	6	32	35	15	19	48	18
TDI Enforcement	5	7	24	9	2	9	0

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.



Section F: Annual Statement

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. 2015 Annual Statements were filed on March 22, 2016. The statutory balance sheet shows the financial position of TWIA in April 2015 compared to April 2016. The statutory income statement shows a comparison between the actual and budgeted revenues and expenses.

TEXAS WINDSTORM INSURANCE ASSOCIATION		
Statutory Balance Sheet (000's omitted)		
	April-16	December-15
Admitted Assets		
Cash and short term investments:		
Unrestricted	\$ 401,533	\$ 472,276
Restricted - Funds Held at TTSTC	542,259	534,433
Restricted - Funds Held at TTSTC (Non Admitted)	(29,370)	(15,092)
Total cash and short term investments	914,422	991,617
Premiums receivable & other	18,558	1,477
Amounts recoverable from reinsurers	-	-
Total admitted assets	\$ 932,980	\$ 993,094
Liabilities, Surplus and other funds		
Liabilities:		
Loss and Loss adjustment expenses	90,463	75,053
Underwriting expenses payable	10,608	11,087
Unearned premiums, net of ceded unearned premiums	227,796	246,829
Ceded reinsurance premiums payable	-	26,039
Principal Outstanding on Class 1 Pre Event Bonds	500,000	500,000
Interest Payable on Class 1 Pre Event Bonds	12,896	19,344
Provision for reinsurance	-	-
Other payables	26,296	22,030
Statutory fund payable	64,922	92,713
Total liabilities	932,980	993,094
Surplus and others funds		
Unassigned surplus	-	-
Total liabilities, surplus and other funds	\$ 932,980	\$ 993,094
Balance in CRTF	\$ 581,948	\$ 487,170
Balance in CRTF including Statutory fund payable	\$ 646,870	\$ 579,883



TEXAS WINDSTORM INSURANCE ASSOCIATION				
Statutory Income Statement (000's omitted)				
	for the four months ended April 30,			
	Actuals - 2016	Budget - 2016	Variance - 2016	Actuals - 2015
Premiums Written:				
Direct	\$ 146,685	\$ 155,235	\$ (8,550)	\$ 146,379
Ceded	-	-	-	-
Net	146,685	155,235	(8,550)	146,379
Premiums Earned:				
Direct	\$ 165,718	\$ 170,445	\$ (4,727)	\$ 163,384
Ceded	-	-	-	-
Net	165,718	170,445	(4,727)	163,384
Deductions:				
Direct Losses and LAE Incurred	37,833	43,213	(5,380)	46,864
Direct Losses and LAE Incurred - Ike & Dolly	-	-	-	-
Ceded Losses and LAE Incurred	-	-	-	-
Operating Expenses	8,378	9,422	(1,044)	9,522
Commission Expense	23,473	24,837	(1,364)	23,408
Ceding commissions / brokerage	-	-	-	-
Premium / Maintenance Tax	2,862	3,058	(196)	2,855
Total Deductions	72,547	80,530	(7,984)	82,649
Net Underwriting Gain or (Loss)	93,171	89,915	3,256	80,735
Other Income or (Expense):				
Gross Investment Income	855	339	516	367
Interest Expense on Class 1 Bonds	(12,896)	(12,896)	-	(12,896)
Debt Issuance & Other Investment Expenses	(48)	(122)	74	(57)
Sales Tax Refund and Other Income (Expense)	12	-	12	2
Total Other Income or (Expense)	(12,077)	(12,679)	602	(12,585)
Net Income Before Income Taxes	81,095	77,236	3,859	68,150
Federal Income Tax Expense (Benefit)	-	-	-	-
Net Income (Loss)	\$ 81,095	\$ 77,236	\$ 3,859	\$ 68,150
Surplus (Deficit) Account:				
Beginning Surplus (Deficit)	-	-	-	0
Net Income (Loss)	81,095	77,236	3,859	68,150
Change in Provision for Reinsurance	-	-	-	-
Principal Funded on Class 1 Bonds (net)	(14,278)	(13,955)	(324)	-
Change in nonadmitted assets - Income Tax Rec	-	-	-	-
Change in nonadmitted assets - Other	(1,894)	(2,155)	261	(3,709)
Other	-	-	-	-
Statutory Fund Cost	(64,922)	(61,126)	(3,796)	(64,441)
Ending Surplus (Deficit)	\$ -	\$ 0	\$ (0)	\$ 0
Key Operating Ratios:				
Direct:				
Loss & LAE Ratio	22.8%	25.4%	-2.5%	28.7%
UW Expense Ratio:				
Acquisition	18.0%	18.0%	0.0%	17.9%
Non Acquisition	5.1%	5.5%	-0.5%	5.8%
UW Expense Ratio	23.0%	23.5%	-0.5%	23.8%
Combined Ratio	45.8%	48.9%	-3.0%	52.5%
Net:				
Loss & LAE Ratio	22.8%	25.4%	-2.5%	28.7%
UW Expense Ratio:				
Acquisition	17.9%	17.8%	0.0%	18.0%
Non Acquisition	5.1%	5.5%	-0.5%	5.8%
UW Expense Ratio	23.0%	23.4%	-0.4%	23.9%
Combined Ratio	45.8%	48.7%	-2.9%	52.5%



Section G: Examination of Association

Examination by the Texas Department of Insurance

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. The last TDI examination was completed in October 2014, which revealed no material deficiencies or issues with operational or financial controls. All recommendations have been addressed.

Examination by the State Auditor's Office

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 most recent audit by the State Auditor's Office (SAO) was completed in August 2012 and concluded 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 and there are no outstanding action items or reporting requirements.

Section H: Catastrophe Funding

Subchapter B-1 of Chapter 2210 (Sections 2210.071 – 2210.075), as amended by SB 900, 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 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.

Section I: Open Meetings Act

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 that, 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).

Section J: Public Information Act

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 30, 2016.



	Historical					2016				
	2011	2012	2013	2014	2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	2016 YTD
Total Requests Received	108	182	162	161	89	3	8	4	3	18
Number of Requests Withdrawn	7	16	14	17	9	0	1	0	2	3
Number of OAG Rulings Requested	10	20	26	10	3	0	1	1	0	2
% of Requests sent to OAG	9%	11%	16%	6%	3.4%	0%	12.5%	25%	0%	11.1%

As illustrated in the table above, requests increased 68.5% from 2011 to 2012, decreased 11% from 2012 to 2013, remained steady from 2013 to 2014, and decreased by 44.7% from 2014 to 2015. While the number of requests decreased significantly in the past year, there was a consistent number of request by plaintiff’s law firms: 27 in 2014 and 25 in 2015. Prior increases in the total number of inquiries may be attributed to negative media attention and a lack of readily-accessible information provided for external stakeholders. These issues have improved as the Association sees more positive and neutral reporting in the media and as the Association’s website and external communications efforts have dramatically improved and increased in 2015 and 2016.

Section K: Plan of Operation

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 in the Texas Administrative Code, Title 28, Chapter 5, Subchapter E.

Section L: Policy Issuance

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 30, 2016:

Policies In-Force

Policy Type	As of 4/30/15	As of 4/30/16	Change from Prior Year
Mobile Home	977	911	-6.8%
Residential	262,089	255,715	-2.4%
Commercial	12,201	11,237	-7.9%
Totals	275,267	267,863	-2.7%

Direct Liability

Policy Type	As of 4/30/15	As of 4/30/16	Change from Prior Year
Mobile Home	49,462,138	47,556,217	-3.9%
Residential	68,105,438,763	67,642,542,460	-0.7%
Commercial	11,140,086,355	9,839,786,537	-11.7%
Totals	79,294,987,256	77,529,885,214	-2.2%

Written Premiums (YTD)

Policy Type	As of 4/30/15	As of 4/30/16	Change from Prior Year
Mobile Home	368,055	356,294	-3.2%
Residential	114,880,345	116,315,545	1.2%
Commercial	31,255,782	30,012,782	-4.0%
Totals	146,504,182	146,684,621	0.1%

Section M: Compliance with Building Codes

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 CRTF. The following tables show the number of TWIA policies in-force under the various compliance standards and the total surcharge amounts deposited into the CRTF each year as well as the amount contributed in 2016 as of April 30:

Compliance Standard	Policies In-Force	Year	Surcharges
Certificate of Compliance (WPI-8)	233,394	2011	\$6,675,047
WPI-8 Waiver	34,469	2012	\$7,408,157
		2013	\$7,233,546
		2014	\$7,773,258
		2015	\$7,458,898
		2016	\$1,703,313

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 enacted by the 84th 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 took effect immediately.

Section N: Rates

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. At its August 4, 2015 meeting, the Board approved a 5% annual rate increase based on the Actuarial and Underwriting Committee's recommendation. TWIA submitted a uniform 5% rate increase on August 13, 2015. Under 2210.352(a-1), TWIA may file and use a 5% rate increase without prior approval by the Commissioner of Insurance.

In its August 2015 rate filing, TWIA had indicated rate needs as follows:



Rate Component		TWIA Rate Indications	
		Residential	Commercial
(1)	Non-Hurricane Loss & LAE Ratio	10.8%	7.0%
(2)	Hurricane Loss & LAE Ratio		
	Experience	40.7%	44.1%
	Modeled	50.6%	48.4%
	Combined	45.7%	46.3%
(3)	Net Cost of Reinsurance	16.3%	16.3%
(4)	Other Fixed Expenses	5.2%	5.2%
	Total Indicated Loss & LAE Ratio	78.0%	74.8%
(5)	Contribution to CRTF	20.0%	20.0%
(6)	Other Variable Expenses	18.0%	18.0%
	Variable Permissible LLAE Ratio	62.0%	62.0%
	Indicated Rate Change	+26%	+21%
	Filed Rate Change	+5%	+5%
	Remaining Indicated Rate Change	+20%	+15%
Notes:	(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; includes repayment of outstanding Class 1 Public Securities (6) Includes commissions, taxes, licenses, and fees		

Section O: 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. The **2016 TWIA Catastrophe (CAT) Incident Response Plan** is included with this 2016 Annual Report Card, published on June 1.

The level of detail in TWIA's current catastrophe event planning has dramatically increased over that of 2008 and prior years. 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 enterprise-wide catastrophe planning meetings to update the CAT Plan with information about these



improvements and with knowledge gained from real and modeled events. The 2016 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 continues to meet with Office of Emergency Management officials in various coastal counties. These outreach efforts have given the Association the opportunity to identify areas of improvement related to communication with coastal emergency management offices and deployment of staff in response to incidents. Staff presented the CAT Plan to the Commissioner of Insurance and other TDI and legislative staff in 2014 and 2015 and plans to present the updated CAT Plan to both groups in 2016.

Testing and Activation

TWIA has activated the CAT Plan nine 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. 14,706 claims were opened as a result of storms in April, May, and June 2015.

The CAT Plan was also activated in October in response to post-tropical storm Patricia and storms on Halloween weekend. 1,544 claims from these events were filed with TWIA. The Claims Department maintained low cycle times from receipt of claim to payment, high staff performance, and positive customer satisfaction ratings throughout 2015 despite the high claim volume.

TWIA first tested the CAT Plan in an enterprise-wide simulation in June 2014. Results showed a high level of enterprise readiness, with no significant negative findings. Continued testing of the Association's CAT response capabilities occurred in November 2015 with the successful completion of a demonstration of the Mobile Claims Center, TWIA's portable office for providing services after an incident. The two activations of the CAT Plan in 2015 also allowed the Claims Department 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 to update plan objectives and for testing, training, and exercises.

Section P: Limits of Liability

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 August 24, 2015, TWIA made a filing with TDI to increase its maximum liability limits for 2016 based on increased construction costs as reflected in the BOECKH Index. TDI held a public hearing on October 8, 2015. On October 19, 2015, the Texas Department of Insurance ruled that increases were not necessary at this time and denied TWIA’s request.

The current maximum limits are:

	2016
Dwellings and individually owned townhouses	\$1,773,000
Contents of an apartment, condominium, or townhouse	\$374,000
Commercial structures and associated contents	\$4,424,000

Section Q: Certain Appeal and Other Actions

Part 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.

Part 2. Voluntary Arbitration & Certain Coverages and Claim Disputes

Texas Insurance Code Section 2210.554 allows TWIA to offer an “Arbitration Endorsement” to its policyholders on a policy 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.

Part 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, 2016) regarding claims subject to the HB 3 dispute resolution process. The table 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.

Disputed Claims Tracker*						
Dispute Frequency			Disputed Claims			
Total Claims	Disputed Claims	% of Disputed Claims	Appraisals	Notice of Intent	Mediation	Suits
37,710	358	0.95%	249	143	46	72

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

Part 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 R: 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.

TWIA coordinated a number of successful events in 2015, including the following:

- Outreach meetings with local insurance agencies, including independent agents,
- Meetings with FEMA representatives and Offices of Emergency Management,
- Presentations at hurricane preparedness conferences in several parts of the coast,
- Outreach events at Rotary Clubs and other local events, and
- Outreach events with coastal Boards of Realtors.

In 2016, TWIA has, so far, participated in the following events:

- TWIA staff held outreach events with agents and policyholders in January 2016 to get feedback on the Claims Center project,
- Communications and Claims staff presented information on the TWIA CAT Plan at the 2016 National Hurricane conference in March,
- TWIA and TDI staff jointly presented on Certificates of Compliance (WPI-8s) and protecting TWIA policyholders after a storm at the Coastal Bend Hurricane Conference in May,
- Communications and Underwriting staff took part in the Galveston Association of Realtors Insurance Roundtable in April, and
- TWIA and TDI staff jointly presented on hurricane preparedness at the Del Mar College Prepare for Anything: Hurricanes event in May.



Section S: Annual Evaluation of Association Management

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, and the 2016 budget was reviewed by the Board of Directors at its December 8, 2015 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 are 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: Operational Improvements

Financial

- Secured approximately \$4.9B in funding for 2016 – greater than a 100-year season – continuing the trend of progressively higher funding levels each year since 2009 and over \$2B more than the total cost of Ike
- Contributed \$262.7 million to the CRTF as a result of 2014 operations and \$93 million as a result of 2015 operations despite the second largest storm season since Ike, bringing the balance to more than \$582 million – the highest in the history of the CRTF
- Maintained the 3rd lowest cost as a percentage of premium of the 36 U.S. FAIR plans and wind pools in 2014
- Issued \$500M in pre-event Class 1 public securities in 2014 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 programs in 2014 and 2015, providing multi-year stability and further diversifying and expanding TWIA’s claims-paying capacity
- Performed below budget on controllable expenses for the 5th straight year

Communications & Transparency

- Launched new TWIA.org website that dramatically improves the user experience and provides analytics to refine communication strategies
- Created Agent Advisory Group and Agent Technical Working Group to provide input into process changes; resulted in improved communications and engagement with agent community
- Formed an Agent Services team to assist agents with technical support
- Restructured to create a new Communications and Legislative Affairs function, adding strategic focus to stakeholder outreach efforts
- Created a robust training program for new Board members
- Developed Legislative and Media briefing materials to provide timely, accurate, and relevant information about Association operations
- Completed second biennial employee survey to measure engagement and employee satisfaction with positive results
- Developed depopulation process to offer TWIA policyholders alternatives in the voluntary market, resulting in 60,000 offers from one carrier and approximately 4,400 policies taken out of TWIA

Management, Controls, & Accountability

- Addressed all recommendations resulting from prior external audits
- Continued to develop new and improve existing controls and detailed financial and operational metrics to measure and evaluate performance at every level in the Association
- Maintained comprehensive performance management program to ensure outcome-focused accountability and credible, objective criteria to align compensation with performance
- Continued to develop internal audit (IA), including the IA Charter, and Internal Audit and Control Policies and Procedural documents; created an enterprise risk register and internal audit plan
- Established policy management program reducing risk exposure by ensuring all policies are audited annually and communicated to employees

Operational Efficiency

- Enhanced the Catastrophe Plan; secured commitments for over 6,000 adjusters – enough to handle the claim volume of a 100-year event; retested components with positive results
- Handled spring storm claims while maintaining favorable cycle times and high customer survey scores
- Implemented the initial release of Policy Center, resulting in immediate issuance of approximately 90% of all new business and renewal policies
- Consolidated underwriting functions of TWIA and TFPA into a single operation to optimize efficiency and eliminate redundancies
- Developed extensive new hire orientation, online business and manager-specific skills training to promote continuous learning and improvement
- Implemented risk visualization – a more efficient underwriting inspection process that improves assessments of insurability and premium accuracy

Appendix B: Voluntary Market Process

Step 1

Participating insurers must be members of TWIA or affiliates of members and have forms and rates approved by TDI.

Each participating insurer must execute a Non-Disclosure and Terms of Use Agreement with TWIA detailing requirements for the insurer's use of the Depopulation Portal, including:

- A requirement to provide any offer and resulting policy through the existing agent of record, either by direct appointment or through a limited servicing agreement;
- A requirement to contact agents at least 60 days prior to renewal of any relevant policies and provide the number of policies identified, the commission to be paid and instructions on how the agent can obtain an appointment or limited service agreement;
- A requirement to provide to TWIA information on each policy identified to receive an offer;
- An agreement to refrain from contacting the agent until TWIA has demonstrated to TDI that the proposed offers will not impair TWIA's public security obligations;
- An agreement to have the member company's name listed as a participating insurer on the TWIA website;
- An agreement to make the insurer's rates and policy forms publicly available for the agent to review; and
- Repercussions for violating the Agreement, including loss of access to the Depopulation Portal.

TWIA will then grant the participating insurer access to the Depopulation Portal. This will enable the insurer to identify, evaluate and select policies for offers to provide an alternative to existing TWIA coverage. Access to the Depopulation Portal will be uniform for all authorized insurers and secured via individual carrier passwords provided by TWIA.

Step 2

The participating insurer will identify the policies to receive an offer and provide to TWIA the information required by the Non-Disclosure and Terms of Use Agreement regarding each policy, as well as the reference numbers of the approved rate and form filings and notices.

Step 3

TWIA will review the information provided for compliance with the governing rules and statutes and determine whether the offers will impair TWIA's public security obligations.

Step 4

TWIA will submit the information to TDI for approval, including information demonstrating that the offers do not impair TWIA's public security obligations.

Step 5

Upon receipt of TDI approval the participating insurer can contact the agent of record with the offer of coverage. Participating insurers will contact agents at least 60 days prior to renewal as required by the Non-Disclosure and Terms of Use Agreement.

Step 6

The program allows the policyholder to retain his or her current agent. The participating insurer will either appoint the agent per their standard appointment process or via a limited service agreement.

Step 7

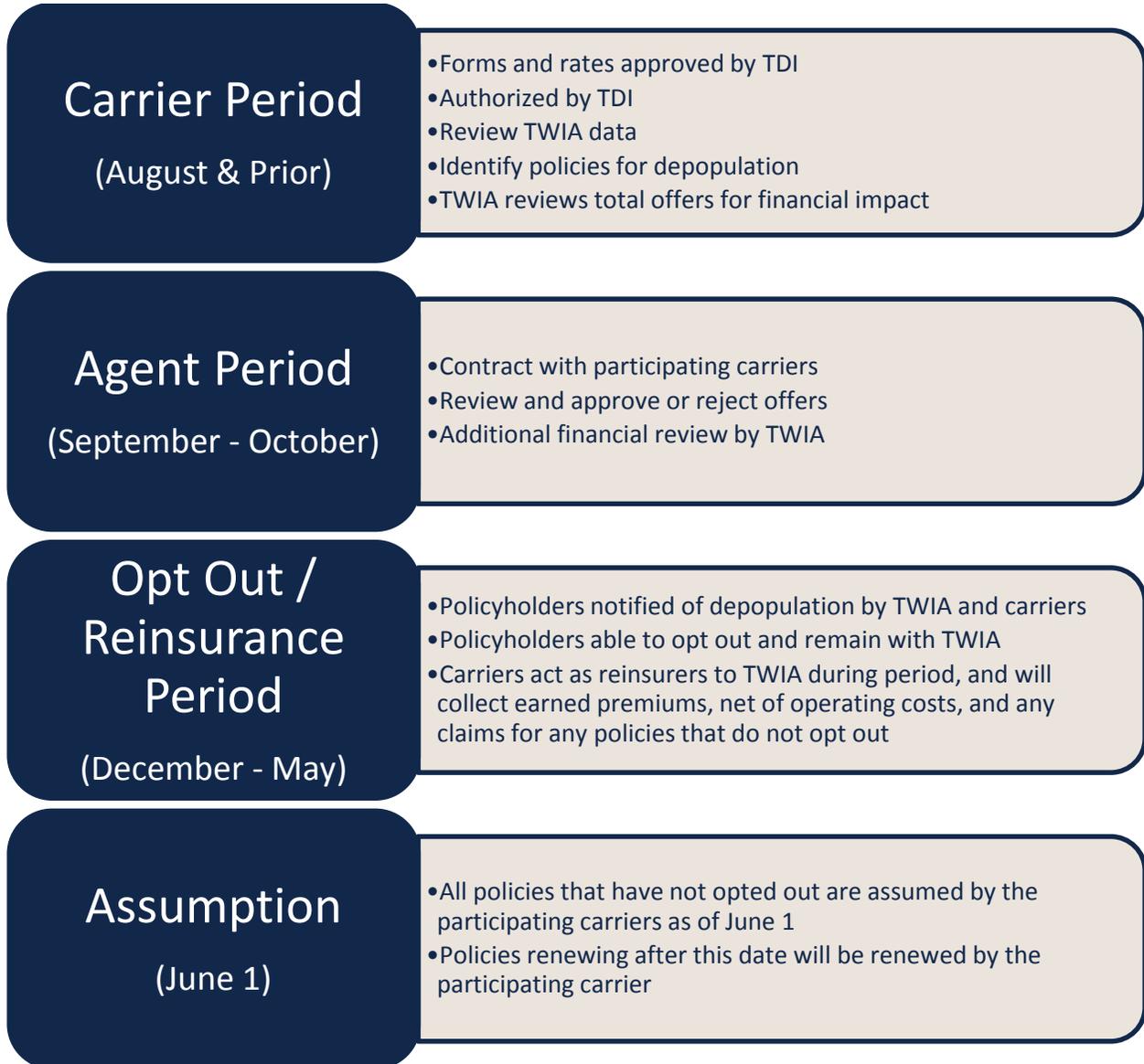
The policyholder and his or her agent may accept or reject any offer received. Participating insurers must make the offers effective upon expiration of the TWIA policy; however, a participating insurer may offer to write a policy sooner if the insured elects to cancel his or her TWIA policy prior to expiration.

Step 8

Participating insurers must notify TWIA at least monthly of the policies for which offers of coverage are accepted.

Appendix C: Assumption Reinsurance Timeline

The process below will begin in 2016 for the 2017 hurricane season and will be repeated annually.



Appendix D: Assumption Reinsurance Process

The process below will begin in 2016 for the 2017 hurricane season and will be repeated annually.

Date	Milestone	Details
Monthly	TWIA depopulation data updated	Data will be available through same portal as existing voluntary depopulation process Carriers authorized to access data at any time after execution of confidentiality agreement
7/15	Annual data set uploaded	Official data set for use in assumption reinsurance depopulation process Data as of 6/30; new business received after this date ineligible until following year Policies renewing prior to assumption date will continue to be included as renewed; policies cancelled or non-renewed will be removed
8/1 - 8/25	Web portal available to carriers	Authorized carriers will be able to upload selected policies to a web portal during this period Carriers must be authorized by TDI to participate in depopulation, and forms and rates must be approved and comparable to TWIA prior to making offers
8/31	Financial Analysis	Initial financial analysis will be performed; if total offers exceed maximum depopulation threshold, offers will be reduced pro-rata by TWIA
9/1 - 10/31	Web portal available to producers	TWIA agents will be able to view and approve or reject any offers on their policies Agents must have entered into a limited servicing agreement or been appointed by a depopulation carrier in order to approve an offer by that carrier
11/10	Financial Analysis	All required financial analysis will be finalized and communicated to TDI and the Texas Public Finance Authority in accordance with disclosure and regulatory requirements
11/20	Assumption / reinsurance agreements to carriers	TWIA will notify each company of approved offers and provide an assumption / reinsurance agreement for those policies Agreement will stipulate whether policy service will continue after assumption through expiration of assumed policy terms, at a negotiated rate

Date	Milestone	Details
11/30	Certificate of Assumption and Letters to Policyholders	<p>Depopulation carriers will notify affected policyholders and provide certificate of assumption and any required notices</p> <p>TWIA will notify affected policyholders separately</p>
12/1 - 5/31	Reinsurance period	<p>TWIA will continue to provide policy and claim service on assumed policies under a reinsurance agreement</p> <p>TWIA will set aside earned premium net of ceding commission (24%) and any loss and loss adjustment expenses during the reinsurance period</p> <p>Any policies that opt out will be removed from the reinsurance program retroactively</p> <p>At the end of the period, all net premiums on remaining policies will be transferred to the depopulation carriers</p>
12/1 - 5/31	Opt out period for policyholders	Policyholders able to opt out of depopulation during this period; opt outs processed through web portal
6/1	Assumption of TWIA policies by depopulation carriers	<p>Remaining policies assumed by depopulation carriers and will be renewed directly by depopulation carriers</p> <p>Policy service may continue through expiration by TWIA or the depopulation carrier, as stipulated in the assumption / reinsurance agreement</p> <p>Claim service will be handled by the depopulation carrier</p>



TEXAS WINDSTORM
INSURANCE ASSOCIATION



TEXAS FAIR PLAN
ASSOCIATION



TWIA & TFPA Catastrophe Incident Response Plan

John W. Polak, CPCU
June 1, 2016



General Manager's Message

The 2016 Catastrophe (CAT) Incident Response Plan for the Texas Windstorm Insurance Association (TWIA) and the Texas FAIR Plan Association (TFPA) that follows is a comprehensive, practical, and forward-thinking document. The 2016 Plan exemplifies how the Association's commitment to continuous improvement translates into excellent service for our policyholders.

Increased internal and external collaboration was this year's most impactful improvement. Internally, the Association CAT Plan committee expanded to include members from every department at every level. This collaborative approach gave voice to alternate perspectives leading to increased efficiency and enabling us to ensure we covered every aspect of the Plan.

Externally, we have increased our communication and improved our coordination with municipal emergency management stakeholders in our coverage area. This has led to an improved, shared understanding of the roles of TWIA and TFPA in a CAT response.

At the Association we recognize the privilege and accept the responsibility we have in serving our policyholders and the Texas Coast. As such, the 2016 CAT Plan addresses more than our statutory requirement of being fully compliant with insurance codes for claims handling during a catastrophe. It goes beyond to make sure our response is scalable and as effective as possible.

With pride in our progress and a steadfast commitment to our mission,

A handwritten signature in black ink, appearing to read 'John W. Polak', is written over a circular stamp or seal.

John W. Polak, CPCU
General Manager



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Living Document Disclaimer

This is a living document prepared per Section 2210.455 of the Texas Insurance Code. In the event of any inconsistency or discrepancy, the controlling policy, regulation, or law prevails. All content found within this plan is subject to change, with the exception of that which is mandated by statute. Printed or distributed copies cannot be controlled. Announcements contained in such printed or electronic materials are subject to change without notice, and may not be regarded in the nature of binding obligations on the Association.



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 continuous improvements TWIA and TFPA employ throughout the year.

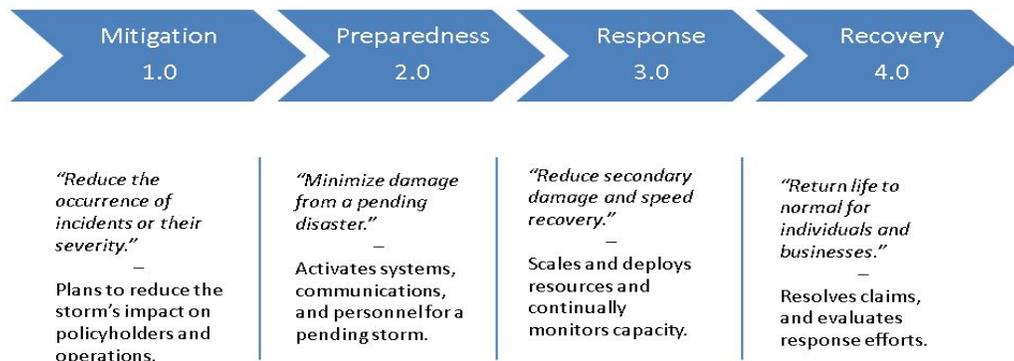
Background

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 their pre-event state.

Plan Phases:



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

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

Objective 1.1	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"> To plan for delivering essential services in the case of a catastrophic incident. To keep the Plan current with changes in the Associations' workflows and procedures.
Participants	General Manager, All Departments
Action Plans	<p>Claims</p> <ul style="list-style-type: none"> Selects the Plan committee and recruits staff to assist with updates. Sets regular meetings of the committee to develop updates. Implements feedback from Plan tests. Meets with TWIA/TFPA Departments to review updates. Submits the Plan to the Executive Leadership Team for approval. <p>All Departments</p> <ul style="list-style-type: none"> Review Plan to identify and assess roles and responsibilities. Assist with updating the Plan, including sending updates to the CAT Plan committee. Assist with training Department staff on Plan requirements. Work under Corrective Action Program (CAP) to ensure continuous improvement. Assist with implementing testing, including Department tests of relevant objectives. <p>General Manager and Executive Leadership Team review and give Plan approval.</p> <p>Communications and Legislative Affairs submits Plan to internal and external stakeholders no later than June 1.</p> <p>Claims works with Executive Leadership Team to identify areas for improvement and creates an improvement plan including testing, training and exercises.</p>
Exhibits, or Related Documents	Appendix A - CAT Plan Revisions Log
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 2210.455.
QA or Testing	



1.2 Maintain Methodologies for Incident Analysis and Exposure Modeling

Objective 1.2	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>Claims</p> <ul style="list-style-type: none"> • Assigns business analyst to gather, format, and update Policy-In-Force (PIF) data. • Receives storm activity data each day across the U.S. from weather data vendor. • Maintains services with weather data vendor to automatically order wind or hail storm reports for the address of a policyholder filing a claim. • Runs regularly scheduled queries for Policy in Force (PIF) data for TWIA/TFPA. • Runs ad hoc queries for Policy in Force (PIF) data, as needed. • Trains resources on weather tracking and exposure modeling. • Evaluates and purchases web tools for storm data tracking. • Maintains process for determining potential PIF impact depending on the number of policies in impacted Association territories. • Maintains spreadsheet with formulas to model potential exposures in the case of a catastrophic incident. <p>Actuarial manages the modeling of TWIA and TFPA exposures prior to hurricane season.</p>
Exhibits, or Related Documents	<ul style="list-style-type: none"> • TWIA and TFPA Policy-In-Force (PIF) Data • Hail/Wind Shape File Data Map • Exhibit 2 “Hurricane/Tropical Storm Loss Projection Model.”
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

Storm Data Map - Loss Projection Model					
Wind Speed (MPH)	TWIA Residential PIF	TWIA Commercial PIF	TWIA Total PIF	Projected Claim Frequency	Projected Claim Volume
< 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
Totals	232,680	24,191	256,871	...	70,823 - 107,040

1.3 Utilize Scalability Modeling to Predict Staffing Needs

Objective 1.3	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"> To increase the ability to activate resources after a catastrophic incident. To uphold the Associations' commitment to deliver prompt and fair claims service.
Participants	Claims, General Manager
Action Plans	<p>Claims</p> <ul style="list-style-type: none"> Obtains and formats relevant data for incident modeling and exposure modeling. Creates resource scalability models for one, two, four, and ten-in-100 year incidents. Continually adapts the "Claims Resource Scalability Model" to estimate capacity based on exposure modeling and projections. Compares current resources against scalability models to gauge capacity. 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. Publishes approved vendor fee schedules. Confirms available resources and maintains approved vendor contact information. Runs indirect incident modeling in the case of incidents outside Association territories. Maintains information on supplemental resources, such as preferred repair providers (PRP), direct repair providers (DRP), and salvage resources. Maintains mobile office and off-site office staffing plans for various CAT scenarios. <p>General Manager reviews quarterly updates on vendor assignment process.</p>
Exhibits, or Related Documents	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	<ul style="list-style-type: none"> In addition to complying with Texas Insurance Code 2210.455, also models ten-in-100 year incidents (i.e., 10 percent event).
Compliance	<ul style="list-style-type: none"> 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. Fulfills the Texas Insurance Code requirement to implement indirect incident modeling once per year.
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

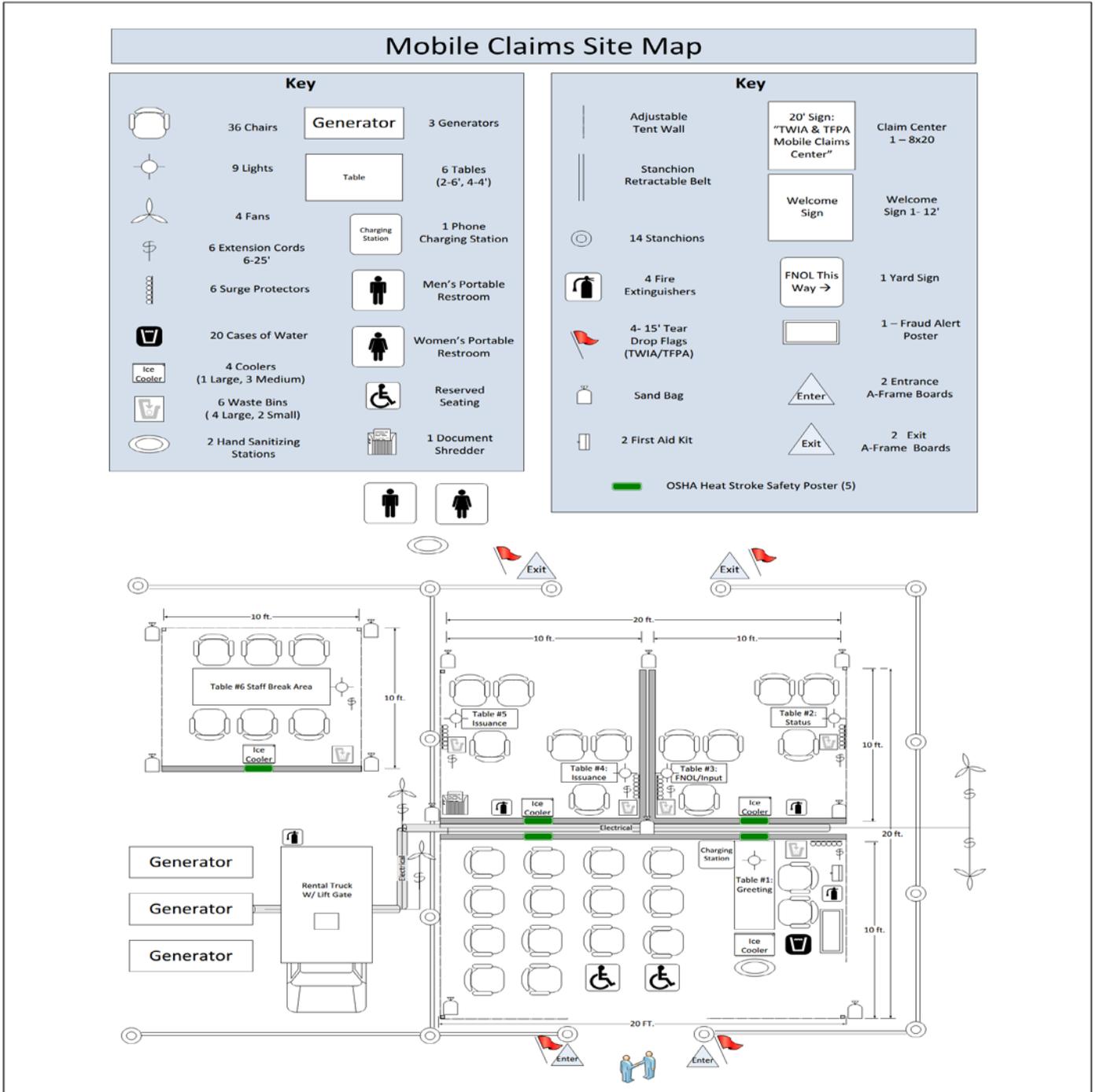
Exhibit 6: TWIA 10% Probability Event (1 in 10 year event)

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

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

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





1.5 Forecast Needs for Office Supplies and Equipment

Objective 1.5	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"> To uphold the Associations' commitment to deliver prompt and fair claims service. To establish processes for ordering and delivering supplies to mobile claims center and remote facilities.
Participants	Facilities
Action Plans	<p>Facilities/Operations</p> <ul style="list-style-type: none"> Maintains inventory of supplies (e.g., chairs, workstations, and storage). Forecasts increased demand on workspaces, supplies, and equipment, including supplies needed at remote facilities. Plans to obtain additional office supplies, create building access badges, and distribute CAT Supplies Box within 48 hours of the activation of this Plan. Identifies additional food and drink vendor services and cleaning services needed. Coordinates additional parking for staff onsite with Aquila Property Management, mobile claims center, and remote facilities. Coordinates with Claims and IT to determine process for adding mailroom, printer, scanner, and fax server capacity. Plans for additional security and extended hour security for Austin facilities. Provides a monthly update to the Workspace Utilization Report to identify available internal office space and posts it to the public drive.
Exhibits, or Related Documents	Workspace Utilization Report CAT Box Inventory List
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

Objective 1.6	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"> To uphold the Associations' commitment to deliver prompt and fair claims service. To expedite software and hardware purchasing during a catastrophic incident.
Participants	IT, Claims
Action Plans	<p>IT</p> <ul style="list-style-type: none"> Meets with Claims and Underwriting to review systems, identify necessary upgrades, and implement software and hardware changes. Maintains quotes for expanding software licenses. 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). Communicates with Claims and Facilities about plans for off-site office equipment. Manages Austin phones, line/voicemail capacity, and IVR. Researches whether to increase phone numbers from ~80 currently available. Conducts performance testing of the data center for scalability response time, availability, and reliability. <p>Claims</p> <ul style="list-style-type: none"> Evaluates claims technology systems for readiness: Web portals, software, hardware, telephony, fax lines, remote access, data management, and reporting.
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

Objective 1.7	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>Claims</p> <ul style="list-style-type: none"> • Creates a plan to inform both Claims and non-Claims staff of the possibility of deployment in the case of a catastrophic incident. • Prepares a formal list of Claims and non-Claims staff, willing to relocate to the incident area, every year. • Maintains database listing volunteers for deployment. • Sets quarterly meeting for volunteers and develops yearly training to ensure volunteers understand roles and expectations. <p>Communications and Legislative Affairs</p> <ul style="list-style-type: none"> • Assists with communication of recruitment and activation for deployment. <p>All Departments</p> <ul style="list-style-type: none"> • Assist with identifying staff by role available for deployment.
Exhibits, or Related Documents	Appendix D - Plan for Volunteer Enlisting for Catastrophe (CAT) Incident Response Deployment
Additional Information	Deployment Plan currently being developed
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

Objective 1.8	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' commitment to deliver prompt and fair claims service.
Participants	Claims, Human Resources, Legal and Compliance
Action Plans	<p>Claims</p> <ul style="list-style-type: none"> • Verifies that vendor partners remain compliant with TWIA/TFPA requirements. • Maintains a list of approved vendors. • Provides copies of new employment contracts for Legal & Compliance and Human Resources. • Fills out SAEF for all onboarding staff (performed by Claims support staff). • Maintains claim adjuster licensing database for staff and contractors. • Conducts audits to determine any conflicts of interest with vendor contractors. • Maintains relationship with a network of contractors. • 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. • 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). <p>Human Resources</p> <ul style="list-style-type: none"> • Administers temporary/contract resources to supply labor for the Mobile Claims Unit. • Distributes ethics policies and verifies signed conflicts of interest forms for staff, contractors, and vendors. <p>Legal and Compliance</p> <ul style="list-style-type: none"> • Establishes and oversees policies for staff and contractors. • Trains new staff and contractors in TWIA 101 and TWIA 201. • Through training, encourage Claims personnel to continue to refer non-compliance of public adjusters to Compliance • Make formal referrals to TDI Enforcement unit for further investigation • Reviews any reported potential conflicts of interest with Claims management to develop action plan to mitigate or rectify conflicts.
Exhibits, or Related Documents	<ul style="list-style-type: none"> • Field Adjuster Online Training • Vendor Business Continuity Procedures Form • Exhibit 8 "Screenshot of Online Field Adjuster and Examiner Training."
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

Objective 1.9	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"> To efficiently provide essential insurance products and services for policyholders. To comply with sound insurance principles and regulations.
Participants	Claims, Legal and Compliance, Underwriting
Action Plans	<p>Claims trains staff in timelines, including but not limited to the following:</p> <ul style="list-style-type: none"> First Contact Timeline: Same day contact with insured if received before 4pm, 24 hours if received after 4pm. Independent Adjuster (IA) First Contact: Contact with insured within 24 hours after assignment. Send letter if contact not established within three days. IA Report Timeline: Within 15 days of assignment. Additional reports every 15 days thereafter until completed. (Examiner contacts IA Firm if 48+ hours late.) Supplemental Request for Information. Examiner sends to insured not later than 30 days after claim received (TIC 2210.573(b)). Supplemental Investigation: Complete within 55 days after claim is filed. Claim Decision Timeframe: 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)). Texas Insurance Code 2210.541 and 2210.542 trainings for TFPA resources. Provides documentation to inform all TWIA/TFPA staff how to assist customers submitting first notice of loss (FNOL) or other routine requests. <p>Legal and Compliance 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>Underwriting</p> <ul style="list-style-type: none"> Maintains a process for verifying coverage with policy validation workflows with Claims (e.g., coverage verification and “no policy” processes). Prepares dedicated resources for real-time CAT response.
Exhibits, or Related Documents	Appendix C - How to Submit a Claim for TWIA and TFPA Staff
Additional Information	<ul style="list-style-type: none"> 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 on extensions by Commissioner of Insurance (TIC 2210.581).
Compliance	
QA or Testing	

1.10 Ensure the Ability to Issue Claim Payments

Objective 1.10	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>Claims trains internal resources in guidelines, including but not limited to the following:</p> <ul style="list-style-type: none"> • Payment timelines: Trains all staff on expected speed to payment requirements. • Advanced payment guidelines: including additional living expenses (ALE), business interruption (BI), personal/business property, and food spoilage. • Names required on claims checks: 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.) • Guidelines for replacement cost coverage (RCC): 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.) <p>Accounting and Finance</p> <ul style="list-style-type: none"> • Coordinates with Claims on manual check processes, instructions for printing checks, and information about check stock. • Helps plan for mobile claims center and remote facility scenarios, including workflows for mobile claims center check issuance. • Manual checks issued at mobile and remote facilities are limited to \$2,500 to provide additional living expenses. Additional funds may be issued through the normal claims process. • Prepares team members to deploy in the case of a catastrophe to handle check issuance at mobile claims center and remote facilities. <p>IT ensures check-printing capabilities are available as needed internally and in the field.</p>
Exhibits, or Related Documents	<ul style="list-style-type: none"> • Check Issuance Procedures • 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.
Additional Information	
Compliance	
QA or Testing	



1.11 Establish Total Loss Claim-handling Guidelines

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

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

1.13 Ensure Ability to Process Complaints Promptly and Accurately

Objective 1.13	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	Legal and Compliance, Claims, Underwriting
Action Plans	<p>Legal and Compliance</p> <ul style="list-style-type: none"> • Trains resources on complaint procedures, including TDI requirements • Trains staff in the process for appeals in unresolved complaints • Provides applicable laws and regulatory requirements. • Plans for scalable resources. <p>Claims and Underwriting</p> <ul style="list-style-type: none"> • Identify scalable resources to respond to complaints. • Establish workflows and levels of approval authority. • Ensure follow up with customers to resolve complaints.
Exhibits, or Related Documents	<ul style="list-style-type: none"> • Complaint Training PowerPoint • Complaint Training FAQs
Additional Information	<ul style="list-style-type: none"> • Generally, there are three types of complaints (i.e., legislative, TDI, and direct). • 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 (28 Texas Administrative Code Rule 21.2503). • The standard for compliance purposes is a 15-day resolution of complaints.
Compliance	<ul style="list-style-type: none"> • See TAC Part 1, Chapter 21, Subchapter Q, for more information on insurers' obligations regarding complaints.
QA or Testing	



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

Objective 1.14	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>Legal and Compliance</p> <ul style="list-style-type: none"> • Trains new staff and contractors in fraud reporting, compliance, and ethics (i.e., TWIA 101 and TWIA 201). • Communicates about Lighthouse Services whistleblower program for anonymous fraud reporting. • Administrates Ethics Policy. • Ensures compliance with applicable fraud reporting requirements. <p>Special Investigation Unit (SIU) provides additional detail on the services offered by VRC and the list of primary indicators for desk examiners to consider.</p> <p>Claims and Underwriting</p> <ul style="list-style-type: none"> • Establish processes and procedures for identifying Claims and Underwriting fraud. • Create guidelines for reviewing files for “red flag” indicators to determine if referral to SIU is appropriate. • Conduct audits to determine any conflicts of interest with vendor contractors. <p>Internal Audit monitors requirements for all Departments for internal fraud control (i.e., corporate fidelity).</p>
Exhibits, or Related Documents	Exhibit 9 “Special Investigation Unit (SIU) and Fraud Reporting Requirements.”
Additional Information	Lighthouse Services , Reporting Hotline English (877)472-2110 and Spanish (800)216-1288.
Compliance	See Texas Insurance Code Section 701.051 regarding our affirmative duty to report suspected insurance fraud to TDI.
QA or Testing	



TEXAS FAIR PLAN
ASSOCIATION



TEXAS WINDSTORM
INSURANCE ASSOCIATION

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

SIU SPECIAL SERVICES

VERACITY RESEARCH COMPANY INVESTIGATIONS

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.

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

<p>Jim Irving TWIA/TFPA SIU (940) 240-5029 Ext. 108</p>	<p>Bill Randall Assisant Vice President (940) 240-5029 Ext. 139</p>	<p>Rob Hughey Director (940) 240-5029 Ext. 152</p>	<p>Dave Stacey Vice President (940) 240-5029 Ext. 105</p>
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“THE Professional Investigative Services Leader”™



1.15 Coordinate Information about Internal and External Bi-Lingual Resources

Objective 1.15	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>Claims</p> <ul style="list-style-type: none"> • Maintains list of external bi-lingual resources, including translation services. • Confirms approved vendors have bi-lingual resources. • Assists with Enterprise training for use of available bi-lingual resources. • Documents process for requesting bi-lingual services at TWIA/TFPA. • Distributes the most up-to-date resources regarding Globo Language Line to each Claims employee. <p>Human Resources</p> <ul style="list-style-type: none"> • Communicates to internal resources to update ADP for the languages they speak in order to identify available bi-lingual resources. • Circulates information about the bi-lingual database on Workforce Now.
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

Objective 1.16	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>Claims</p> <ul style="list-style-type: none"> • Maintains competitive pricing information for catastrophe pay in the insurance industry. • Utilizes the scalability model to forecast the number of staff needed and average costs for each kind of contracted staff. • Updates cost projections on a regular basis to reflect scalability and industry data. • Provides sample staffing cost projections to relevant business units.
Exhibits, or Related Documents	Exhibit 10 "Sample Staffing Cost Projections."
Additional Information	<ul style="list-style-type: none"> • Assumptions are based on a four-week period at maximum staffing costs with a four-week period defined by seven-day workweeks. • Projections serve as approximations only.
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

1 in 100 (1% Event)			
	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
Total			\$ 15,400,000
Field Adjusters	Allocated to the claim file		
1 in 50 (2% Event)			
	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
Total			\$ 9,408,000
Field Adjusters	Allocated to the claim file		
1 in 25 (4% Event)			
	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
Total			\$ 5,129,600
Field Adjusters	Allocated to the claim file		
1 in 10 (10% Event)			
	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
Total			\$ 1,974,000
Field Adjusters	Allocated to the claim file		



1.17 Maintain a CAT Funding Strategy and Plans for Managing Reinsurance

Objective 1.17	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>Actuarial</p> <ul style="list-style-type: none"> • Communicates with reinsurance brokers to get information on contract terms and available reinsurance. • Coordinates with reinsurance brokers to present recommendations on the amount of reinsurance to purchase each year and the terms of each year’s reinsurance contracts to the TWIA Board of Directors. • Manages reinsurance placement for TWIA and TFPA yearly. <p>Accounting and Finance</p> <ul style="list-style-type: none"> • Provides financial projections, balance sheet, income statement, and cash flows. <p>General Manager</p> <ul style="list-style-type: none"> • Coordinates between Actuarial and the CFO to make decisions about reinsurance and funding strategies. • Oversees communication with the Board of Directors/Governing Committee related to funding strategy.
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 Prepare CAT Communications Collateral and Plans

Objective 1.18	To prepare CAT communications 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"> To uphold TWIA’s commitment to a swift, effective response to a catastrophe. To operate transparently through open communication with stakeholders.
Participants	Communications and Legislative Affairs, Claims
Action Plans	<p>Communications and Legislative Affairs</p> <ul style="list-style-type: none"> Manages the creation and distribution of hurricane preparedness educational packets (printed and digital) yearly during hurricane season. Prepares hurricane season advertisements and reserves space for publishing. Maintains a Media Briefing Book; a reference guide for media. Develops hurricane preparedness workshops for the coastal counties. Communicates regularly to policyholders and agents on what to do in the case of an incident. Leverages media to disseminate messages to policyholders, agents, and the public, including scheduling media tours when appropriate. Develops social media messaging for rapid response to incidents. Prepares catastrophe bulletins and advertisements. Prepares bi-lingual catastrophe bulletins and advertisements. <p>Claims</p> <ul style="list-style-type: none"> Coordinates with the Communications Department to provide written catastrophe instructions for release on the TWIA and TFPA websites. Works with Communications to maintain accurate information about processing claims for the TWIA/TFPA websites, including CAT claims information.
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

1.19 To Document Information on Technology Scalability Plans

Objective 1.19	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>IT Ops establishes plans for the following:</p> <ul style="list-style-type: none"> • Purchasing printing services and/or printers, toner, fax machines, scanners, printers, headsets, and other office equipment. • 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. • Establishing relationships with staffing firms in order to scale up required resources to add and configure additional users. <p>Network</p> <ul style="list-style-type: none"> • Maintains the Internet bandwidth and capacity for up to a one-in-100-year event. • 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.) • Maintains adequate capacity for up to a one-in-100-year event at this time TWIA currently has enough capacity to for all cubes currently in the building. <p>Production Application Support</p> <ul style="list-style-type: none"> • Works with business users to prepare a list of mission critical applications necessary to support an incident response. • Establishes change management controls to ensure problems are not introduced into production environments during an incident response. • Partners with business users to determine whether or not any interruptions to production environments will be allowed and when. • Works with HR to determine staffing needs. <p>Data Center Systems</p> <ul style="list-style-type: none"> • Maintains adequate server capacity for up to a one-in-100-year event; if need arises, IT can add server capacity with no more than a two week turnaround. • Maintains contract through Rentsys for workstations, network, computer, telephone, and supplies.
Exhibits, or Related Documents	
Additional Information	<ul style="list-style-type: none"> • IT has ownership for Enterprise disaster recovery (DR) planning covering Data Center Recovery and Office Space.
Compliance	
QA or Testing	



1.20 Understand Associations' Role in Emergency Management Incident Response

Objective 1.20	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"> • To share information and solicit feedback about TWIA's CAT planning and response. • To improve coordination with emergency management resources. • To ensure optimal response for the people and businesses we commonly serve.
Participants	Claims, Communications and Legislative Affairs
Action Plans	<p>Claims and Communications and Legislative Affairs</p> <ul style="list-style-type: none"> • 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. • 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.) • Attends meetings with state, county, local, and federal emergency management. • Obtains local mitigation plans, emergency management newsletters, and public hurricane plans for the coastal territories. • Considers whether to include TWIA information in local mitigation plans, newsletters, and hurricane plans. • Creates a plan for ongoing communication and test training and exercises (TT&E) for each of these entities (where invited, or where possible).
Exhibits, or Related Documents	<ul style="list-style-type: none"> • Emergency Management Resources Contact List • TDEM District Coordinator Areas • Texas State Disaster Coalition Catastrophe Plan
Additional Information	<p>Websites</p> <p>Texas State Disaster Coalition: http://www.tdi.texas.gov/consumer/storms/hcoalition.html</p> <p>Local and regional mitigation plans unit: TDEM.PLANS@dps.texas.gov</p> <p>Emergency Management Association of Texas: http://www.emat-tx.org/</p> <p>Texas Emergency Management Conference: http://www.txdps.state.tx.us/dem/conference/txEmerMgmtConf.htm</p> <p>Texas Division of Emergency Management: http://www.txdps.state.tx.us/dem/Operations/index.htm</p>
Compliance	
QA or Testing	



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

Objective 1.21	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>Communications and Legislative Affairs</p> <ul style="list-style-type: none"> • Informs Texas Legislature, Board of Directors, and TDI of modeled exposures and funding structure, and of TWIA/TFPA’s Plan. • Creates all messages for distribution and posting on the TWIA/TFPA websites. <p>General Manager</p> <ul style="list-style-type: none"> • Oversees all communication with the TWIA/TFPA Board of Directors, TDI, and the Texas Legislature. • Prepares Board of Directors meeting agendas and the posting of notices. • Submits agenda items for the Board of Directors’ meetings.
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	



1.22 Implement a Document Review Unit

Objective 1.22	Develop a Document Review Unit to review documents
Description	Onboard legal resources to provide Claims with reviews of disposition letters, reservations of rights, and other documents.
Purpose	<ul style="list-style-type: none"> To ensure consistent handling of claims To comply with sound insurance principles and regulations.
Participants	Claims, Legal and Compliance
Action Plans	<p>Legal</p> <ul style="list-style-type: none"> Meets with Claims Management to determine the need for a Document Review Unit to assist with reviews of Claims documents. Identify staffing firms to provide legal resources. Onboards and trains resources to ensure an understanding of the governing statutes and timelines associated with TWIA/TFPA. <p>Claims</p> <ul style="list-style-type: none"> Management meets with Legal to determine the need for a Document Review Unit based on the event size, types of perils involved, and other factors. Develop a workflow to ensure that Denials, Partial Denials, and Reservation of Rights are reviewed by the Document Review Unit prior to sending. Manages the Document Review Unit to ensure quality and compliance with statutory guidelines.
Exhibits, or Related Documents	
Additional Information	<ul style="list-style-type: none"> The activation of a Document Review Unit is at the discretion of Claims and Legal Management.
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

Objective 2.1	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>Claims</p> <ul style="list-style-type: none"> • Conducts pre- incident claim volume modeling using available policy in force (PIF) and storm shape data. • 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. • Stays informed of National Weather Service (NWS) alerts through iNWS, which also provide non-weather data (e.g., aerial imagery, infrared, lidar). <p>Actuarial and Accounting & Finance</p> <ul style="list-style-type: none"> • Models expected claim volume, average payments, and total incurred. • Provides guidance to the General Manager whether a pending incident will be a catastrophic loss that could impact funding adequacy. <p>Underwriting reviews projected path of incident(s) and discusses with the General Manager the suspension of policy/coverage binding activity.</p>
Exhibits, or Related Documents	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"> • Incidents will be monitored up to two weeks before potential impact. • The following sites are used to help track activity: Verisk Climate <http://www.veriskclimate.com/> NOAA Storm Prediction Center <http://www.spc.noaa.gov/> Weather Underground <http://www.wunderground.com/hurricane/> Hailwatch Reports <http://www.hailwatch.com/> iNWS alerts, <Hurricane.gov>, <mobile.weather.gov>, <NWSChat.weather.gov>, www.weather.gov, morning and other NWS briefings (email, phone, Webinar)
Compliance	
QA or Testing	

Exhibit 11: Sample Storm Data Map Hurricane Ike

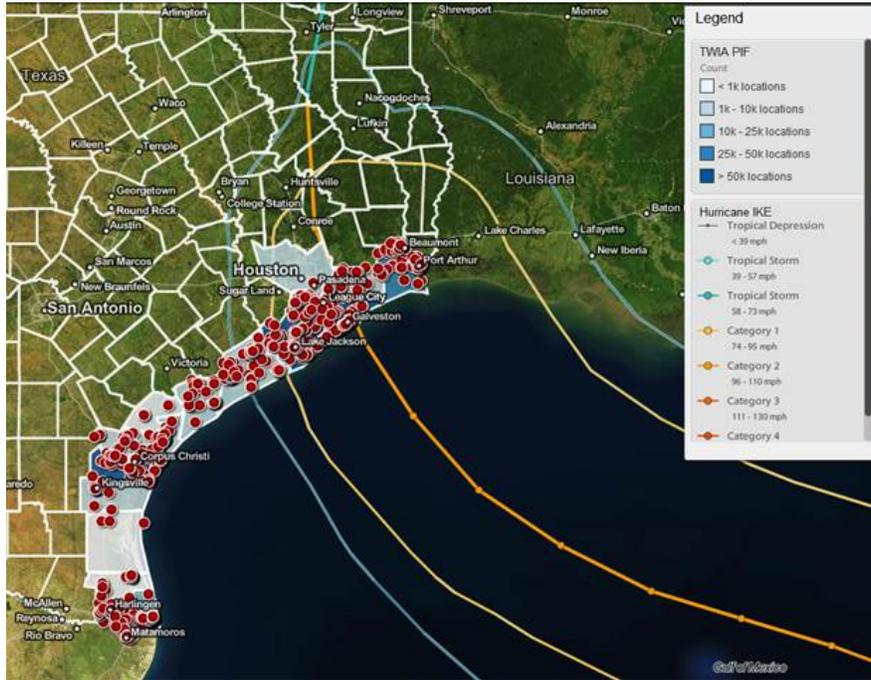
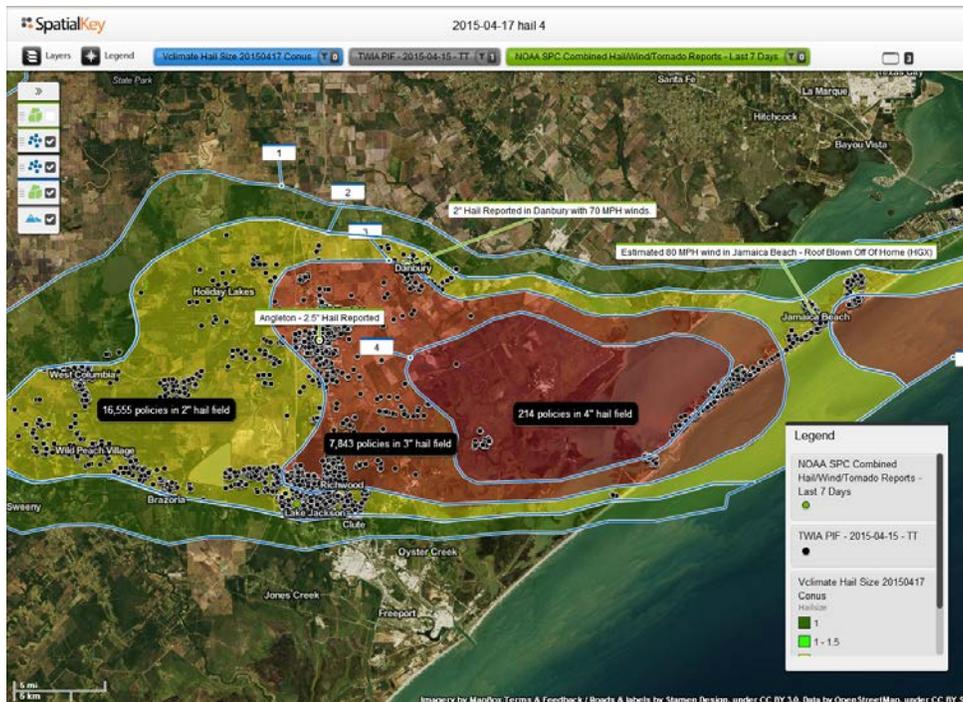


Exhibit 12: Sample Storm Data Map Angleton, Texas April 2015



2.2 Communicate CAT Plan Activation Criteria

Objective 2.2	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>Claims considers the following in the decision to activate Plan:</p> <ul style="list-style-type: none"> • Involved cause(s) of loss (e.g., hurricane, tornado, wind and hail). • Severity of the incident (e.g., wind speed, hail size, depth of storm surge). • Location and concentration of claims (e.g., widespread or centralized). • Access to food and water. • Status of communication resources. • Habitability of homes and building mobility within the affected area. <p>Claims</p> <ul style="list-style-type: none"> • Determines if CAT Plan should be activated, as per Objective 2.1 above. • Recommends Plan should be activated by the General Manager. <p>General Manager</p> <ul style="list-style-type: none"> • Approves activation of the Plan.
Exhibits, or Related Documents	
Additional Information	<ul style="list-style-type: none"> • 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.
Compliance	
QA or Testing	



2.3 Prioritize CAT Preparation and Response Activities upon CAT Plan Activation

Objective 2.3	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>General Manager and Executive Leadership Team meet and review priorities to decide on:</p> <ul style="list-style-type: none"> • Activating vendor resources and deployed resources. • Setting claims systems and website to “CAT mode.” • Notifies vendor of authorization for customer surveys above set limit. • Activating disaster recovery and business continuity (DR/BC) plans. • Establishing the estimated date of the incident and when to advise Departments to schedule strategic planning (96 hours before landfall). • Determining whether preparation and response activities take priority over other Enterprise Department functions or projects. • Determine the level of priority for communication with external stakeholders. <p>Claims</p> <ul style="list-style-type: none"> • Establishes and communicates changes in work hours, so team members can remain on alert for mandatory overtime. • Determines whether to activate mobile claims center and remote facilities. • Establishes the name of the incident templates. • Meets with Communications to determine the level of communication with external stakeholders <p>Communications</p> <ul style="list-style-type: none"> • Determines whether to publish CAT communications within 72 hours of catastrophe designation, depending on severity of incident. • Determines whether to notify agents, TDI, the TWIA Ombudsman, the Texas Legislature, TWIA/TFPA staff, and the Board of Directors about Plan activation and estimated exposure within 24 hours of catastrophe designation, depending on severity of incident. <p>IT</p> <ul style="list-style-type: none"> • Determines whether to order supplies and equipment. • Changes telephone systems (i.e., IVR) to CAT Mode. • Determines whether to add software licenses to scale for additional users.



	<p>All Departments</p> <ul style="list-style-type: none"> • Schedule preliminary team meetings for individual departments to advise separately on Plan activation and identify duties and responsibilities found within. • Schedule an all departmental strategic planning meeting 96 hours before landfall. <p>Facilities 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"> • This typically occurs immediately after CAT Plan is activated. • 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., 1st incident of 2015 is 115). • For TWIA the naming convention is the month, date, and a location name we give it (e.g., 041415Coastal and 042715Beaumont).
Compliance	
QA or Testing	



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

Objective 2.4	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>Texas Department of Insurance TWIA Ombudsman</p> <ul style="list-style-type: none"> • Confirms locations of emergency operations centers. • Sends information gathered by the State Emergency Response Team (SERT). • Sends information about the extent of damage compiled by each county. <p>Claims</p> <ul style="list-style-type: none"> • Confirms incident information with TDI TWIA Ombudsman. • Refers to TDEM’s emergency condition alerts (e.g., Level I, Level II, and Level III). • Checks FEMA Region VI Situational Awareness Briefing, or Weather Threat Briefing. • Makes contact with district coordinators, mayors, and representatives in relevant counties and territories. • 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). • Arranges tour of the disaster area with disaster coordinators when it is safe. <p>Communications and Legislative Affairs 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

Objective 2.5	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"> • To efficiently provide essential insurance products and services for policyholders. • To comply with the TWIA Plan of Operation and sound insurance principles.
Participants	Claims, Actuarial, Underwriting, General Manager, Communications and Legislative Affairs
Action Plans	<p>Claims</p> <ul style="list-style-type: none"> • Sends data on the projected path of the incident to Underwriting for the purposes of work prioritization. • 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). <p>Actuarial</p> <ul style="list-style-type: none"> • Sends assessment of 80/20 designation to Underwriting and to the General Manager for determination of the Associations accepted/projected incident location. <p>Underwriting</p> <ul style="list-style-type: none"> • Recommends appropriate action on hurricane binding exception based on the Associations' accepted/projected incident location. <p>General Manager</p> <ul style="list-style-type: none"> • Decides whether to approve the recommendation to implement the hurricane binding exception by Underwriting. • Decides whether to approve "CAT mode," and alerts executive leadership team. <p>Underwriting</p> <ul style="list-style-type: none"> • Sends IT updates to CGI Agent Portal with banner re: suspension of business in affected counties. • Prioritizes new business processing when applications and quotes are suspended, requalifying renewals and endorsement requests. • Serves as a resource to Claims for template catastrophe reserving. • Sends Communications and Legislative Affairs an agent bulletin on suspensions for the TWIA website. • Considers pulling a list of top agents to contact via the call center. <p>Communications and Legislative Affairs</p> <ul style="list-style-type: none"> • Reports to Texas Legislature and TDI on TFPA /TWIA's suspension of acceptance to new business in impacted counties. • Distributes an Agent Bulletin, updates the website with an Agent specific posting, and posts on Facebook and Twitter regarding the suspension of new business.



	<ul style="list-style-type: none"> Distributes an Agent Bulletin, updates the website with an Agent specific posting, and posts on Facebook and Twitter regarding claim reporting procedures when TWIA predicts a significant multi-county impact but the incident does not result in the suspension of business <p>Actuarial</p> <ul style="list-style-type: none"> Models actual exposure to an incident and other data analysis, as needed.
Exhibits, or Related Documents	
Additional Information	Hurricane Binding Exception: 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	Hurricane binding exception found in the Plan of Operation at 28 TAC 5.4001(d)(2)(E)(ii).
QA or Testing	

2.6 Activate and Optimize Claims Technology for CAT Response

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



2.7 Manage Publication of CAT Communications and Advertisements

Objective 2.7	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>Claims</p> <ul style="list-style-type: none"> Works with Communications & Legislative Affairs to determine geographic locations for ad campaign. <p>Communications and Legislative Affairs determines whether to:</p> <ul style="list-style-type: none"> Gets input from Claims to determine which stakeholder groups need to be notified of CAT Plan activation. Meets with team to review communications plan and reviews for execution. Runs print advertisements in appropriate news outlets to report claims procedures. Runs radio spots in appropriate outlets to report claims procedures. Posts messaging across pertinent social channels (Facebook and Twitter) to promote claims procedures. Publishes announcements on the TWIA/TFPA websites. Alerts agents of the status of the catastrophe planning and response. Alerts evacuating policyholders to bring their policy and agent contact information via print advertisements, radio spots, social media and TWIA/TFPA websites. Includes remote office information in print advertisements and radio spots. Determines where to buy media for geographies identified as impacted by the incident. Distributes press release with information on the incident, either: "Advice on Hurricane Preparedness in Context of Approaching Storm" or "Hurricane Has Hit." Establishes a relationship with the Texas Disaster Recovery liaison and attends phone conferences on behalf of TWIA and TFPA. Conducts media training for executives and disaster duty spokespersons, and prepares talking points for media interviews. Meets with approved media contacts and confirms Associations' level of readiness at agreed intervals. <p>General Manager and Executive Leadership Team</p> <ul style="list-style-type: none"> Coordinates with Communications and Legislative Affairs to develop catastrophe preparedness and response media content.
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

2.8 Activate an Efficient and Scalable Enterprise Call Center

Objective 2.8	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"> • To ensure the customer’s ability to communication in real-time with a live person. • To ensure no interruption to the service levels we offer. • To establish performance metrics and tracking mechanisms.
Participants	Claims, General Manager and Executive Leadership Team
Action Plans	<p>Communications & Legislative Affairs</p> <ul style="list-style-type: none"> • Creates call routing scripts for catastrophic incidents and edits diagram accordingly. • Works with Claims to create talking points or scripts for the Call Center staff in the case of an incident. <p>Claims</p> <ul style="list-style-type: none"> • Provides a diagram for the call routing and the script for the messages to the Call Center. • Coordinates with IT and All Departments to record the messages (English and Spanish). • Confirms available resources for recording messaging, or confirms back up plans. • Plans to measure call agent performance and quality using VOIP recordings. • Evaluates existing phone numbers (~81) and whether there is additional need. • Evaluates whether to update and modify telephony to implement IVR capabilities. • Configures the order of options according to IVR diagram from Claims. • Notifies translation service providers of expected volume spike per contract requirement. • Notifies outsourced Enterprise call center providers of expected volume spike per contract requirement. • Assigns dedicated resource(s) to monitor and evaluate call volumes, agent capacity, and compliance with average speed of answer (ASA) and call abandonment rates. • Confirms ability to make outgoing customer satisfaction survey calls, if requested. • Tests call center’s ability to provide 24/7/365 loss reporting services, such as confirming call routing matches IVR workflows. <p>General Manager and Executive Leadership Team approve changes to call center configurations, and call routing, including IVR.</p>
Exhibits, or Related Documents	<ul style="list-style-type: none"> • Interactive Voice Response (IVR) Workflows

	<ul style="list-style-type: none"> 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.”
Additional Information	<p>There are multiple configurations, separate for TWIA and FAIR Plan:</p> <ul style="list-style-type: none"> Business Hours: 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. After-hours: Announces an “after-hours” message. Routes general callers to voicemail and claims status calls to the claims call center vendor. Business Hours during Incident Response: Given expected increase in claims call volume, the option to select Claims is presented to the caller first. After Hours during Incident Response: The option to select Claims is presented first, before the option that the office is closed.
Compliance	
QA or Testing	

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

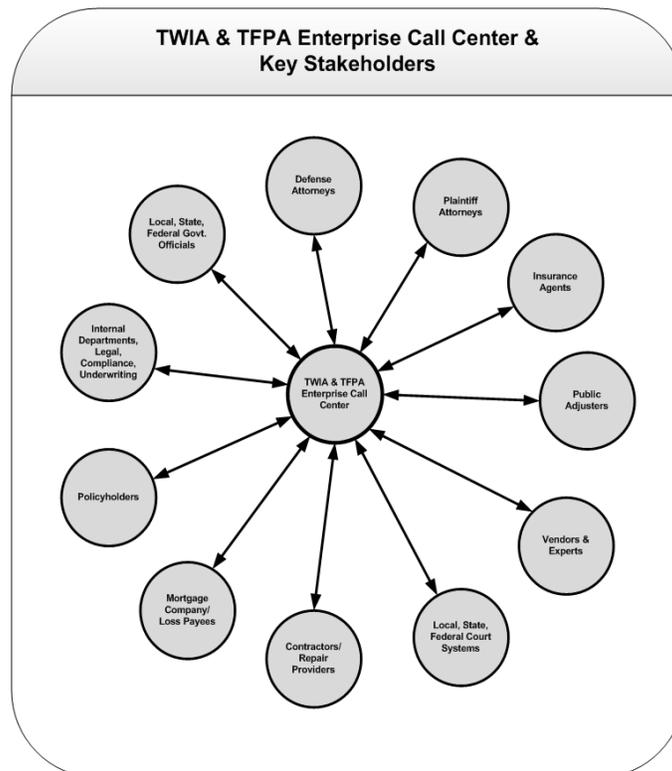


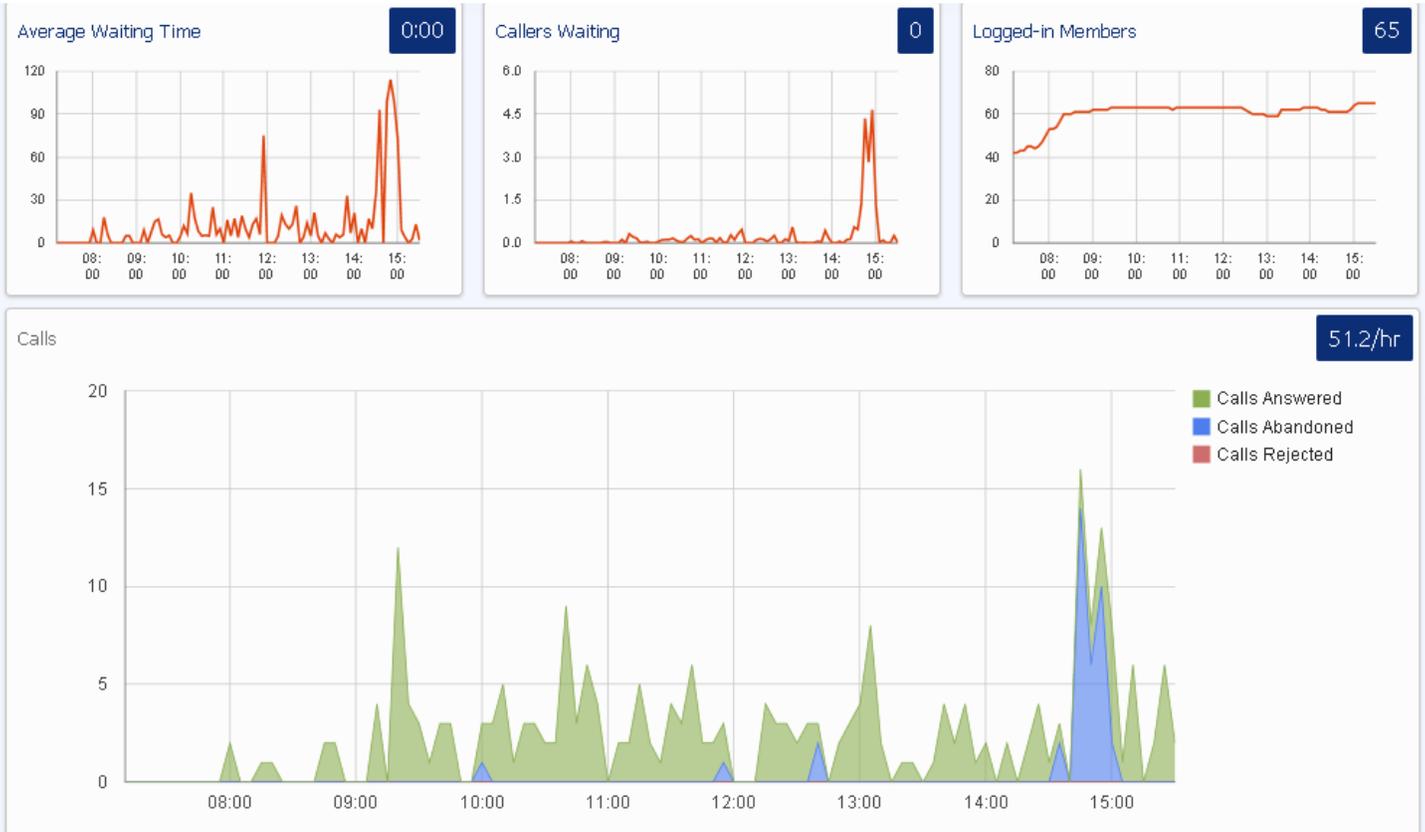
Exhibit 14: Call by Day Report: Call Center



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

Objective 2.9	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>Claims</p> <ul style="list-style-type: none"> • Notifies all staffing firms to complete process of identifying, notifying and preparing all resources by requested role for immediate deployment upon request. • Confirms current available staff and support staff capacity with Human Resources. • Anticipates and prepares for attrition with any staff type to ensure identification and staging of additional resources for immediate onboarding as needed. • Compares to needed capacity considering loss complexity, and determines numbers of desk examiners, field adjusters, and field adjusters for re-inspection. • Activates Special Investigation Unit (SIU) resources for coordination with desk and field resources. • Republishes the current vendor fee schedule document. • Notifies vendors of claim projections, locations, and incident staffing models, and sends a current TWIA/TFPA Claims organizational chart with contact information. • Adjusts desk claim examiner staffing based on incident models and claims received. • Conducts orientation and training to certify additional resources as TWIA/TFPA trained staff, including field adjuster training on workflows and procedures. • Requests scalability Plans from firms and tracks current vendor commitments.
Exhibits, or Related Documents	<ul style="list-style-type: none"> • TWIA/TFPA Adjuster Fee Schedule • TWIA and TFPA Vendor Commitments & Contact Information
Additional Information	
Compliance	
QA or Testing	



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

Objective 2.10	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>IT 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"> • System User Admin – user access and controls. • Help Desk – user support. • Desktop Hardware/Software and Network – configuration and utilization. • Ongoing monitoring of printers/copiers. <p>Communications and Legislative Affairs 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>Facilities & Operations scales up mail room processing hours and production capabilities to meet increased demand for postal services including after-hours and weekends.</p> <p>Actuarial & Enterprise Analytics considers increasing resources to assist with reporting to reinsurers, conducting reserve adequacy activities, and analytics support for Enterprise.</p> <p>HR scales up to assist with onboarding potential large numbers of internal and external resources.</p> <p>Legal & Compliance:</p> <ul style="list-style-type: none"> • Understands any increases in need for additional legal support, taking into consideration the TWIA expert panel and levels of disputed or litigated claims become a concern. • 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. • Scales up to assist with the onboarding process as needed.



TEXAS FAIR PLAN
ASSOCIATION



TEXAS WINDSTORM
INSURANCE ASSOCIATION

	<p>Accounting & Finance</p> <ul style="list-style-type: none">• Identifies Accounting & Finance support functions for other Departments either in the office or at mobile claim centers.• Monitors check activity for increases in requests for check clearance status, stop pays, or voids. <p>Underwriting identify functions that need to scale up to:</p> <ul style="list-style-type: none">• Assist with any increases in Underwriting business activity.• Backfill deployed staff.• Help other Departments either in the office or at mobile claim centers.
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

2.11 Activate Association Employee Catastrophe and Deployment Compensation Policy

Objective 2.11	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>Claims</p> <ul style="list-style-type: none"> • Evaluates the results of pre-incident modeling suggesting the scale of incident. • Establishes extended hours based on operating requirements and business needs. • Proposes CAT pay authorization. <p>General Manager authorizes the catastrophe pay provisions and alerts Executive Leadership Team.</p> <p>Legal & Compliance:</p> <ul style="list-style-type: none"> • Posts catastrophe timesheets with CAT pay plan on employee reference drive. <p>Human Resources</p> <ul style="list-style-type: none"> • Collects catastrophe timesheets for processing. • Enters time inputting on the catastrophe timesheets for non-exempt staff into ADP. • Enters deployment pay and extended shift pay on payroll log for processing.
Exhibits, or Related Documents	CAT Pay Policy
Additional Information	<ul style="list-style-type: none"> • This policy does not apply to contracted workers. • Deployment pay and extended shift pay are not included in an employee’s annual base salary for classification and pay purposes. • Provisions remain in effect until the General Manager determines deployment sites and extended hours are no longer necessary to support the response. • Association Employee Catastrophe and Deployment Compensation Policy under review by Claims Management to provide guidance and definitions where needed.
Compliance	
QA or Testing	

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

Objective 2.12	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>Claims</p> <ul style="list-style-type: none"> • Identifies mobile claims center locations and expected volume for each location. • Identifies Claims and non-Claims resources by number and type. • Activates and deploys locations and people after needs are determined. • Notifies Claims and non-Claims resources of deployment plans and schedules. • Appoints a Claims or non-Claims resource to manage the site. • Ensures communication plan between mobile claims center, remote facilities, and main office. • Coordinates and establishes work schedules. • Designates and notifies the following roles: claims leaders, claims examiners, claims coordinators, quality assurance, accounting, IT, legal, SIU, and other resources. • Ensures all personnel required to be licensed are properly licensed. • Notifies Communications & Legislative Affairs of the need to communicate Mobile Claims Center locations. <p>Communications & Legislative Affairs</p> <ul style="list-style-type: none"> • Notifies TDI, the Board of Directors, and other relevant external stakeholders about the location of the Mobile Claims Center <p>HR</p> <ul style="list-style-type: none"> • Identifies staffing firms to provide labor in the event the Mobile Claims Center is deployed.
Exhibits, or Related Documents	<ul style="list-style-type: none"> • Mobile Claims Center and Remote Facilities Claims Processing Workflow • Exhibit 17 “Mobile Claims Center Office Staff Roles.” • Labor Staffing Firms
Additional Information	
Compliance	
QA or Testing	



TEXAS FAIR PLAN
ASSOCIATION



TEXAS WINDSTORM
INSURANCE ASSOCIATION

Exhibit 17: Mobile Claims Center Staff Roles

Claims Supervisors	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.
Claims Examiners	Review the reports generated by the field adjusters, make claims decisions, communicate decisions to policyholders, and issue claim and expense payments.
Accounting Deployment Lead Specialist	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.
Accounting Deployment Specialist	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.
Customer Greeters	Welcome customers, answer questions, assist with customer information sheet, and direct policyholders to the correct resource(s).
Claims Service Representative	Review customer information sheet, assess policyholders’ needs and discuss policy information, explain the steps of the claim process, and determine need for advance payments.
Maintenance and Support	Supply fuel for generators, assist with site setup and takedown, arrange meals for staff, clean facilities, and run errands.
EagleView Connect Explorer Power User	Responsible for using the EagleView platform to access aerial imagery onsite at the mobile claims center. Trains mobile claims staff in EagleView platform.
Administrative positions	Answer customer questions, inventory office supplies, and assists in FNOL process.
Site Manager	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.
Underwriting Representative	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.
IT Representative	Expert in IT to provide support for hardware/software and network connectivity.
Communications Representative	Communications may be present to assist with onsite media, collect feedback from stakeholder groups, and coordinate outreach events (e.g., town hall meetings).
Security	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

Objective 2.13	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>Claims</p> <ul style="list-style-type: none"> • Works with vendors to determine if incident requires pre-incident staging. • Manages SIU vendor and ensures stakeholders are protected against fraud. • Identifies staging and site deployment locations. • Prepares staging locations, and coordinates the deployment of resources to those sites. • 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). • Coordinates with SIU mobile unit to set up in the same location. • Contacts approved vendors to activate temporary living facilities. • Provides regular updates to CAT Manager on site status. • Meets with team and finalize deployment details. • Alerts Communications & Legislative Affairs if SIU is being deployed and what collateral they may need <p>Legal and Compliance approves orientation material for best practices and compliance.</p> <p>Communications and Legislative Affairs</p> <ul style="list-style-type: none"> • Sends communications to let the public know about incident staging and fraud awareness. • Coordinates with TWIA Ombudsman to determine whether to co-locate the COAST program at the remote locations. • Provides communication collateral for SIU vendor personnel to distribute.
Exhibits, or Related Documents	
Additional	
Compliance	
QA or Testing	

2.14 Coordinate Supplies for Mobile Claims Center and Remote Facilities

Objective 2.14	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"> To provide immediate policyholder assistance, including first notice of loss, claim status information and advance payments. To have a staging area for additional claim resources, including adjusters, experts, quality assurance, and the special investigation unit (SIU).
Participants	Claims, Facilities, Claim Supervisor
Action Plans	<p>Claims</p> <ul style="list-style-type: none"> Determines appropriate mobile office solution based on scale and geographic spread of loss: single vehicle, multiple vehicle, Rentsys, or large "Basecamp." Determines potential staging and site deployment locations based on claim volume (projected or actual), and verifies availability of the sites. Coordinates information for rental vehicle drivers with claims supervisor, secures rental vehicles, and confirms insurance coverage. 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. 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. <p>Facilities</p> <ul style="list-style-type: none"> Provides physical security solution for mobile claims center and remote facilities. Rents or purchases equipment, including vehicles, toilets, chairs, tables, tents, generators, fans, signs/banners, documents, manuals, and bottled water. Arranges delivery of all equipment and supplies, including loading delivery rental car (i.e., cargo van). <p>Claim Supervisor</p> <ul style="list-style-type: none"> Confirms availability of computers, checks, signs, tables, canopies, and security. Communicates with Operations and vendors about scheduling delivery of supplies. Determines configuration of vehicles, trailers, and equipment. Oversees the set-up of the field office and notifies CAT Manager when operational. <p>Accounting 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

Objective 2.15	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"> • To provide TWIA expert panel with aerial images and other services in support of their requirements. • To facilitate before and after comparisons of the condition of the property.
Participants	Underwriting, Claims, Aerial Imagery Vendor, General Manager
Action Plans	<p>Underwriting provides pre-incident risk management reports, including aerial imagery, obtained via the Risk Visualization Program.</p> <p>Claims works with aerial imagery vendor pre- or post- incident to obtain aerial images.</p> <p>Aerial Imagery Vendor</p> <ul style="list-style-type: none"> • Tracks major incidents and maps out flight plans according as soon as it is safe. • Maps paths for aerial imagery, typically covering up to 200 square miles per day. • Sends flight plans to Claims via the Vendor Manager. • Proceeds once they receive approval from TWIA and clearance from the FAA. • Sends aerial images within 24-48 hours of flight completion. <p>Claims obtains approval from General Manager to incur costs.</p> <p>General Manager approves cost for aerial imagery.</p>
Exhibits, or Related Documents	
Additional Information	<ul style="list-style-type: none"> • FAA clearance is typically given within 24-48 hours after the incident. • EagleView is TWIA/TFPA’s aerial imagery vendor. Point of contact is Jim King. • Aerial imagery will be 6” resolution or greater, and will be available in a separate tab in EagleView CONNECT Explorer. • 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.
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

Objective 3.1	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"> • To efficiently provide essential insurance products and services for policyholders. • To comply with sound insurance principles.
Participants	Claims, Legal and Compliance, Underwriting
Action Plans	<p>Claims:</p> <ul style="list-style-type: none"> • Assesses stakeholder needs for loss reporting, securing advance payments, and guidance for temporary repairs/protection of property. • Communicates thresholds for withholding replacement cost coverage (RCC) benefits, including mortgage on claim payments. • Sends a reminder about best practices for administering thresholds, including how to distribute threshold information. • Communicates manner in which ALE claims will be handled during catastrophe. • Assigns claims depending on loss complexity. • Monitors total loss procedures and advanced payments during an incident. • Reminds examiners to help policyholders with finding emergency repair service providers and board up services. • Enforces claim handling timeframes, IA timelines, and payment timelines. • Utilizes the services of experts (e.g., engineers and building consultants) to help mitigate disputed claims. • Measures first notice of loss (FNOL) and call center metrics, adjuster and examiner cycle times payments, file closings, and reopen rates. • Evaluates desk examiner claims handling using quality assurance criteria. • Distributes regular incident summary reports, including claim volume, volume of escalated claims, projected new claim volume and expected total incurred. • Deploys re-inspectors to monitor field adjuster performance. • Sets in place a workflow to have examiners escalate any Underwriting issues to their direct supervisor/manager, who in-turn will inform the resources identified by the Underwriting Department. <p>Legal and Compliance</p> <ul style="list-style-type: none"> • Temporarily staffs the floor to answer questions. • Brings in outside counsel to assist depending on size of incident. • Establishes assistance paths via phone calls and email where onsite presence is not available.



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	<p>Underwriting</p> <ul style="list-style-type: none"> • Researches in real-time to support Claims handling process when claim is filed where no policy is identified. • Immediately coordinates with Claims to determine the need for resource availability for extended hours and weekend work. • Provides dedicated resources to assist with identifying which buildings and items are covered and which are not, where a commercial policy has multiple items. • Provides Claims with the names and contact information (phone and e mail) of the identified resources, two primary contacts and their back-ups, to assists in resolving commercial and residential coverage issues for TWIA and TFPA claims. • Provides Underwriting information as needed in real time, including information from Underwriting files: policy application and renewal information, inspection reports, risk visualization reports, other insurance company information for fire and flood, certified copies of policies and endorsements. • Provides Workforce optimization/planning for assistance to Claims.
Exhibits, or Related Documents	<ul style="list-style-type: none"> • Exhibit 18 “Sample Daily Incident Summary Report.” • CAT Plan Claim Triage and Assignment Process
Additional Information	
Compliance	
QA or Testing	



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Exhibit 18: Sample Daily Incident Summary Report

Santa Fe Storm (5/1/13)	All Claims	Commercial	Residential	Mobile Home	No Policy
New Claims	3,910	91	3,779	31	8
By Line of Business	100%	2%	97%	1%	0%
Closed Claims	3,352	42	3,271	31	8
Open Inventory	687	49	508	0	0
% Closed	86%	46%	87%	100%	100%
Closed With Payment	1,958	14	1914	22	8
% Closed With Payment	50%	15%	51%	71%	100%
Closed Without Payment	444	10	420	6	8
% Closed Without Payment	11%	11%	11%	19%	100%
Re-Opened Claims	350	N/A	N/A	N/A	N/A
% Re-Opened	9.0%	N/A	N/A	N/A	N/A
Paid Indemnity	\$36,417,224	\$842,357	\$35,353,141	\$221,725	\$0
Paid Expense	\$2,833,312	\$66,586	\$2,746,797	\$19,929	\$0
Outstanding Indemnity	\$8,836,084	\$2,549,750	\$5,276,334	\$10,000	\$0
Outstanding Expense	\$647,379	\$251,348	\$395,379	\$1,000	\$0
Total Incurred	\$49,248,706	\$4,762,521	\$44,233,531	\$252,654	\$0
Avg. No. Days - FNOL to Inspect	3.3	3.8	3.3	3.4	N/A
Avg. No. Days - Inspect to TWIA	3.5	4.7	3.4	4.1	N/A
Avg. No. Days - TWIA to Payment	7.7	11.5	7.6	6.3	N/A
Total No. Days - FNOL to Payment	14.3	19.2	14.2	13.6	N/A
Average Paid	\$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

Objective 3.2	To manage mobile claims center and remote facilities, including operations and staff.
Description	Provide a TWIA/TFPA 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"> To provide immediate policyholder assistance, including first notice of loss (FNOL), claim status information and advance payments. To have a staging area for additional claim resources, including adjusters, experts, quality assurance, and the special investigation unit (SIU).
Participants	Claims, Accounting and Finance
Action Plans	<p>Claims</p> <ul style="list-style-type: none"> Coordinates roles and responsibilities and personnel to and from site. Ensures adherence with the TWIA and TFPA policies, workflows, and procedures. Meets with the team frequently to discuss questions, concerns, and trends. Coordinates with Maintenance staff to provide meals for personnel. Ensures a customer-centric workflow. Maintains inventory of office supplies, handbooks, policies, forms, and brochures until administrative staff are deployed and can have this delegated to them. Provides regular updates to CAT Manager, including operations reporting. Completes operations reporting, including issues and recommendations. Responsible for end-to-end claims process management from FNOL to payment. <p>Vendor Manager</p> <ul style="list-style-type: none"> Ensures that the vendor partners execute on contracted services. Communicates with Claims single point of contact (SPOC) designees to get assistance with vendor management. <p>Accounting and Finance 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"> Mobile Claims Center and Remote Facilities Claims Processing Workflow
Additional Information	<ul style="list-style-type: none"> 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. Deployed resources may be asked to assume one or more roles at any time. Designated non-Claims leadership may be assigned leadership roles off-site.
Compliance	
QA or Testing	



3.3 Administrative Complaint-Handling Process

Objective 3.3	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 commitment to providing quality customer service.
Purpose	To ensure complaints are properly addressed to avoid further escalation and to prevent future complaints where possible.
Participants	Claims, Legal and Compliance
Action Plans	<p>Claims</p> <ul style="list-style-type: none"> • Ensures that staff follows complaint-handling process. • Communicates information from escalated complaint calls to impacted personnel. • Administers surveys to gauge whether claim handling is satisfactory to customers. • Communicates with principals of approved vendors and the Legal and Compliance Department on issues of ethics, conflicts of interest or fraud. • Uses compliant information for continuous improvement to reduce complaints. • Arranges meetings with staff to reinforce customer service objectives and telephone etiquette as trends emerge from complaint data <p>Legal & Compliance</p> <ul style="list-style-type: none"> • Monitors complaint resolution process. • Meets to review complaints disputed, claim data and survey results. • Estimates complaint volume based on exposure, and estimates time needed for complaint handling and resources needed to meet additional complaint volume. • Ensures all direct complaints are being logged accurately and completely, and responded to as appropriate for all business units.
Exhibits, or Related Documents	<ul style="list-style-type: none"> • Complaint Training PowerPoint • Complaint Training FAQs
Additional Information	<ul style="list-style-type: none"> • TDI assigns a document number to complaint file and sends letter to the insured letting them know the complaint is being sent to TWIA/TFPA for review. • 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.
Compliance	See 28 TAC Part 1, Chapter 21, Subchapter Q, for more information on insurers' obligations regarding complaints
QA or Testing	



3.4 Communicate Roles and Responsibilities of Claims Support and Customer Care

Objective 3.4	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>Claims Support Staff oversees parts of the Claim lifecycle, including but not limited to:</p> <ul style="list-style-type: none"> 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. Inputting claim information from main TWIA/TFPA email boxes into the system. Maintaining records data on vendor services and invoices, and paying invoices. Researching coverage and contacting insured or agent in the case of no coverage. Assisting with claim triage, assignment, dispatch and workload balancing processes. Running as needed ISO reports on each claim, Association capacity permitting. Voiding checks and issuing stop pays for claim files. Managing the CGI fax queue. <p>Claims Support Staff and /or Customer Care Staff may assume the following during a CAT:</p> <ul style="list-style-type: none"> 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. Assisting in assigning claims. Fulfilling roles and responsibilities for XA hybrid claims support procedures. Handling urgent calls and transfers policyholders to claims examiner when needed. Escalating serious claims (e.g., uninhabitable property or business interruption). Coordinating with field adjusters on priority inspections. Assisting with payment processing for emergency ALE payments, indemnity payments, and vendor invoices, if given proper authorities. Processing incoming/outgoing mail, faxes, and paper FNOL documents.
Exhibits, or Related Documents	<ul style="list-style-type: none"> XactAnalysis Hybrid Program Flowchart XactAnalysis Hybrid Roles and Responsibilities
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

Objective 3.5	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' commitment to deliver prompt and fair claims service.
Participants	IT
Action Plans	<p>IT</p> <ul style="list-style-type: none"> • Provides support for Rentsys unit and Agility Recovery's Readysuite site. • Provides support in Austin for extended hours of operations. • Assists with computer issues, setting up new PCs as needed, and internet support. • Developers provide support for all TWIA applications such as Notus, CallCenter Portal, Policy Explorer, and Policyholder Portal. • Evaluates impact for changes to nightly maintenance runs vs. Claims' extended hours and evaluates if iteration deployment plan can be deferred or frozen. • Communicates with business units to evaluate iteration risks and deployment plan. • Monitors systems with Orion (monitoring tool) on an ongoing basis.
Exhibits, or Related Documents	
Additional Information	<ul style="list-style-type: none"> • 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. • IT personnel should be available 24 hours a day including weekends to provide support for CAT operations.
Compliance	
QA or Testing	

3.6 Manage Office Supplies, Office Space, and Equipment

Objective 3.6	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 and safety in the case of an incident.
Participants	IT, Facilities
Action Plans	<p>Claims</p> <ul style="list-style-type: none"> Houses an up-to-date seating chart for the Department. This list shall be updated upon notification of an influx of contractors, sent to Facilities and all Claims Employees. <p>IT</p> <ul style="list-style-type: none"> Researches, purchases, and configures new equipment during an incident. Works with Facilities to setup PCs and phones for additional cubicles. Uses tool allowing IT Operation to create Active Directory accounts in large volumes, which saves an average of 15 minutes per account. Confirms hardware, software, network connectivity and voice communications capabilities are functioning and secure. <p>Facilities</p> <ul style="list-style-type: none"> Manages the Austin physical plant. Enlists security guards, cleaning services 7 days a week, 24-7 building repairs vendors, and enlists janitorial to secure the building nightly. Orders mailroom supplies (printer, scanner and fax server capacity), including paper, supply closet, postage funds, and access cards. Coordinates additional coffee, vending, and common area supplies. Programs HVAC system for extended office hours. Manages additional staff parking needs with Aquila Property Management and the Austin Oaks Church. Marks TWIA parking permit spaces, and issues, tracks parking permits. Makes arrangements for remote parking and a shuttle in the event of the parking lot overflowing. Coordinates with management to assign workstations based on availability. Locates off-site office space and off-site storage space, if needed.
Exhibits, or Related Documents	Workspace Utilization Report
Additional Information	<ul style="list-style-type: none"> As of March 2015, there are 122 cubicles and 3 offices available with an additional 119 spaces in various conference and meeting rooms. Available cubicles are equipped with PCs and phones.
Compliance	
QA or Testing	



3.7 Manage Check Stock for Payments and Check Processor

Objective 3.7	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>Accounting and Finance:</p> <ul style="list-style-type: none"> • Determines need for remote manual check process and/or electronic funds transfer. • Funds manual check accounts with initial balances. • Establishes and maintains a check log. • Manages inventory for the following options: system-generated checks, manual checks, advanced payments, and signature stamps. • Maintains communications with mobile and off-site offices to regularly check on the status of check inventory. • Reconciles on-site payments immediately with on-site computers and network access, and reconciles daily where network access is not available. • Controls check endorsement process. • Manages banking relationships to minimize disruptions to customer payments. <p>IT</p> <ul style="list-style-type: none"> • Administers permissions for CheckProcessor.exe file in the check processor machine from list of claims users with permissions to print claims checks. • Purchases rollers and toner supplies and replaces weekly or as needed. • Advises personnel to regularly check printers and assists with daily check printing. • Supports on-site printing and mailing from Austin, as well as off-site (e.g., desk examiner or customer care unit). <p>Claims 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

Objective 3.8	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"> • To ensure stakeholders are aware of potential fraudulent activities. • To ensure all claims are legal and accurate. • To fulfill duties to report any cases of fraud.
Participants	All Departments
Action Plans	<p>SIU</p> <ul style="list-style-type: none"> • Assists with identifying suspicious claim practices, including gathering information and following up with suspected policyholders or vendors. • Works with other carriers to identify trends in suspect claims. • Communicates with Claims on any suspicious practices or red flag items. • Makes fraud referrals to TDI and sends copies to Compliance <p>Legal and Compliance</p> <ul style="list-style-type: none"> • Investigates any reported or suspected cases of fraud including the following types: vendor fraud, policyholder fraud, and internal fraud, and refers to TDI for further investigation. • Communicates with TDI fraud staff and/or appropriate federal, state and local governments when necessary. <p>Claims refers the claim to SIU for evaluation based on internal SIU referral requirements.</p>
Exhibits, or Related Documents	<ul style="list-style-type: none"> • TWIA/TFPA Fraud Referral Form • Claim Examiner Handbook • Exhibit 9 “Special Investigation Unit (SIU) and Fraud Reporting Requirements.”
Additional Information	<ul style="list-style-type: none"> • Web portal or phone call to SIU. • Suspected Insurance Fraud Report via TDI. • Under Texas Insurance Code 701.051 there is an affirmative duty for TWIA to report suspected insurance fraud to TDI. • Duty to report not later than the 30th day after the date.
Compliance	See Texas Insurance Code Section 701.051 regarding our affirmative duty to report suspected insurance fraud to TDI
QA or Testing	



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

Objective 3.9	To coordinate emerging legal issues with in-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"> • To scale legal resources to assist with catastrophic incidents. • To ensure compliance with applicable laws and statutes.
Participants	Legal and Compliance
Action Plans	<p>Legal and Compliance</p> <ul style="list-style-type: none"> • Maintains up-to-date knowledge of case law in order to determine trends in disputed claims industry-wide. • Conducts in-depth research on issues lending towards litigation (e.g., depreciation). • Identifies and confirms the availability of contracted counsel to assist with coverage interpretations. • Projects disputes and litigation rates to determine resources needed. • Identifies the patterns of issues and determine avenues to find resolution. • Coordinates between different firms to handle workload on lawsuits emerging if volume of suits exceeds Association capacity. • 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.
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

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

Objective 3.10	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, and Communications & Legislative Affairs
Action Plans	<p>Claims determines the need for an extension of time to accept claims and defines the required extension.</p> <p>Legal and Compliance</p> <ul style="list-style-type: none"> • Assists Claims in formatting the request for an extension. • Sends request for extension to the appropriate stakeholders at TDI. <p>Communications & Legislative Affairs</p> <ul style="list-style-type: none"> • Informs Legislators, Board Members, and other external stakeholders as appropriate if and when an extension is granted.
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	



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3.11 Secure Catastrophe Funding

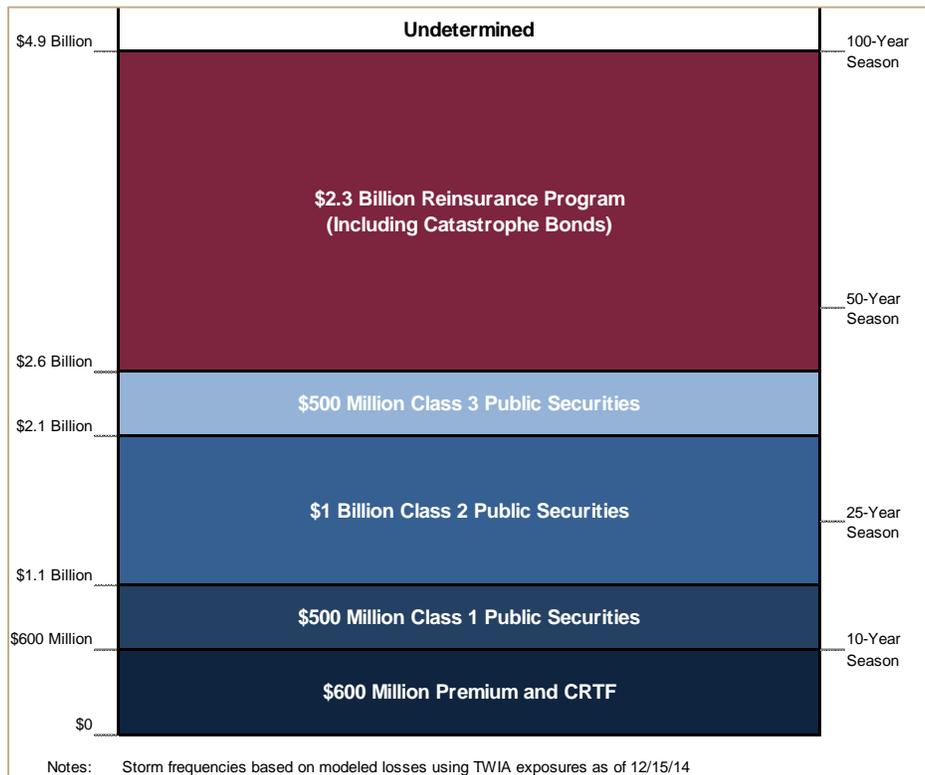
Objective 3.11	To secure catastrophe funding to support the funding needs based on loss estimates and actual claims experience.
Description	Estimate short term and long term funding needs. Assist with public security funding and reinsurance. Communicate with external stakeholders about securities issuance 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>Actuarial</p> <ul style="list-style-type: none"> • Manages reinsurance recovery process with reinsurance brokers, including onsite claim file reviews. • Manages short and long term funding needs with the Board of Directors and the General Manager. • Assists in securing funding from public securities. <p>Accounting and Finance</p> <ul style="list-style-type: none"> • Assists in securing funding from public securities. • Manages short and long term funding needs with the Board of Directors and the General Manager. <p>General Manager</p> <ul style="list-style-type: none"> • Informs the Commissioner and Comptroller of total estimated catastrophic losses and potential reinsurance recoveries, and updates them with changes to estimates. • Communicates with bond and other legal counsel as to proper processes in statute and plan of operation for post- incident securities issuance. • 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.
Exhibits, or Related Documents	Exhibit 19 “Sources of Funding - Single Storm” and Exhibit 20 “Sources of Funding – Hurricane Season.”
Additional Information	Note that Exhibit 20 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). Exhibits 19 and 20 include 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*





3.12 Track Losses and Reserve Adequacy

Objective 3.12	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>Underwriting</p> <ul style="list-style-type: none"> • Conducts quarterly reserve reviews and estimates incurred but not reported (IBNR). • Calculates potential funding needs and assists in communications to stakeholders. • Monitors reported losses, payment projections, and reserve adequacy. • Reports on expected cash flows and ultimates, and key projected financial metrics attached for TWIA and TFPA. • Serves as a resource to Claims for template catastrophe reserving. <p>Claims</p> <ul style="list-style-type: none"> • Segments losses based on whether the claim is residential or commercial. • Segments residential losses as non-complex, complex or multiple locations/buildings. • Works with actuary and General Manager on volume, severity, complexity of reported losses, expected losses and status of plan implementation. <p>Accounting and Finance</p> <ul style="list-style-type: none"> • Manages and projects cash flow
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

Objective 4.1	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>Underwriting recommends to General Manger the deactivation of "CAT Mode" and the restoration of normal insurance application procedures in impacted counties.</p> <p>General Manager decides whether to deactivate "CAT mode," and alerts executive leadership team.</p> <p>Underwriting</p> <ul style="list-style-type: none"> • Notifies IT to deactivate "CAT Mode" in Notus, according to the procedures documented in the <i>Storm Mode User Guide</i>. • Notifies IT to deactivate "CAT Mode" in the CGI Agent Portal. • Notifies Communications and Legislative Affairs to place "Normal Processing Mode" Agent Bulletin on TWIA Website. <p>Communications and Legislative Affairs</p> <ul style="list-style-type: none"> • Oversees taking down the "CAT mode banner" on the website. • Reports to Texas Legislature and TDI on TFPA /TWIA's restoration of normal insurance procedures in impacted counties. • Prepares agent bulletin and email to send TWIA/TFPA agents information on restoration of normal submission procedures, offsite office closings, restating agent binding authority, and claim reporting procedures. <p>Underwriting</p> <ul style="list-style-type: none"> • Coordinates with Communications and Legislative Affairs for approval of agent bulletins, posting of bulletins to website, and sending emails. • Advises staff of return to normal processing guidelines. <p>IT</p> <ul style="list-style-type: none"> • Deactivate "CAT Mode" in Notus, according to the procedures documented in the <i>Storm Mode User Guide</i>. • Deactivate "CAT Mode" in the CGI Agent Portal.
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	

4.2 Communicate with Public and External Stakeholders

Objective 4.2	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"> To operate transparently through open communication with stakeholders. To ensure a quality customer service experience.
Participants	Communications and Legislative Affairs
Action Plans	<p>Communications and Legislative Affairs determines whether to:</p> <ul style="list-style-type: none"> Run full-page “After the Storm” newspaper ads with claims process and contact information. Run radio ads with claims process and contact information. Send press release to follow up with media in affected areas. Offer interviews with TWIA/TFPA to key reporters regarding insurance issues. Craft and post “After the Storm” message for publication on the TWIA/TFPA websites. Post “After the Storm” information on social platforms (Facebook, Twitter). Host outreach events in affected areas.
Exhibits, or Related Documents	
Additional Information	
Compliance	
QA or Testing	



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

Objective 4.3	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>Claims</p> <ul style="list-style-type: none"> • Communicates with Rentsys Recovery Services to release mobile office units and equipment, when they are no longer needed. • 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. • Confirms completion of final site clean-up. • Coordinates the tear-down plans and release of equipment, ensuring site is left clean in the case of a Basecamp temporary housing scenario. • Coordinates check out protocols in the case of hotel lodging. • Oversees return of rental cars, when they are no longer needed. • Coordinates with Communications & Legislative Affairs on closures. <p>Facilities</p> <ul style="list-style-type: none"> • Works with Claims to inventory company equipment and supplies. • Works with Claims to collect all documents, including handbooks, policies, forms, and brochures. • Communicates with Agility Recovery’s ReadySuite service to release off-site office space when it is no longer needed. • Communicates with security vendors release off-site office services when they are no longer needed. <p>Communications and Legislative Affairs 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

Objective 4.4	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>IT</p> <ul style="list-style-type: none"> • Works with Rentsys to deactivate systems technology for mobile claims center. • Deactivates excess phones. • Inventories computers, extra monitors, and supplies such as toner. • Returns excess, mistakenly ordered, or faulty equipment if applicable. • Returns any equipment taken from training rooms and reconciles supplies. <p>Facilities</p> <ul style="list-style-type: none"> • Deactivates security badge for contractors. • Inventories and reconciles supplies (e.g., chairs, workstations, and storage). • Evaluates actual demand on workspaces, supplies, and equipment to determine changes to supply planning. • Communicates with security services to restore pre-CAT status. • Communicates with food and drink vendor services and cleaning services to restore pre-CAT status. • Communicates to restore parking to pre-CAT status. <p>Claims 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

Objective 4.5	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, All Departments
Action Plans	<p>Claims</p> <ul style="list-style-type: none"> • Participates in Association debriefs after response efforts. • Gathers feedback from units that worked with vendors, contractors, and service providers for recommendations on improvements to be made. • Conducts surveys to rank vendors by degree of performance. • Assigns Department personnel to evaluate the observations and recommendation. • Schedules Department meeting to discuss recommendations, and plan changes. • Sends report to General Manager within 30 days of response efforts. <p>Facilities and Human Resources</p> <ul style="list-style-type: none"> • Participate in Association debriefs after response efforts. • Conduct surveys to rank vendors by degree of performance. • Assign Department personnel to evaluate the observations and make recommendations. • Schedule Department meeting to discuss recommendations. • Schedule Department meeting to discuss recommendations, and plan changes. • Send report to General Manager within 30 days of response efforts. <p>All Departments</p> <ul style="list-style-type: none"> • Evaluate compliance of vendors, contractors, and service providers with agreements and assess need for any resulting amendments, terminations, or new agreements.
Exhibits, or Related Documents	
Additional Information	
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"> To compel Enterprise resources to identify strengths and weaknesses. To ensure a process is in place so the value of lessons learned is not lost.
Participants	All Departments
Action Plans	<p>All Departments ensure awareness and compliance with the CAP including:</p> <ul style="list-style-type: none"> Assigning Department personnel to evaluate the observations and recommendations. Documenting activities or findings into after action report format and file with designated CAP manager. Participating in Association debriefs after response efforts. Scheduling Department-wide meeting to discuss recommendations. Participating in Enterprise feedback sessions for a full review with all key players within several weeks of the incident. <p>Claims</p> <ul style="list-style-type: none"> Creates an After Action Report with all documented issues to assess product, services and future recommendations. 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.
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>All Departments Assist with development and execution of test, training, and exercises (TTE), including:</p> <ul style="list-style-type: none"> • System tests – Performance, Scalability, Reliability, and Functionality. • Procedures tests – Claims and non-Claims • Discussion-based exercises (e.g., Seminars, Workshops, Tabletop, and Games) • Operations-based exercises (e.g., Drills, Functional, and Full-scale) • Training: Leadership - by plan roles and responsibilities • Training: All Staff – for roles and responsibility • Training: Desire is to include cross-training where possible especially for mobile or remote workers • Controls- Process and analytics for plan compliance and testing
Exhibits, or Related Documents	
Additional Information	
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
5/25/16	CAT Plan Update Team, David Williams, Vice President	Inclusion of After Action Report Items

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.
 - In the case of DR/BC activation, remain alert for department-level instructions for recovery.

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

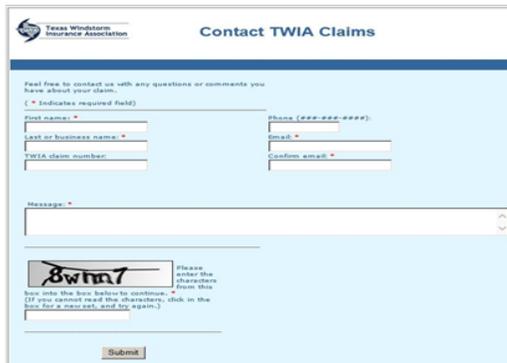
When receiving an errant phone call during a catastrophe, please provide direct customer service. If the insured has filed a claim, use the **online contact form** to submit an inquiry. If the insured has not submitted a claim, use the **claim reporting tool**. The instructions below outline how to submit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

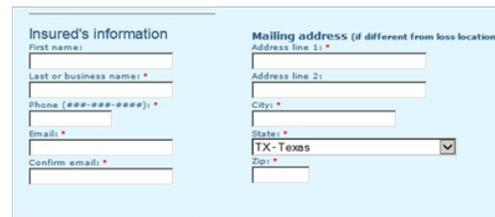
5. Record your name, and the “Description of Loss.” Your name helps to identify how the FNOL came in. For the description, take notes on the location(s) of damage. Ex: “Shingles on ground in back of house. Roofer found hail hits. Interior leaks in living room and master bedroom closet. Tree impact on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

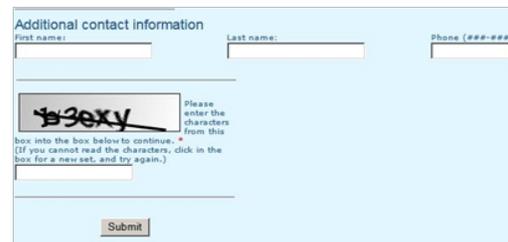
8. Insured’s mailing address. Only required if the mailing address is different from the loss location.



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 1st 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.