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TEXAS WINDSTORM  
INSURANCE ASSOCIATION

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# Assumption Reinsurance Depopulation Program

Annual Process



## Annual Process for the Assumption Reinsurance Depopulation Program

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### Summary Timeline

<b>Carrier Period</b> (August & Prior)	<ul style="list-style-type: none"><li>• Rates filed with and forms approved by TDI</li><li>• Carriers provide all required information to TWIA and TDI</li><li>• Authorized by TDI</li><li>• Review TWIA data</li><li>• Identify policies for depopulation</li><li>• TWIA reviews total offers for financial impact</li></ul>
<b>Agent Period</b> (September - October)	<ul style="list-style-type: none"><li>• Contract with participating carriers</li><li>• Review and approve or reject offers</li><li>• Additional financial review by TWIA</li></ul>
<b>Pre-Offer Period</b> (November)	<ul style="list-style-type: none"><li>• TWIA completes financial analysis</li><li>• Carriers execute assumption agreements</li><li>• Offer letters mailed for 12/1 receipt</li></ul>
<b>Opt Out / Reinsurance Period</b> (December - May)	<ul style="list-style-type: none"><li>• Policyholders notified of depopulation by TWIA and carriers</li><li>• Policyholders able to opt out and remain with TWIA</li><li>• Carriers act as reinsurers to TWIA during period, and will collect earned premiums net of operating costs and any claims for any policies that do not opt out</li></ul>
<b>Assumption</b> (June 1)	<ul style="list-style-type: none"><li>• All policies that have not opted out are assumed by the participating carriers as of 6/1</li><li>• Assumed policies renewing between 6/1 and 7/31 will be renewed once on the TWIA form</li><li>• Assumed policies renewing on or after 8/1 will be renewed by the participating carrier on its policy form</li></ul>



## Annual Process

Date	Milestone	Details
<b>Monthly</b>	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; however, official Assumption Reinsurance data set available 7/15.)
<b>4/1</b>	Deadline for carriers to apply to TDI for authority to write	Carriers not yet authorized to write business in Texas should apply to TDI for a certificate of authority no later than 4/1.
<b>5/1</b>	Carriers file rates and forms with TDI	TDI reviews rate and coverage comparability 5/1 – 7/31.  Carriers file with TDI forms, rates and rating rules, or submit a supplemental “reference” filing if company will use forms and/or rates already on file. Filing must include information required under 28 TAC §5.4302(e).  Note: before a carrier may make an assumption reinsurance offer, TDI must find that the participant’s approved forms and filed rates are generally comparable to TWIA’s.
<b>5/1</b>	Carriers file with TDI required financial information	TDI conducts financial review of carriers 5/1 – 7/31.  Note: before a carrier may make an assumption reinsurance offer, TDI must approve the financial capability of the carrier and impose any necessary financial conditions on the carrier.
<b>7/15</b>	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.
<b>8/1 - 8/25</b>	Web portal available to carriers	Authorized carriers will be able to upload selected policies to a web portal during this period.



Date	Milestone	Details
<b>8/31</b>	TWIA Financial Analysis	Initial financial analysis will be performed; if total offers exceed maximum depopulation threshold, offers will be reduced pro-rata by TWIA.
<b>9/1 - 10/31</b>	TWIA depopulation website available to producers	<p>TWIA agents will be able to view and approve or reject any offers on their policies.</p> <p>(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.)</p>
<b>11/10</b>	TWIA 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.
<b>11/20</b>	Assumption / reinsurance agreements to carriers	TWIA will notify each company of approved offers and provide an assumption / reinsurance agreement for those policies.
<b>11/28 – 12/1</b>	Notice of Offer Letters to Policyholders	<p>Depopulation carriers will notify affected policyholders of assumption offer.</p> <p>TWIA will notify affected policyholders separately.</p>
<b>12/1 - 5/31</b>	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>



Date	Milestone	Details
<b>12/1 - 5/31</b>	Opt out period for policyholders	Policyholders able to opt out of depopulation during this period; opt outs processed through the TWIA depopulation website.
<b>5/10</b>	Notice of Assumption and Certificate of Assumption	TWIA will provide Notice of Assumption and carriers will provide Certificate of Assumption to policyholders who have not opted out.
<b>6/1</b>	Assumption of TWIA policies by depopulation carriers	Remaining policies will be assumed by depopulation carriers on June 1. TWIA will continue issuing renewals on policies effective through July 31. Depopulation carriers will begin issuing policies directly for policies effective on or after August 1. Depopulation carriers are required to offer three renewals on policies effective on or after August 1.  Claim services will be handled by the depopulation carrier.



## Electronic Information Repository Data Fields

- (1) Policy Expiration Date;
- (2) Policy ID;
- (3) Policy Holder Name;
- (4) Mailing Address;
- (5) Item Number;
- (6) Item Description;
- (7) Premium;
- (8) Structure Coverage Amount;
- (9) Contents Coverage Amount;
- (10) Deductible;
- (11) Coinsurance;
- (12) Construction Type;
- (13) Roof Type;
- (14) Total Area;
- (15) Stories;
- (16) Risk Location Address;
- (17) City;
- (18) County;
- (19) Zip;
- (20) Occupancy;
- (21) Primary/Secondary;
- (22) Replacement Cost;
- (23) Cash Value;
- (24) Companion Policy Type;
- (25) Wind Driven Rain;
- (26) Companion Policy Provider;
- (27) Construction Date;
- (28) Addition Date;
- (29) Re-Roof Date;
- (30) Re-Roof Description;
- (31) Repair Date;
- (32) Repair Reason;
- (33) Increased Cost of Construction;
- (34) Contents Replacement Cost;
- (35) ACV Roof Endorsement;
- (36) WPI-8 Waiver;
- (37) Location of Risk;
- (38) Building Code;
- (39) Building Code Credit Type;
- (40) Mortgage;
- (41) Agent Name
- (42) Agent Phone Number;
- (43) Agent Address;
- (44) Policy Type;
- (45) Class Code;
- (46) Structure Value;
- (47) Structure Deductible;
- (48) Appurtenant Structures Coverage Amount;
- (49) Appurtenant Structures Value;
- (50) Appurtenant Structures Deductible;
- (51) Contents Value;
- (52) Contents Deductible;
- (53) Additional Living Expense (ALE) Coverage Amount;
- (54) Business Interruption (BI) Coverage Amount;
- (55) List of Endorsements;
- (56) Claim - Loss Date;
- (57) Claim - Report Date;
- (58) Claim - Loss Paid;
- (59) Claim - ALE Paid;
- (60) Claim - BI Paid;
- (61) Claim - Adjustment Expense Paid; and
- (62) Claim - Closed Date.