



PORTCORPUS CHRISTI

RESOLUTION OPPOSING TEXAS WINDSTORM INSURANCE ASSOCIATION RATE INCREASE

WHEREAS, the Port of Corpus Christi Authority of Nueces County, Texas (PCCA), and neighboring coastal cities were severely impacted by damages caused by Hurricane Harvey on August 25, 2017, and continues to struggle with the Covid-19 pandemic; and

WHEREAS, Governor Greg Abbott first issued a disaster declaration on March 13, 2020, and renewed the declaration on August 8, 2020, for all counties in the state; and

WHEREAS, our Coastal Bend community is experiencing economic distress during the pandemic; therefore, prospective industry investment to the region will be affected by increased construction costs and higher premiums making it difficult for new developments to commit to the area; and

WHEREAS, Texas Windstorm Insurance Association's (TWIA) rapidly rising rates are also creating a serious hindrance to economic development along the Texas Gulf Coast; and

WHEREAS, the TWIA Board of Directors appointed an Actuarial Committee to conduct a thorough examination of rates and make a recommendation to the full TWIA Board concerning rates and the Actuarial Committee voted on December 1, 2020, to make no changes to current rates and requested additional studies should be conducted before a rate increase is considered;

WHEREAS, the TWIA Board on December 8, 2020, voted to increase TWIA rates by five percent despite the board agenda containing no specific agenda item relating to such a vote;

NOW THEREFORE BE IT RESOLVED, that the Port Commission respectfully requests that the Governor of the State of Texas, Greg Abbott use his authority under his disaster declaration to abate any rate increase on TWIA policyholders until the Legislature has the opportunity to examine needed reforms during the 87th Texas Legislative Session.

ADOPTED this the 15th day of December 2020, by the Port Commission of the Port of Corpus Christi Authority of Nueces County, Texas.



Charles W. Zahn, Jr.
Port Commission Chairman



Independent Insurance Agents of Texas

December 1, 2021

Texas Windstorm Insurance Association
5700 S. MoPac Expy Building A
Austin, Texas 78749

Re: Agent Commission discussion

Dear TWIA Board,

My name is Lee Loftis, and I am Chief Legislative Officer for the Independent Insurance Agents of Texas (IIAT). I am writing today to provide clarification to some misinformation that has been provided in a previous TWIA Board meeting as well as an Actuarial Committee meeting about agent commissions.

It has been expressed that agents' commissions paid by the standard or voluntary markets is 10%. This may be the case for some insurance companies, but it is not consistent with what is paid to independent insurance agents. I have provided TWIA with copies of rate filings made by three independent insurance companies who write a significant amount of homeowners business in Texas. The commissions are a required part of every rate filing and can be found on the Texas Department of Insurance website and is available information for anyone to review.

As you will see, the three companies commission rates range from 15.4% to 17.1%, which is inline with what is being paid by TWIA currently. As well as hoping to correct previously reported commission rates, it is important to look at total expense ratios as a whole, rather than segmenting pieces of the expense ratio to fit ones argument. Companies often report their expense ratio, of which commissions is one part. Depending on the amount of work done by the company vs what is expected of the agent, the expense ratios can vary by segment, but usually do not vary greatly when viewed in total. It only makes sense that work offloaded to the agent, lessens the cost on the company or in this case, TWIA.

Thank you for the opportunity to provide you with documentation of what agents receive from their standard markets and I am happy to discuss this further with you at any time.

Regards,

Lee Loftis

IIAT Chief Legislative Officer

TEXAS QUANTUM HOMEOWNERS 2.0
TRAVELERS PERSONAL INSURANCE COMPANY
Expenses and Permissible Loss & LAE Ratios

<u>Fixed Expense</u>	
(1) Other Acquisition	2.6%
(2) General Expense	6.1%
(3) Installment Fees	-0.6%
(4) Total Fixed Expense = (1) + (2) + (3)	8.1%
<u>Variable Expense</u>	
(5) Commissions	15.4%
(6) Taxes, Licenses and Fees	2.3%
(7) Disallowed Expenses	-0.1%
(8) Total Variable Expense = (5) + (6) + (7)	17.6%
(9) Profit Margin	9.8%
(10) Permissible Loss, LAE and Fixed Expense Ratio = $100\% - (8) - (9)$	72.6%
(11) Permissible Loss & LAE Ratio = $100\% - (4) - (8) - (9)$	64.5%

Notes:

Quantum Homeowners 2.0 Introduced 08/19/2018, data not available
Expenses and Profit Provision: 12/26/2020 Quantum Homeowners filing
Exhibit 13 represents the Writing Companies for Quantum Homeowners

Chubb Group
Homeowners Filing

Development of Profit Provision

C Commission/Brokerage	17.1%
OG General & Other Acquisition	8.3%
t Taxes, Licenses, Fees	1.9%
UWP Pre Tax Profit from UW	10.0%
Re Reinsurance	2.3%
PLR Permissible Loss & LAE Ratio	60.4%
Total	100.0%

Financial Calculations

	Pre Tax	Post Tax	Post Tax Formulas
Profit from UW	7.5%	6.0%	(S/E) (1.0-TaxU) [(P/S) (UWP)]
Profit from II on PH Funds	1.0%	0.8%	(S/E) (1.0-TaxI) [(P/S) (Y) ((LRes*PLR)+PRes-AgBal)]
Profit from II on SU Funds	3.4%	2.8%	(S/E) (1.0-TaxI) [(Y)]
Profit Total = ROE (% Equity)	12.0%	9.6%	Sum
Profit from UW	10.0%	7.9%	(1.0-TaxU) [UWP]
Profit from II on PH Funds	1.4%	1.1%	(1.0-TaxI) [(Y) ((LRes*PLR)+PRes-AgBal)]
Operating Income (% EP)	11.4%	9.0%	Sum

Variables

			Support
Ratio Premium to Surplus	0.754	P/S	Exhibit 8.4
Ratio Surplus to Equity	1.000	S/E	Exhibit 8.4
Asset Yield Ratio (Pre Tax)	3.4%	Y	Exhibit 8.6
Income Tax Rate UW Income	21.0%	TaxU	Given
Income Tax Rate INV Income	17.4%	TaxI	Exhibit 8.6
UW Profit Provision (Pre Tax)	10.0%	UWP	Selected
Loss Reserves (% Loss)	0.449	L Res Ratio	Exhibit 8.5
UPR Reserves (% EP)	0.372	P Res Ratio	Exhibit 8.5
Agent Bal's (% EP) deduction	0.249	Ag Bal Ratio	Exhibit 8.4

Safeco Insurance
Homeowners
Texas
Projected Expenses
(As Percent of Earned Premium)

Dwellings			
	Total	Variable	Fixed
Commissions	15.4%	15.4%	0.0%
Other General & Acquisition	6.8%	0.1%	6.7%
Tax	2.0%	2.0%	0.0%
Profit	17.1%	17.1%	0.0%
Contingency	1.0%	1.0%	0.0%
Total Expense Ratio	42.3%	35.6%	6.7%
Total Trended Expense Ratio	42.3%	35.6%	6.7%

Calculation of Annual Fixed Expense Ratio Trend Factor	
Projected Annual Fixed Expense Ratio Trend	1.000
Average Date of Experience Period	1/1/2017
Average Fixed Expense Incurred Date Under Proposed Rates	11/9/2021
Length of Trend Period in Years	4.9
Fixed Expense Ratio Trend Factor	1.000

Expense as % Premium	2015	2016	2017	2018	Selected
Commissions	16.7%	14.9%	15.6%	14.2%	15.4%
General * & Acquisition	6.9%	7.4%	6.9%	5.8%	6.8%
Expense as % Loss	2015	2016	2017	2018	Selected
Loss Adjustment Expense	12.2%	6.7%	12.5%	16.5%	12.0%

* The selected general expense provision does not exceed 110% of the industry median in ordinance with Section 2251.002 (1).

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 11:52 PM
To: PublicComment
Subject: No TWIA Rate Hike

Texans cannot afford another rate hike!

NO TWIA RATE HIKE!!

[Texas Real Estate Commission Information About Brokerage Services](#)



Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 6:39 PM
To: PublicComment
Subject: No Rate Hike

No Rate Hike

Thank you

[REDACTED]

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 4:27 PM
To: PublicComment
Subject: "No Rate Hike"

No Rate Hike
Sent from my iPhone

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 4:07 PM
To: PublicComment
Subject: Rate Hike

I am a homeowner in Nueces County since 2004. I will literally have to sell my house and move if there is a rate hike for windstorm.....or any other taxes, for that matter. An increase would mean moving out of the school district that my children are currently attending. A rate hike would cause me and my family a financial hardship that I/we can't tolerate.

Thank you for allowing the public to comment on the potential hike.

[REDACTED]
Corpus Christi, Texas 78412

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 3:29 PM
To: PublicComment
Subject: NO RATE HIKE!

NO RATE HIKE!

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[Texas law requires all license holders to provide the Information about Brokerage Services form to prospective clients.](#)

[TREC Consumer Protection](#)



Load my iPhone app and start your search on the go:



Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 3:29 PM
To: PublicComment
Subject: Twia Board Meeting

I am against any windstorm rate increase by the TWIA Board of Directors and ask that the increase passed at your last meeting be reversed.

[REDACTED]
Port Aransas, Texas

Sent from my iPhone

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 1:59 PM
To: PublicComment
Subject: NO RATE HIKE!!!!

NO RATE HIKE!!!!!!

[REDACTED]

Island Residents

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 1:56 PM
To: PublicComment
Subject: No Rate Hike

Dear Chairman Chandra Franklin-Womack,

I respectfully request that the Texas Windstorm Insurance Association (TWIA) Board reverse it's August, 2021 decision to increase residential and commercial rates by five percent.

I urge you not to consider any rate escalation for coastal policyholders, residents, and business at this time. Such an increase during an unprecedented season of economic distress causes additional and cruel financial burden on coastal residents and business owners.

Once again, I respectfully reiterate opposition to any rate increase on TWIA policyholders and request that the Board take all necessary action to overturn its prior decision.

Sincerely,

[REDACTED]

This email and any attachments are confidential and are intended solely for the use of the named addressee. If you have received this email in error please contact the [REDACTED]

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 12:26 PM
To: PublicComment
Subject: Please NO TWIA RATE HIKE

Respectfully,

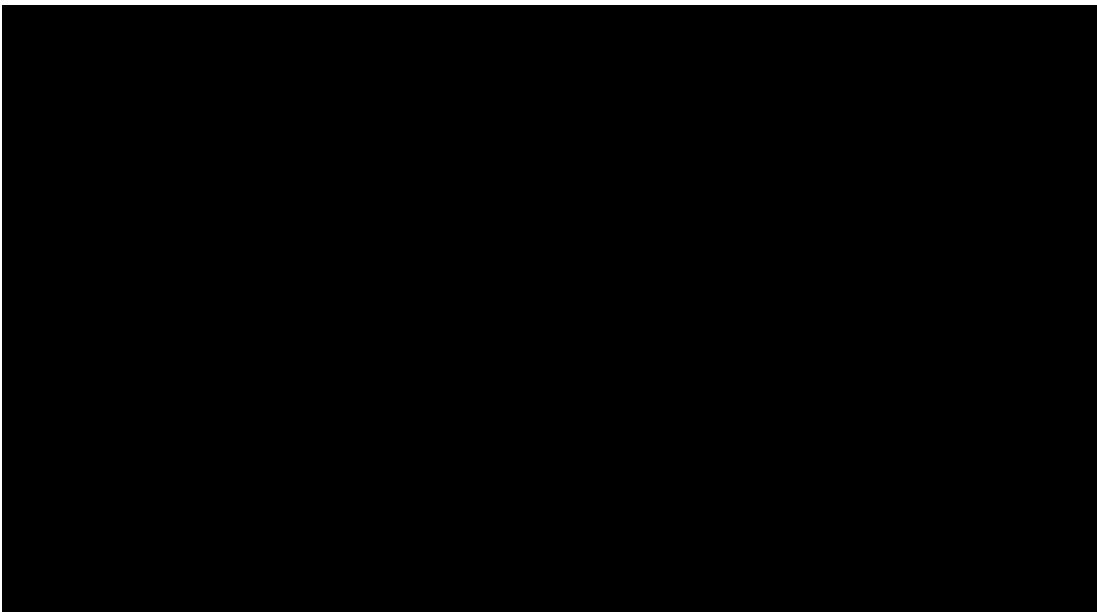
Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 12:12 PM
To: PublicComment
Subject: No TWIA Rate Hike

Good afternoon,

I understand that the TWIA Board approved a 5% rate increase during the August 2021 meeting and will be reconsidering this decision at the next Board meeting. I'm sending this message to share my position that I'm against any rate hikes, especially those that unfairly allocate these rates onto those living in the coastal communities, such as this one. Please vote against this rate hike!

Thank you,



Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 11:47 AM
To: PublicComment
Subject: NO RATE HIKE

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 11:47 AM
To: PublicComment
Subject: No rate hike. Reverse Aug rate increase, please!

Sent from [Mail](#) for Windows

Wire Fraud is Real

Before wiring any money, call the intended recipient at a number you know is valid to confirm the instructions. Additionally, please note that the sender does not have authority to bind a party to a real estate contract via written or verbal communication.

Public Comment

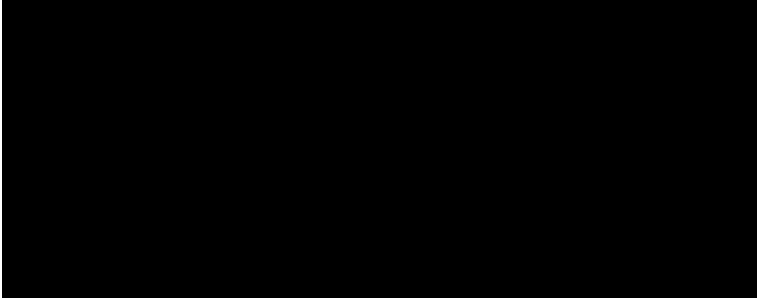
From: [REDACTED]
Sent: Wednesday, December 1, 2021 10:07 AM
To: PublicComment
Subject: No Rate Hike

These last couple of years have been financially stressful for so much of our population that it is personally insulting to consider carrying over the August decision. Life in general has been so disrupted and we keep wondering when will life be “normal” again and “how much more can we take”. Do your part and strike down the August decision for the 5% increase and allow us to continue in our recovery.

Thank you,
[REDACTED] Proud Citizen of Corpus Christi, TX

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 9:57 AM
To: PublicComment
Subject: NO RATE HIKE!



Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 9:54 AM
To: PublicComment
Subject: No Rate Hike

No Rate Hike on TWIA

[REDACTED]
Corpus Christi, TX
78418

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 9:51 AM
To: PublicComment
Subject: NO RATE HIKE

I do not want the rate increased.

[REDACTED]
Corpus Christi, TX 78415

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 9:40 AM
To: PublicComment
Subject: No Rate Hike!!!

Please, No Rate Hike! -

Sent from [Mail](#) for Windows

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 9:32 AM
To: PublicComment
Subject: NO RATE HIKE by 12:00pm on Friday, December 3rd

NO RATE HIKE by 12:00pm on Friday, December 3rd

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 9:16 AM
To: PublicComment
Subject: NO RATE HIKE

Please count this as a big fat **NO** for my vote on any rate hike proposals.

I am still not over the very poor service I received from TWIA, while recovering from Hurricane Harvey in 2017.

The amount of money I received did not cover necessary repairs, and the service I received from my case manager

was despicable. She never once took and of my phone calls, nor returned any of my phone calls.

When TWIA proves it has made any improvements in service, I'll vote accordingly.

Respectfully,

[REDACTED]

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 9:12 AM
To: PublicComment
Subject: Windstorm

No rate hike!

[Sent from Yahoo Mail for iPhone](#)

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 9:11 AM
To: PublicComment
Subject: NO RATE HIKE

The Coastal Bend area already suffers enough having to pay the steep price for TWIA. It makes home ownership difficult for millennials like myself unaffordable. Communities will perish without the next generation.

Millennials are leaving this area for places with more obtainable housing- do you want this trend to continue?

No rate hike!

Public Comment

From:

Sent:

To:

[REDACTED]
Wednesday, December 1, 2021 9:11 AM

PublicComment

Wind insurance rates are already not competitive with other states. As a previous resident of Florida, I can tell you personally that the cost of this particular insurance is onerous as it currently is.

Any rate increase would be both unreasonable, and incredibly difficult for people of moderate means to bear.

Regards,

[REDACTED]

Sent from my iPad

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 9:10 AM
To: PublicComment
Subject: No Rate Hike

No Rate Hike



Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 9:07 AM
To: PublicComment
Subject: NO RATE HIKE

NO RATE HIKE

Get [Outlook for iOS](#)

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 9:08 AM
To: PublicComment
Subject: NO RATE HIKE

NO RATE HIKE

[REDACTED]

Public Comment

From:

Sent:

To:

Wednesday, December 1, 2021 9:05 AM

PublicComment

No Rate Hike

Sent from my iPhone

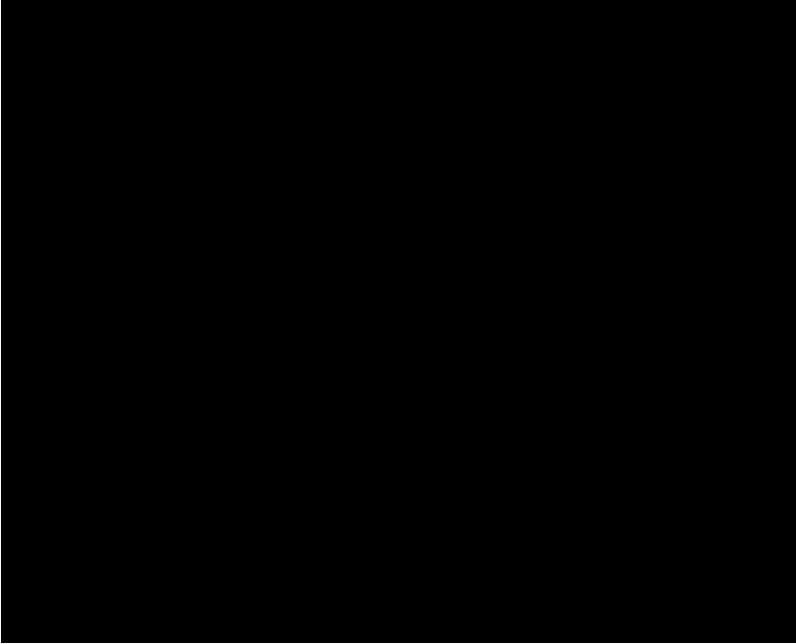
Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 8:57 AM
To: PublicComment
Subject: Proposed Rate Increase

Good morning,

I would like to express my personal plea opposing the 5% TWIA rate increase for windstorm coverage. The current costs are quite high, and a 5% increase would make them potentially cost prohibitive for a lot of coastal area citizens. The impact on homeowners, as well as the real estate market, could be detrimental.

Thank you for your consideration.



Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 8:56 AM
To: PublicComment
Subject: No Rate Hike

Please vote for No Rate Hike to TWIA consumers this year.

Get [Outlook for iOS](#)

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 8:45 AM
To: PublicComment
Subject: No rate hike

TWIA should not raise the rates on windstorm insurance.
I am on a fixed income, and I can't afford any new expenses.
Inflation is burning up in any extra cash that I have.
I worked hard all my life, and now I am just barely getting by.
Please don't raise the rates.

Thank you,

[REDACTED]
Corpus Christi

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 8:43 AM
To: PublicComment
Subject: NO RATE HIKE

I am saying NO to a rate hike.



TEXAS WINDSTORM
INSURANCE ASSOCIATION

Email: PublicComment@



Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 8:40 AM
To: PublicComment
Subject: NO Rate Hike

NO RATE HIKE!

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 8:36 AM
To: PublicComment
Subject: NO RATE HIKE

Good morning,

I was made aware this morning of an upcoming meeting on Dec 7th here in Corpus Christi to discuss the 5% rate hike from August. Unfortunately, I will be unable to attend the meeting, but I wanted to share my concerns with being able to afford the continued increased in TWIA rates. I know that I am not alone in my desire to pay less, but the insurances needed to live here make it almost unaffordable to own or rent property. Please consider people like me, and those less fortunate, that simply can't afford a rate hike.

Best,
[REDACTED]

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 8:26 AM
To: PublicComment
Subject: No rate hike

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 8:24 AM
To: PublicComment
Subject: No Rate Hike

No Rate Hike - Windstorm rates are already at an alltime high. We cannot afford a rate hike.

Sincerely,

Public Comment

From: [REDACTED]
Sent: Wednesday, December 1, 2021 8:22 AM
To: PublicComment
Subject: NO RATE HIKE

NO RATE HIKE

Public Comment

From: Agent Services
Sent: Wednesday, December 1, 2021 8:05 AM
To: Communications
Subject: FW: New TWIA submission from TWIA-Contact

From: notify@noreply.twia.org <notify@noreply.twia.org>
Sent: Wednesday, December 1, 2021 7:13 AM
To: Agent Services <agentservices@TWIA.ORG>
Subject: New TWIA submission from TWIA-Contact

First Name

[REDACTED]

Last Name

[REDACTED]

Email

[REDACTED]

Phone

[REDACTED]

Best Time to Call

Morning (7am - 12pm)

Subject

Commissions

Message

As a resident of Ingleside, TX I am opposed to the proposed 5% rate hike and respectfully request all Board members to vote

[REDACTED]

Public Comment

From: [REDACTED]
Sent: Tuesday, November 30, 2021 2:58 PM
To: PublicComment
Subject: NO to TWIA Tax Increase!

I have lived on the Gulf Coast in Corpus Christi for over 40 years. I am a constituent that pays taxes and insurance for my properties and I'm begging you to vote NO to a TWIA rate hike! It will have a negative affect on the gulf coast communities decreasing opportunities for residents to attain affordable housing.

Thank you,

[REDACTED]

Corpus Christi, 78418