



STATE *of* TEXAS  
HOUSE *of* REPRESENTATIVES

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**Tom Oliverson, M.D.**  
*District 130*

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Mr. David Durden, Executive Director  
Texas Windstorm Insurance Association  
Post Office Box 99090  
Austin, TX 78709-9090

December 11, 2023

Dear Mr. Durden:

I want to begin by thanking you for always making yourself available to discuss matters that directly affect TWIA policyholders and as elected officials who represent thousands of coastal Texans.

I understand during the December 12, 2023, TWIA Board Meeting, there will be an agenda item regarding the possibility of lowering insurance agent commissions. I have heard concerns from those who sell TWIA policies and have some concerns about the ramifications of lowering commissions.

**1. Fewer insurance agents selling TWIA.**

If selling TWIA policies were no longer profitable, agents would be justified in no longer offering that product to their customers. I imagine they would focus their sales efforts on insurance products with more competitive and higher commissions.

The end result would be fewer agents selling TWIA policies which would lead to delays and difficulties in getting coastal Texans the wind and hail coverage they need.

**2. Customer service would decline.**

With carriers leaving the state and/or simply not offering wind and hail coverage, more coastal Texans are going to need TWIA policies. If agents refuse to sell TWIA, you would be left with a smaller pool of people selling your much-needed product. Customer service would suffer.

When storms hit, TWIA agents—in addition to cleaning up their own mess and making their own TWIA claims—are out in the streets helping their customers. Oftentimes, we see them provide bottled water, supplies, etc. and we know they assist their customers with the claims process.

It would be disappointing to see that customer service erode when and if fewer agents are selling your wind and hail coverage to the thousands of coastal Texans who, quite frankly, are required to have it.



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**3. Same work for less money.**

Commissions on TWIA policies are how insurance agents make a living, support their families, and earn the money they need to operate their agencies. Reducing their commissions would require them to make unfair sacrifices since they would be asked to do the same work for less money.

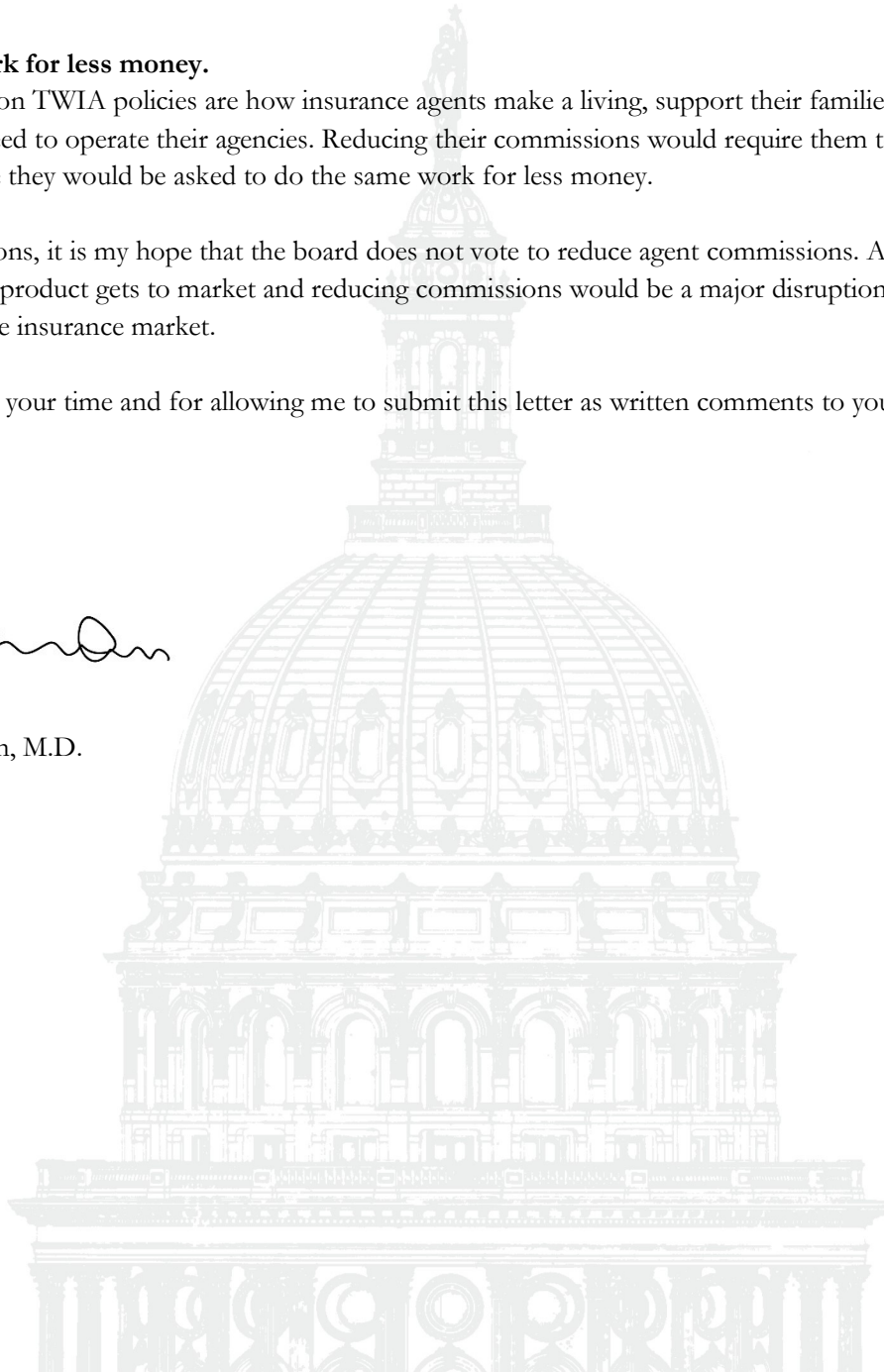
For these reasons, it is my hope that the board does not vote to reduce agent commissions. Agents are the only way your product gets to market and reducing commissions would be a major disruption in what is already a fragile insurance market.

Thank you for your time and for allowing me to submit this letter as written comments to your upcoming meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Oliverson".

Tom Oliverson, M.D.



December 11, 2023

Dear TWIA Board of Directors,

This letter is in response to the recent proposal to reduce commission rates for agents affiliated with the Texas Windstorm Insurance Association (TWIA). The potential reduction from the current 16% to 10% represents a significant 37% decrease in annual income for agencies.

**Continued higher workload** - I have been an insurance agent, and a TWIA agent for the past 11 years. During that time, we have seen some changes within the system, many changes for the better. However, these changes have not decreased the amount of time that the agencies spend on TWIA. Agencies continue to experience significant additional work compared to other carriers we do business with because of the unique characteristics of TWIA including the eligibility requirements and mandated legislative changes. This was noted in ITS study. At renewal, 43% of agents said the difficulty was about the same, while a whopping 42% of agents claimed it was more difficult. Only 15% of agents said working renewals were easier. Those statistics do not justify a commission reduction.

Please consider the following. Working with TWIA and the systems associated takes time. Time that my staff is compensated for in their workday. Many tasks take longer with TWIA than other carriers. For example, there are some self-service options now for customers that were not available before. However, not all customers want self-service options. Many customers want their agents to take care of these things for them. So not only are we completing the tasks for them that they could be doing on their own, but we are also deescalating them due to the frustration that it causes. If we are close to the policy renewal date, we can't make any changes to the policy, including mortgage changes, and we spend time calling TWIA to help sort these things out. More time spent. I continue to bring up specifics and time because if the decrease in commissions moves forward, agency owners will not be able to employ as many people to complete these tasks correctly. I also do not want to leave out the education aspect of what we do. TWIA is very specialized, and agents are the ones who provide consumers education, and reeducation, and then more education again. Agencies will have more of an errors and omissions exposure and our customer experience will not be as favorable.

**Catastrophes** - Catastrophes are a part of business for agents, especially TWIA agents. They are inevitable. I have worked many catastrophes, ranging from smaller storms to larger hurricanes, including Hurricane Harvey. Catastrophes in general provide an excess workload on agencies, but especially when TWIA is involved. Agents are the front lines to help our customers, but also to help TWIA. We are your representatives, and we do a lot of work educating customers about the claims process and serve as liaisons between consumers and TWIA. A consumer going through a catastrophe, especially with TWIA, is better served by us agents.

**Current commission rates inline** - I understand that you have received correspondence from Representative Mary Ann Perez (House District 144) and Representative Ed Thompson (House District 29). The documents, reflecting research conducted by both your staff and the Independent Insurance Agents of Texas, affirm that the current 16% commission on new and renewal business is fair and appropriate compared to similar products. I have also read that TWIA commissions are in line with current Private Market Commission rates which average 14.8%, which is higher than the proposed rate of 10%.

Agencies play a crucial role as liaisons between customers and companies, providing communication on coverage, deductibles, and claims details contributing to an ongoing educational process for policyholders.

My agency is in Friendswood, TX in Galveston County. I have 18 employees, and a 37% commission decrease on TWIA policies would severely impact agency revenue. The current 16% commission adequately compensates my staff for the time and work they spend servicing TWIA policies.

Thank you for your time and truly hearing the agency force in regard to the potential commission change, and the board chooses not to make any changes as it adequately compensates agencies.

Sincerely,

Judy Wiggins  
Agency Owner  
Judy Wiggins Agency  
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