



TEXAS WINDSTORM  
INSURANCE ASSOCIATION

# Legislative & External Affairs Committee Meeting Materials

June 22, 2026

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# Executive Summary

## Biennial Report to Legislature

Texas Insurance Code Section 2210.0025 requires the Texas Windstorm Insurance Association (TWIA) Board of Directors to submit to the Commissioner of Insurance, the Senate Committee on Business and Commerce, the House Committee on Insurance, and the Sunset Advisory Commission “a written report relating to the operations of the association during the preceding biennium.” The report is due on or before December 31 in the year prior to a legislative session and “must include:

- 1) any proposed changes in the laws relating to regulation of the association and a statement of the reasons for the changes; and
- 2) any information regarding association operations or procedures that is requested by the department to be addressed in the report.”

## Materials Overview

The Board of Directors has directed the Legislative and External Affairs Committee (the “LEA Committee”) to develop potential legislative recommendations for inclusion in the 2026 Biennial Report for the Board’s consideration.

This document includes two prior legislative recommendations from the [2024 Biennial Report](#)<sup>1</sup> that were not filed by the 89<sup>th</sup> Legislature, Regular Session (2025), and new topics for the LEA Committee's consideration, submitted by Board members and Association staff.

The LEA Committee will present its final recommendations to the Board for approval, and the completed Biennial Report will be submitted to the Legislature later this year as required by statute.

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<sup>1</sup> Available on TWIA.org ([https://www.twia.org/wp-content/uploads/2024-TWIA-Biennial-Report-to-89th-Legislature\\_Final.pdf](https://www.twia.org/wp-content/uploads/2024-TWIA-Biennial-Report-to-89th-Legislature_Final.pdf))

# Topics for Consideration

Item #	Source	Topic	Description
<b>Items 1 and 2 are legislative recommendations from the 2024 Biennial Report that were not filed by the 89<sup>th</sup> Legislature, Regular Session (2025).</b>			
1	2024 Biennial Report	<b>Multidistrict Litigation</b>	Eliminate or make optional TIC Section 2210.575(e) requiring actions against the Association be presided over by a judge appointed by the judicial panel on multidistrict litigation.
2	2024 Biennial Report	<b>FORTIFIED Home Construction</b>	Consider the feasibility and possible public funding of FORTIFIED home construction and other mitigation programs.
<b>Items 3-6 are new topics for the LEA Committee's consideration, submitted by TWIA staff or Board members.</b>			
3	Proposed by Staff	<b>House Bill 3689 Refinement</b>	Proposed modifications related to state financing arrangements and the statewide policy surcharges used to repay them.
4	Proposed by Board Member	<b>Depopulation Program</b>	Modify aspects of TWIA's Assumption Reinsurance Depopulation Program to encourage participation and the transfer of policies to the private market.
5	Proposed by Board Member	<b>Secondary Home Coverage</b>	Modify the property types eligible for TWIA coverage to require residential policies to be owner-occupied homesteads.
6	Proposed by Board Member	<b>Tort Reform</b>	Consider legislative changes similar to measures passed by the Florida Legislature to address litigation issues impacting insurance costs.

# 2024 Biennial Report Recommendations

The 2024 Biennial Report to the 89th Texas Legislature included the following legislative recommendations, which were not filed during the legislative session. These recommendations have been updated to include more recent information related to the topics.

The legislative recommendation summaries as they appeared in the 2024 Biennial Report are included in *Appendix A*. TWIA's drafted bill language for these recommendations is in *Appendix B*.

## 1 Multidistrict Litigation

**Subject:** Texas Insurance Code (TIC) Section 2210.575(e) requires all suits concerning denied claims to be presided over by a judge appointed by the judicial panel on multidistrict litigation (MDL). However, the statute does not provide a procedure for securing that appointment, and the existing rules on multidistrict litigation (Government Code Section 74.161 et seq.) do not contemplate appointing presiding judges in individual cases. Until recently, no litigant had ever requested an appointment by the MDL panel in the 14-plus years the law has been in effect.

- In *TWIA v. Pruski*, the plaintiff raised this issue in his appeal of a judgment against him. The Corpus Christi Court of Appeals agreed and ruled that all judgments entered without an MDL-appointed judge are void.
- The Texas Supreme Court released its opinion in 2024, reversing the Court of Appeals and agreeing with TWIA that the lack of an MDL-appointed judge does not void a judgment.
- Since then, TWIA has sought to have an MDL-appointed judge in every case. While the first appointment took almost two years, the timeline for appointments has shortened significantly to approximately two weeks, with the MDL Panel consistently appointing the judge who has already been assigned to the cases.
- To date, TWIA has sought appointments in approximately 20 cases, while only one plaintiff's attorney has requested an appointment for a case.

**Possible Solution:** Legislation to eliminate the provision requiring an MDL-appointed judge or make the appointment optional to prevent collateral attacks on settled judgments.

- Eliminating the statute would not prevent TWIA or plaintiffs from requesting an appointment through the Multi-District Litigation Panel designated pursuant to Section 74.161 of the Texas Government Code.
- Modifying or eliminating the statute will benefit TWIA policyholders, their legal representatives, and the Association by removing uncertainty and reducing litigation costs related to this dispute resolution requirement.

## 2 FORTIFIED Home Construction

**Subject:** While compliance with the windstorm building code is required for properties to be eligible for TWIA coverage, the Association does not specifically have any programs associated with FORTIFIED Home construction.

- According to the Insurance Institute for Business & Home Safety’s (IBHS) website, “FORTIFIED is a voluntary, beyond-code construction and re-roofing method that strengthens the parts of homes and buildings most vulnerable to winds and wind-driven rain. FORTIFIED is [also] a nationally recognized building method based on more than 20 years of scientific research and real-world testing by IBHS.”
- More resilient construction can improve the availability and affordability of insurance coverage, reduce community damage and emergency management and disaster recovery resource costs, and lower insurance losses after a catastrophic event.
- Several states, including the coastal states of Alabama, Louisiana, Mississippi, and North and South Carolina, have encouraged FORTIFIED home construction for both new and existing homes through a combination of public grants and policy endorsements covering property upgrades to the FORTIFIED standards.

**Possible Solution:** Consider legislation providing funding support from TWIA revenues, the Catastrophe Reserve Trust Fund (CRTF), the State of Texas, or other sources for FORTIFIED home construction.

- Alternatively, consider expanding the scope of this recommendation to include TWIA incentives or public funding support for all types of wind mitigation efforts, such as retrofitting existing construction with upgraded opening protections, roof attachments, and other certified improvements.
- In the absence of the use of public funding, the Association could be authorized to make funding available for a mitigation program, approved by the Texas Department of Insurance (TDI), from TWIA revenue or the CRTF, in either a flat amount or a percentage of the available funds.

# New Topics

## 3 House Bill 3689 Refinement – Staff Topic

**Subject:** House Bill 3689, passed by the 89<sup>th</sup> Texas Legislature, made significant changes to TWIA’s catastrophic funding structure. As the Association works with TDI, the Comptroller’s Office, and the Texas Treasury Safekeeping Trust Company to implement the bill, the group has identified some statutory provisions that should be modified.

- There is a statutory limit of three years for the repayment of the state financing arrangement through statewide policy surcharges, but the administrative lead time needed to begin the repayment process may not allow for a full three years of surcharge collection.
- If catastrophic losses only exceed the state financing arrangement layer by a minimal amount, the statute still requires the full statewide surcharge repayment process.
- TWIA staff may identify other potential issues following the finalization of TDI rules and any procedures adopted by TDI and the Comptroller’s Office, and/or the Association’s experience using the funding structure following a catastrophic loss event.

**Possible Solution:** Propose one or both of the following modifications to address the statutory issues identified by TWIA staff. These proposals may need to be aligned with or developed in tandem with TDI, the Comptroller’s Office, and the Texas Treasury Safekeeping Trust Company.

- Extend the term of the state financing arrangement to include a period, not to exceed one year, prior to the initiation of the collection of statewide policy surcharges.
- Provide an alternate repayment mechanism (e.g., TWIA premium revenue) for the state financing arrangements less than a specified amount (or at the TDI Commissioner’s discretion).
- TWIA staff may identify other potential solutions to the above-identified or new issues that arise.

## 4 Depopulation Program – Board Member Topic

**Proposal:** Modify the structure of TWIA’s Assumption Reinsurance Depopulation Program (“Assumption Program”) to encourage carrier and agent participation and, under certain parameters, require policyholders to accept offers made through the program or seek coverage in the private insurance market. Proposed changes to the program include:

- **Authorize take-out bonuses paid by TWIA:** Authorize TWIA to pay a bonus, per risk removed, to participating carriers and make it subject to multi-year renewal requirements (e.g., a 3-year required policy renewal and a prorated clawback if canceled early, even if the policyholder moves

on their own).

- *Examples:* \$100 for barrier island risks, \$75 for the first 5 miles inland, \$50 for 5-10 miles inland, and \$25 for 10 miles and above. Or, \$100 for Galveston County, \$50 for Brazoria and Nueces, etc. The bonus would likely be more easily managed through an Administrative Rule or delegated to the Board, so it could be adjusted more regularly in response to our aggregations.
- **Adopt a premium comparability (“20% Rule”) for policyholder eligibility:** Change the current provisions that allow the policyholder to accept the offer. A policyholder becomes ineligible for TWIA renewal if a private (or approved surplus lines) insurer offers comparable coverage at a premium no more than 20% higher than TWIA’s premium. The policyholder is given notice and a short window to choose. Non-response leads to policy assumption. If the policyholder declines, they are ineligible for TWIA coverage for 3 years. If the policyholder doesn’t want to go with the take-out insurer, the window allows them to return to the market and find another private insurer they prefer.
- **Strengthen agent protections:** To protect agents, require the take-out insurer to pay the producing agent the greater of the insurer’s or TWIA’s commission for the first year.
- **Expand participation to approved surplus lines insurers:** Expand the program to allow surplus lines insurers that are approved by TDI to take out non-primary residence and commercial lines risks (with the same 20% premium and approval rules).
- **Consider other states’ depopulation programs:** Specifically, evaluate the factors that led to a significant reduction in policies for Florida’s residual market insurer, Citizens Property Insurance Corporation.

**Background Information:** TWIA’s Assumption Program has been dormant since 2023 due to a lack of carrier interest. Prior to 2023, participation from carriers, agents, and policyholders had steadily declined since the first program round in 2016. In 2022, two carriers who had participated in TWIA’s Assumption Program (Weston and Maison) were placed into receivership, requiring the Association to rewrite more than 12,000 policies previously taken out of TWIA.

Assumption Reinsurance Depopulation Program									
Program Year	2016-17	2017-18	2018-19	2019-20	2021-22	2022-23	2023-24	2024-25	2025-26
Participating Carriers	4	3	2	2	1	1	0	0	0
Policies Selected by Carrier	102,171	109,356	75,039	64,380	32,318	31,959	0	0	0
Agent-Approved Offers	18,047	3,091	3,552	1,866	210	79	0	0	0
Policies Assumed	11,164	1,634	2,093	1,009	125	57	0	0	0

- The Assumption Program seeks to provide TWIA policyholders with alternative wind and hail insurance options in the private market. TWIA provides policy data to participating companies, which then make offers to assume TWIA policies. Participation in the program by insurers, agents, and policyholders is entirely voluntary.
- Due to the decrease in program interest from carriers, agents, and policyholders, TWIA’s [2022 Biennial Report](#)<sup>2</sup> recommended authorizing the Association to activate and deactivate the Assumption Program as necessary according to market fluctuations.
- Other states have state-authorized depopulation programs designed to facilitate the transfer of policies to the private market. Notably, Florida’s residual market reached a peak policy count of 1.42 million in 2023, which has since been significantly reduced due to a combination of legislative reforms and its successful depopulation program.

## 5 Secondary Home Coverage – Board Member Topic

**Proposal:** Modify Chapter 2210 regarding the property types eligible for TWIA coverage to require residential policies to be owner-occupied homesteads.

- The goal of eliminating coverage for secondary homes is to reduce TWIA’s exposures and probable maximum loss.

**Background Information:** As of March 31, 2026, nearly 20% of the residential policies TWIA insures are secondary home properties, amounting to \$19 billion of the Association’s total exposures.

Residential Policy Type	Policies in Force (PIF)	Percent PIF	Avg. Building Limits
Primary	220,240	79%	\$384,710
Secondary	53,620	19%	\$307,572
Other <sup>3</sup>	4,487	2%	\$89,146
<b>Total</b>	<b>278,347</b>		<b>\$336,271</b>

- Nearly 60% of the secondary home properties that TWIA insures are located in Galveston and Nueces Counties.

<sup>2</sup> Available on TWIA.org (<https://www.twia.org/wp-content/uploads/2022-Biennial-Report-to-88th-Legislature-1.pdf>)

<sup>3</sup> Other includes non-dwelling buildings and fixtures such as detached garages, sheds, swimming pools, etc.

Secondary Homes by County		
County	PIF	Avg. Building Limits
Galveston	18,178	\$355,870
Nueces	12,661	\$307,006
Brazoria	5,245	\$288,084
Jefferson	3,974	\$191,495
Cameron	3,964	\$204,087
Aransas	3,378	\$363,529
Calhoun	1,606	\$331,258
Matagorda	1,580	\$274,051
San Patricio	1,543	\$277,382
Chambers	480	\$297,917
Harris	432	\$298,611
Kleberg	256	\$265,625
Willacy	187	\$310,160
Refugio	110	\$263,636
Kenedy	26	\$269,231
<b>Total</b>	<b>53,620</b>	<b>\$307,572</b>

## 5 Tort Reform – Board Member Topic

**Proposal:** Consider legislative changes similar to measures passed by the Florida Legislature to address litigation issues impacting insurance costs.

- The Florida Legislature passed major reforms in 2022 and 2023 designed to decrease litigation costs and curb fraudulent claim practices in the insurance industry, specifically by eliminating one-way attorney fees, banning assignment of benefits, and modifying bad-faith standards.
- The litigation reforms, as well as other law changes that focused on adding reinsurance capacity to the Florida market and made modifications to the structure of Florida’s Citizens Property Insurance Corporation, have improved Florida’s property insurance market.

**Background Information:** The Texas Legislature has passed a number of insurance litigation and tort reform measures over the past two decades to address litigation abuses and their impact on insurance costs.

- House Bill 3 (2011) was passed by the Legislature following Hurricane Ike in response to a large volume of lawsuits filed against TWIA. The bill provided a number of significant reforms to reduce TWIA claim litigation and provided specific judicial remedies for claim disputes, including:
  - Requiring policyholders to file a claim not later than one year from the date the damage occurs,
  - Requiring appraisal for disputes about the amount of a loss, and allowing Alternative

Dispute Resolution (ADR) for denied losses,

- Limiting lawsuits to claims for which TWIA denies the claim in part or in full,
  - Reducing the time in which policyholders could file a lawsuit to two years after TWIA's claim denial and requiring that they notify TWIA of their intent to sue 60 days prior to the filing, and
  - No longer making TWIA subject to Texas Insurance Code Chapters 541 (Unfair Settlement Practices) and 542 (Prompt Payment of Claims Act), and Business Commerce Code Chapter 17 (Deceptive Trade Practices Act).
- The Legislature has also passed more recent bills to address litigation involving weather-related claims that mirror some House Bill 3 changes. These include House Bill 1774 (2017), focused on lawsuit reforms, and Senate Bill 458 (2025), mandating appraisal as an option for dispute resolution. While these bills do not apply to TWIA, they do apply to Texas FAIR Plan claims and insurance carriers statewide.

# Appendix A: 2024 Legislative Recommendations Summaries

## 1 Multidistrict Litigation

**Subject:** TIC Section 2210.575(e) requires all suits concerning denied claims to be presided over by a judge appointed by the Judicial Panel on multidistrict litigation (MDL). However, the statute does not provide a procedure for securing that appointment, and the existing rules on multidistrict litigation (Government Code Section 74.161 et seq.) do not contemplate appointing presiding judges in individual cases. As a result, no litigant has ever requested an appointment by the MDL panel in the 12-plus years the law has been in effect.

- Plaintiff Stephen Pruski raised this issue in his appeal of a judgment against him. The Corpus Christi Court of Appeals agreed and ruled that all judgments entered without an MDL-appointed judge are void.
- The Texas Supreme Court recently released its opinion reversing the Court of Appeals and agreeing with TWIA that the lack of an MDL-appointed judge does not void a judgment.

**Possible Solution:** Eliminate the provision requiring an MDL-appointed judge or make the appointment optional to prevent collateral attacks on settled judgments.

- Eliminating or modifying the requirement would reduce future litigation costs and simplify ongoing litigation.
- Clarifying the procedural rules relating to litigation will benefit TWIA policyholders, their legal representatives, and the Association by eliminating uncertainty around this dispute resolution requirement.
- Alternatively, the Legislature could explore the option of assigning these matters to jurists who are board-certified in insurance law.

## 2 FORTIFIED Home Construction

**Subject:** TWIA does not have any programs associated with FORTIFIED home construction.

- FORTIFIED is a nationally recognized building method that goes beyond building codes to strengthen residential and commercial buildings against specific natural hazards such as high winds and hurricanes. FORTIFIED standards are based on more than 20 years of scientific research and real-world testing by the Insurance Institute for Business & Home Safety (IBHS).
- More resilient construction can improve the availability and affordability of insurance coverage,

leading to less community damage, reduced costs of emergency management and disaster recovery resources, and lower insurance losses after a catastrophic event.

- Other coastal states, notably Alabama and North Carolina, have encouraged FORTIFIED home construction for both new and existing homes through a combination of public grants and policy endorsements covering upgrades to the FORTIFIED home construction standards.

**Possible Solution:** Consider providing funding support from the State of Texas, the CRTF, or other sources for FORTIFIED home construction.

- Alternatively, consider expanding the scope of this recommendation to include TWIA incentives or public funding support for all types of wind mitigation efforts, such as retrofitting existing construction with upgraded opening protections, roof attachments, and other certified improvements.
- In the absence of a request for public funding, implementing this possible solution would not require a legislative change.

# Appendix B: 2024 Legislative Recommendations Bill Language

## 1 Multidistrict Litigation Language

A BILL TO BE ENTITLED

AN ACT

relating to the process for multidistrict litigation for Texas Windstorm Insurance Association.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2210.575, Insurance Code, is amended to read as follows:

Sec. 2210.575. DISPUTES CONCERNING DENIED COVERAGE. (e) If the claimant is not satisfied after completion of alternative dispute resolution, or if alternative dispute resolution is not completed before the expiration of the 60-day period described by Subsection (d) or any extension under that subsection, the claimant may bring an action against the association in a district court in the county in which the loss that is the subject of the coverage denial occurred. An action brought under this subsection ~~shall~~ may be presided over by a judge appointed by the judicial panel on multidistrict litigation designated under Section 74.161, Government Code. A judge appointed under this section must be an active judge, as defined by Section 74.041, Government Code, who

is a resident of the county in which the loss that is the basis of the disputed denied coverage occurred or of a first tier coastal county or a second tier coastal county adjacent to the county in which that loss occurred

SECTION 2. This Act takes effect September 1, 2025.

## 2 FORTIFIED Home Construction Bill Language

A BILL TO BE ENTITLED

AN ACT

relating to a mitigation and preparedness program and a fortified homes program administered by the Texas Windstorm Insurance Association.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter J, Chapter 2210, Insurance Code, is amended by adding Section 2210.456 to read as follows:

Sec. 2210.456. FORTIFIED HOMES PROGRAM. (a) Subject to a plan approved by the commissioner, the association may administer a fortified homes program.

(b) Each year, the association may fund the fortified homes program using money from the catastrophe reserve trust fund not to exceed \$500,000 annually.

(c) The fortified homes program must be designed to:

(1) improve preparedness for windstorm and hail catastrophes; and

(2) reduce potential losses in the event of such a catastrophe.

(d) Money may not be used under this section if the commissioner determines that an expenditure from the trust fund would:

(1) jeopardize the actuarial soundness of the association; or

(2) materially impair the ability of the association to serve the state purposes for which the association was established.

SECTION 2. This Act takes effect September 1, 2025.