Public Comment

From: [redacted]
Sent: Thursday, August 27, 2026 2:23 PM
To: PublicComment
Subject: Strong Opposition to Eliminating TWIA Coverage for Second Homes

Dear TWIA Board of Directors and Legislative and External Affairs Committee,

I strongly oppose the proposal to eliminate TWIA coverage for second homes.

Property owners along the Texas coast already face extremely high insurance costs and significant hurricane-related risks. Removing access to TWIA would unfairly penalize one group of property owners and could seriously impact property values, investment, development, and the economies of our coastal communities.

Financial stability should not be achieved by simply excluding thousands of properties from access to essential windstorm coverage. There are more responsible solutions, including adjusted premiums, deductibles, and risk-based requirements.

I strongly urge the Board to reject this proposal and protect fair access to windstorm insurance for Texas coastal properties.

Respectfully,

[redacted]

[redacted]

Public Comment

From:	The Henry Team, Sharon Henry <sharon.henry@redfin.com>
Sent:	Thursday, August 27, 2026 1:12 PM
To:	PublicComment
Cc:	[redacted]
Subject:	Public Comment Regarding Proposed Elimination of TWIA Coverage for Secondary and Investment Properties

To the TWIA Legislative & External Affairs Committee:

I am a REALTOR® working with clients in the Galveston market, and I am writing regarding the recommendation being considered to eliminate TWIA coverage for secondary and investment properties.

Before this recommendation is forwarded to the Legislature, I believe its potential effects on coastal housing markets and economies warrant careful consideration. The term "secondary property" encompasses substantially different circumstances, and the consequences of removing coverage may extend well beyond the owners of vacation or investment properties.

I currently represent clients who illustrate this issue. One of their Galveston properties was their primary residence. They relocated for work, purchased another home, and placed their former primary residence on the market. It is now classified as a secondary property solely because it has not yet sold.

This situation is not unusual. Homeowners frequently purchase their next residence before selling their current one, particularly when relocating for employment, military service, family obligations, or other necessities. A property changing from primary to secondary status does not necessarily mean it was purchased as a vacation home or investment.

Potential Consequences

- **Reduced buyer pool and financing availability.** Mortgage lenders generally require borrowers to maintain adequate property insurance. If TWIA coverage is unavailable and comparable private coverage is either unavailable or substantially more expensive, some prospective buyers may no longer qualify for financing or may choose not to purchase the property. This would reduce demand for affected properties while potentially increasing the number of owners seeking to sell.
- **Downward pressure on property values.** Insurance costs are part of housing affordability. Research in other coastal markets has found a relationship between increasing homeowners' insurance costs and declining property values. While that research cannot predict a specific effect in Galveston, it demonstrates that insurance costs can influence what buyers are willing and able to pay for a home.
- **Properties could remain "secondary" longer.** Removing coverage could create a self-perpetuating problem. A property becomes secondary because the owner moves, TWIA coverage

becomes unavailable, replacement insurance increases the property's carrying costs or makes it more difficult for a buyer to finance, the property takes longer to sell, and therefore it remains a secondary property longer.

- **Increased risk of mortgage delinquency and foreclosure.** A mortgaged property cannot simply remain uninsured without consequences. If required coverage lapses and an owner cannot obtain acceptable replacement coverage, the mortgage servicer generally has the right to purchase lender-placed insurance and charge the borrower. The Consumer Financial Protection Bureau states that lender-placed coverage is usually more expensive and can cost as much as twice what the homeowner would normally pay. For an owner already carrying two residences while attempting to sell one, that additional expense can increase financial strain and the risk of mortgage delinquency and eventual foreclosure.
    - CFPB guidance on cancelled coverage and lender-placed insurance
- **Deferred maintenance and distressed properties.** Owners carrying a property longer than anticipated may reduce other expenses to compensate for increased insurance costs. On a coastal island where properties require significant ongoing maintenance, delayed roof, exterior, HVAC, structural, and other repairs could affect the condition and resilience of the housing stock as well as neighboring property values.
- **Higher costs for short-term rentals.** STR owners facing substantially higher insurance costs would have limited options: absorb the expense, increase rental rates, reduce other operating expenses, convert the property to another use, or sell. Higher nightly rates could make Galveston less competitive with other destinations, while a reduction in STR inventory could also increase lodging costs.
- **Effects on local businesses and employment.** Secondary and vacation properties support an economy beyond the property owner. Property managers, housekeepers, pool companies, landscapers, contractors, HVAC companies, plumbers, electricians, roofers, pest-control companies, real estate professionals, inspectors, photographers, linen services, restaurants, retailers, attractions, and other businesses receive income directly or indirectly from these properties.
- **Private insurance cannot be assumed to fill the gap.** Historical experience shows that when insurers determine catastrophic exposure is too concentrated or financially unsustainable, they may reduce coverage rather than expand it. After Hurricane Andrew, 39 insurers announced plans to cancel or not renew 844,433 Florida policies, citing reinsurance costs, catastrophe exposure, financial reserves, rate adequacy, and other risks. An even longer example is flood insurance: private insurers withdrew after major Mississippi River floods in 1927 and 1928, and the Congressional Budget Office reports that virtually no flood coverage was offered for approximately **40 years**. Congress ultimately created the National Flood Insurance Program in 1968.
    - This raises an important policy issue: removing a residual-market option does not guarantee that private insurers will enter the market to replace it.

Why This Matters Specifically to Galveston

- **Tourism supports one out of every three jobs on Galveston Island.** Visit Galveston identifies tourism as the island's third-largest economic driver and reports approximately $1.3 billion in annual visitor spending and more than $126 million in state and local tax revenue.
- https://www.visitgalveston.com/media/press-releases/destination-professionals-day-2026
- https://www.visitgalveston.com/galveston-park-board-of-trustees-fy2025-annual-report

- **The economic impact extends well beyond lodging.** According to Visit Galveston, visitor activity supports hotels, restaurants, retailers, attractions, transportation providers, and numerous small businesses. Any policy that materially increases the operating cost of a substantial portion of Galveston's visitor accommodations therefore has the potential to affect industries beyond real estate.
- **Secondary and vacation properties are part of Galveston's economic infrastructure.** Owners of these properties contribute through property taxes, insurance, utilities, HOA assessments, maintenance, repairs, and local services even when they do not occupy the properties full time. STR properties additionally generate lodging-related tax revenue and support the businesses serving visitors.
- **Insurance availability affects both sides of the transaction.** Existing owners need coverage while waiting for their properties to sell, and prospective buyers need access to insurance to obtain financing. A reduction in insurance availability can therefore simultaneously increase pressure on sellers and reduce the pool of potential buyers.

Historical Evidence With Coastal Insurance Markets

History shows that the existence of private insurers does not necessarily mean that property owners in high-risk areas have meaningful access to insurance. Following Hurricane Iniki in 1992, Hawaii experienced significant disruption in its hurricane insurance market as private insurers reduced their exposure. The state responded by creating the Hawaii Hurricane Relief Fund in 1993 to ensure that hurricane coverage remained available to property owners who could not obtain it through the private market. Hawaii has again faced insurance availability problems in recent years and has taken additional action to provide coverage where the private market has not adequately served property owners.

California has experienced a similar problem with wildfire coverage. Private insurers have restricted new policies, declined renewals, and reduced their exposure in areas they consider high risk. As a result, increasing numbers of homeowners have relied on California's FAIR Plan, the state's insurer of last resort. California has responded with regulatory efforts intended to increase insurance availability in these areas rather than assuming that the existence of private insurers elsewhere in the state means adequate coverage is available to these homeowners.

These examples are relevant because insurance availability should not be measured simply by whether a private company is technically willing to issue a policy**.** The more important questions are whether coverage is reasonably available for the affected properties, whether premiums and deductibles are financially sustainable, whether the coverage satisfies mortgage requirements, and whether sufficient insurers are willing to assume the risk to create a functioning competitive market. At this time, there is no indication that these conditions exist for Galveston's secondary and investment properties. In fact, my own clients' experience attempting to obtain coverage suggests the opposite.

Alternatives to Complete Elimination

If TWIA has identified a disproportionate financial risk associated with secondary and investment properties, alternatives to complete exclusion should be evaluated. These could include different deductibles, coverage limits, surcharges, occupancy classifications, or other actuarially supported mechanisms.

At minimum, consideration should be given to former primary residences that are actively marketed for sale following a relocation. A homeowner who relocates and purchases another primary residence before the previous home sells should not automatically be treated the same as someone intentionally acquiring an additional vacation or investment property.

TWIA's Current Rate Adequacy

TWIA's own actuarial analysis shows a substantial change in residential rate adequacy:

15% inadequate in 2022,

20% inadequate in 2023,

38% inadequate in 2024,

3% inadequate in 2025, and

9% adequate in 2026.

TWIA reports that 2026 commercial rates are also 4% adequate. The improvement is attributed in part to legislation that reduced required catastrophe funding and resulting reinsurance costs, as well as a tax exemption enacted by the Legislature.

Following this analysis, TWIA's Actuarial & Underwriting Committee recommended **no residential or commercial rate increase for 2027**. TWIA explains that rate adequacy measures whether premiums are sufficient to cover expected claims losses and operating expenses.

For these reasons, I respectfully ask that the following questions be addressed before a recommendation to eliminate coverage for secondary and investment properties is forwarded to the Legislature:

If TWIA's own actuarial analysis finds residential rates adequate by 9%, what specific financial or actuarial problem is eliminating eligibility for secondary and investment properties intended to solve?

Has TWIA conducted an economic-impact analysis of what removing these properties from eligibility could do to coastal housing markets, property values, mortgage availability, private insurance availability, mortgage delinquency and foreclosure risk, tourism, short-term rental costs, local employment, Hotel Occupancy Tax collections, property-tax values, and other local government revenues? If so, will that analysis be made available before this recommendation is forwarded to the Legislature?

If not, why is TWIA considering a recommendation that could affect thousands of property owners and multiple sectors of coastal economies before evaluating its broader economic consequences?!

Thank you for your consideration.

Sharon Henry
Senior
Agent | REALTOR® | License #0725049
Call: 281.967.0788
401 Franklin St, Ste 2550, Houston, TX 77002

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"You've never lived until you've almost died. For those who have fought for it, life has a flavor the protected shall never know" –
Henri René Albert Guy de Maupassant

Please copy my Transaction Coordinator, George Coronado, on all correspondence at george.coronado@redfin.com

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https://www.trec.texas.gov/sites/default/files/pdf-forms/CN%201-2.pdf

Public Comment

From: Pedro Iznaga <pedro.iznaga@redfin.com>

Sent: Thursday, August 27, 2026 11:57 AM
To: PublicComment
Subject: Refocusing Insurance Coverage

To Whom It May Concern,

Refocusing TWIA coverage exclusively on primary residences is a necessary step toward stabilizing insurance costs for local families and year-round coastal residents.
Over-leveraging TWIA to cover secondary properties and investment portfolios artificially inflates the association's total exposure, driving up rate assessments for everyday homeowners who rely on TWIA as a true insurer of last resort.
Removing non-primary properties from the pool reduces overall financial liability, easing premium pressures and bringing much-needed cost relief to local buyers and sellers struggling with escalating housing expenses.

TWIA was established to safeguard local housing stability, not to subsidize risk for vacation rentals or commercial investments.
Requiring secondary and investment property owners to seek coverage through private market channels restores TWIA to its core mission while fostering market-driven pricing across coastal real estate.
Preserving state-backed insurance capacity for primary homeowners protects the local economy, stabilizes permanent neighborhoods, and keeps coastal communities financially viable for the people who live and work there full-time.

Sincerely,

Pedro
"Pete" Iznaga
Principal

Agent | License # 649061

C
(281) 813-1836.
O.
(713) 206-2328
Redfin.com

401 Franklin
St, Suite 2550. Houston, TX 77201

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Texas Real Estate Commission Consumer Protection Notice

Public Comment

From: Patrick McNulty <pmcnulty@myspi.org>
Sent: Thursday, August 27, 2026 10:24 AM
To: PublicComment; Nikki Soto
Subject: Item 5 - September 1st Meeting

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I am writing in opposition to Item 5 - Elimination of second home coverage from TWIA, at the Legislative and External Affairs Committee Meeting.

If the intention is to severely damage the economy on South Padre Island, this is a significant step in the that direction. The fact that Texas has no viable secondary windstorm market, a consequence of its own actions, leaves no alternative to ensuring the protection of the 3,964 second homes on South Padre Island, which account for over 50% of the island's housing inventory. Many of these homes are economic generators of Hotel Tax revenue for Texas, and the impact of this disruption would have substantial economic consequences. These homes offer visitors/families the opportunity to vacation on South Padre Island, contributing over 50% of our economic output.

Thank you

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Patrick McNulty | Mayor
City of South Padre Island | City Council
4601 Padre Blvd. South Padre Island, Texas 78597
Cell: 956-238-3378 | Fax: 956-761-3888

E-mail: pmcnulty@myspi.org
www.MySPI.org