Independent Insurance Agents of Texas
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October 30, 2026

Texas Windstorm Insurance Association
Board of Directors
P.O. Box 99090
Austin, Texas 78709-9090

Re: November 10, 2026, Board Meeting – Agents Commissions- Written Testimony of the Independent Insurance Agents of Texas (IIAT)

Dear Members of the TWIA Board of Directors:

At the Board's request for additional information about errors and omissions liability (E&O) insurance costs for coastal agents, the Independent Insurance Agents of Texas (IIAT) respectfully submits this testimony. Carrier feedback supports our concern that coastal exposures can increase agents' E&O costs and restrict available markets. We ask the Board to consider this evidence alongside the broader costs of placing and servicing TWIA coverage and to retain the current 16% commission rate for residential and commercial policies.

Swiss Re, a longstanding national provider of insurance E&O coverage, provided a territorial rating excerpt applying a 25% debit to the premium calculation for agencies located in specified Texas counties, which includes each Tier 1 coastal county. Swiss Re attributes its territorial factors to Texas loss experience. Separately, another E&O insurer reported charging 30–40% more in Houston and coastal areas because of wind and water loss frequency and severity. A third indicated that substantial coastal exposure can limit its willingness to offer coverage. These are carrier-specific examples, rather than a uniform surcharge, but they substantiate higher costs and underwriting constraints for coastal agencies. For agencies serving coastal property owners, placing coverage with TWIA is a necessity when private-market windstorm coverage is unavailable. Accordingly, the coastal exposures identified by E&O insurers are connected to the business these agencies place with TWIA and the responsibilities involved in servicing it.

Elevated E&O premiums for coastal agents placing and servicing TWIA coverage are only one component of the additional costs agents incur in serving coastal policyholders with TWIA policies. As a statutory residual market, TWIA has eligibility and administrative requirements that add to agents' responsibilities: locating and reviewing WPI-8 and related compliance certificates; documenting private-market declinations and flood insurance where required; completing portal submissions and renewal reviews; and managing requalification, payment deadlines, and storm moratorium restrictions. Agents must also coordinate separate coverage for residential property, commercial property, condominium, flood, and excess wind policies, while explaining differences in coverage, limits, and deductibles to help coastal customers identify potential gaps. This work requires staff time, specialized knowledge, training, and file documentation.

As the TWIA distribution channel, agents remain a primary point of contact for customers throughout the policy term, handling questions, endorsements, renewal changes, and assistance with payment or coverage issues. After a major storm, customers need help simultaneously. Agents help facilitate communication among policyholders, TWIA, and adjusters while continuing routine service, sometimes amid disruption to their own offices. Following a major storm, the concentration of wind and hail claims creates greater potential for disputes involving alleged coverage gaps or placement errors, increasing agents' exposure to E&O claims even when no error has occurred.

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The coastal agency private-market commission data previously presented to the Board supports IIAT's position that 16% is in line with compensation available in that market. Drawn directly from coastal agent records and commission agreements, this data reflects actual compensation for business placed in the market.

Thank you for considering this information and for your service to Texas coastal communities. An IIAT representative is also present and available to answer any questions the Board may have. As you work to evaluate agent commissions and the service TWIA policyholders depend upon, we also encourage you to draw on that firsthand experience and ask questions of the independent agents in the room today.

Respectfully submitted,

Marit Peters
Marit Peters (Oct 29, 2026 19:24:25 CDT)

Marit Peters
Executive Director
Independent Insurance Agents of Texas