



TEXAS WINDSTORM
INSURANCE ASSOCIATION

Public Comments

December 12, 2023 Board of Directors Meeting

December 12, 2023

Written comments submitted to TWIA are subject to the Texas Public Information Act. TWIA will post public comments received, with personally identifiable information redacted, to its website.



TEXAS HOUSE *of* REPRESENTATIVES

November 17, 2023

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

Dear Mr. Durden:

We understand the agenda for the December 12, 2023 meeting will include agent commissions. I know this is not the first time the board has discussed this topic. As members of the Texas Legislature who live very near the coast and sell insurance, we feel compelled to give you our perspective on this matter.

First things first, TWIA agent commissions are in line with other similar products we sell. Research done by your own staff¹ and by the Independent Insurance Agents of Texas² confirm the 16% commission on new and renewal business is fair and appropriate when compared to other like products.

We have three immediate concerns if TWIA commissions are reduced.

1. Asking insurance agents to do the same work for less money.

Commissions on the products we sell are how we earn a living, take care of our families, and run our small businesses. If you reduce that commission percentage, you would be asking us to do the same work for less money. That is both impractical and unfair.

2. Fewer insurance agents would sell TWIA policies.

If selling TWIA policies were no longer profitable, we might consider not offering that product to our customers. We would simply send our customers to TWIA for a referral to another insurance agent for their wind and hail coverage.

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.

1. TWIA Board packet, August 2, 2022
2. Letter & testimony from August 8, 2023



3. Customer service would suffer.

With carriers leaving the state and/or simply not offering wind and hail coverage, more coastal Texans are going to need TWIA policies. If other agents also consider removing TWIA from the products they offer, you might end up with a smaller pool of agents selling record numbers of policies. Customer service would suffer.

Like all agents, we pride ourselves in service after the sale. After a weather event that triggers a TWIA claim, we are always on-hand to assist our customers with clean-up efforts and with the tedious claims process. The personal touch and customer service provided by agents would suffer with less of us selling your product.

For these reasons, we hope the board agrees with us does not take a vote on reducing agent commissions. Agents like us are the sole delivery method for your much-needed product and we believe upsetting the apple cart in these trying insurance times could prove to be the wrong decision.

Thank you and please feel free to contact either of us if you would like to discuss further. We stand ready to help.

Thank you,



Representative Mary Ann Perez
House District 144



Representative Ed Thompson
House District 29





STATE *of* TEXAS
HOUSE *of* REPRESENTATIVES

Tom Oliverson, M.D.
District 130

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.



STATE *of* TEXAS
HOUSE *of* REPRESENTATIVES

Tom Oliverson, M.D.
District 130

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.

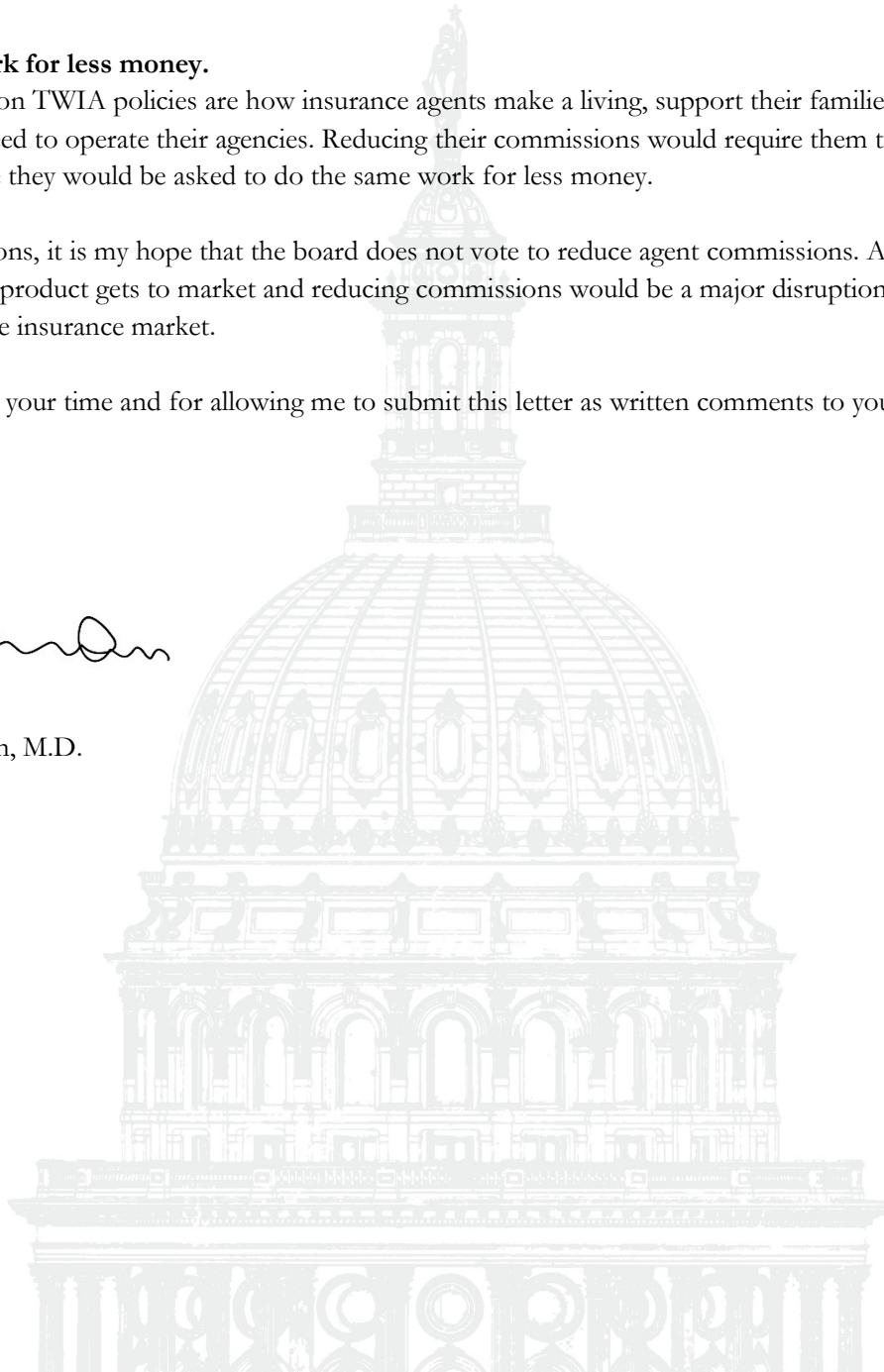
For these reasons, it is my hope that the board does not vote to reduce agent commissions. Agents are the only way your product gets to market and reducing commissions would be a major disruption in what is already a fragile insurance market.

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 6, 2023

Re: Agent Commission Study Report

Dear TWIA Board:

The AAG met with TWIA staff and ITS on November 9th. You have a slide in your presentation from staff that summarizes our feedback from that meeting which was:

--Changes to commercial policy commissions should not be considered as the time study only included residential policy transactions and commercial policies will no longer go through an automatic renewal process in 2024 due to legislative changes.

--Agents continue to experience significant additional work compared to other carriers they do business with because of TWIA's unique eligibility requirements (i.e., WPI-8's, flood insurance, declinations, etc.) and mandated legislative changes.

--While TWIA's direct renewal process for residential policies creates some efficiencies, it is appropriate and responsible for agents to review and requalify policy renewals with their clients annually due to the inherent risks associated with TWIA policies.

On November 27th we received the final version of the TWIA and ITS presentation and would like to highlight the following information:

--The scope of the ITS project only accounted for residential TWIA new business, renewals, and policy changes. Other areas such as billing were not addressed. Regarding the three areas studied ITS concluded that "TWIA's processes and systems are comparable to other insurance carriers."

--In addition to the work that is comparable, "TWIA specific requirements can be simple, but they can also be complicated and time-consuming". Examples are WPI-8's, flood zone determinations and declinations.

--On page 5 of TWIA staff's presentation it shows the Private Market Commission Rates which average 14.8%.

Texas Insurance Code 2210.203 states that the TWIA commission structure must be fair and reasonable, taking into consideration the amount of work performed by an agent in submitting an application to the association and the prevailing commission structure in the private windstorm market.

Combining the information from both presentations paints a clear picture which aligns with the statute; the work agents have when writing new and renewal business with TWIA is comparable to other insurance carriers and the average commission for doing so is 14.8%. When placing and servicing business with TWIA agents are also tasked with doing extra work on top of that which is comparable to other insurance carriers, justifying the additional 1.2% in commission.

The current commission rate of 16% for placing and servicing new and renewal residential and commercial business with TWIA is fair and justified and we ask that it remain the same.

Garry P Kaufman, Chair
GIA Insurance

Travis McDavid
GSM Insurors

Cory Hagan
Hagan Insurance

Greg Gardner
State Farm

Carie Roach
Novel Horse Consulting

Cordero Bowleg
USAA

Terri Sturm
Keetch &
Associates

E. Jay Sherlock
J.S. Edwards and
Sherlock

From: [Brad Spurgeon](#)
To: [PublicComment](#)
Subject: Reducing Agents commissions is not a viable solution to help fund TWIA.
Date: Tuesday, October 17, 2023 5:54:27 AM

You don't often get email from brad@bradspurgeonins.com. [Learn why this is important](#)

CAUTION: This email originated from outside of the organization. Do not reply with sensitive information or click links or open attachments unless you recognize the sender and know the content is safe.

Reducing Agents commissions is not a viable solution to help fund TWIA.
A reduction of agents commission will result in degradation of agency force, resulting in additional legal liability on TWIA directly.
At the Agent level our primary liability exposure is TWIA. Although TWIA is a direct bill now it has not removed the liability of Agents having to track each renewal, contacting insured's and mortgage/escrow accounts to collect premiums, to avoid lawsuits for insured premiums due, the liability of agents failure to collect premium from escrow, or proper notifications, at the agency level.

I currently have 4 full time employees just to track and collect TWIA renewal premium, and collecting declination signatures for policyholders that do not renew.

If you like to solve funding issues with TWIA require higher minimum deductibles such as 2% Wind and 3% Hurricane, put limits on roof coverage, such as ACV after 15 yrs of age, both of these matters would greatly impact TWIA solvency & bottom line moving forward.

Reducing commission on a policy that requires the bulk of a coastal agency workforce is not the answer, this will create an even greater legal nightmare for TWIA moving forward.

Respectfully, Brad Spurgeon

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Thank you, Brad Spurgeon



www.privatewindstorm.com
Main Phone: 409-945-4746

[CLICK HERE TO REQUEST COPIES OF YOUR POLICIES!](#)

CUSTOMER SERVICE | (409) 945-4746 - **EXT 109** | customerservice@bradspurgeonins.com

RENEWALS | (409) 945-4746 - **EXT 113** | renewals@bradspurgeonins.com

CANCELLATION REQUESTS | cancellations@bradspurgeonins.com

Public Comment

From: VANMETER, KYLE <KVANMETER@allstate.com>
Sent: Monday, December 4, 2023 10:26 AM
To: PublicComment
Subject: VanMeter Agency TWIA Commission Concerns...

You don't often get email from kvanmeter@allstate.com. [Learn why this is important](#)

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This Memo is to voice the concern of VanMeter Agency LLC founded by Brett and Kyle VanMeter in May of 2011. It has come to my attention that TWIA plans to reduce commissions by nearly 40%. I hope the ADVISORY COMMISSION understands the ECONOMIC and Real Life Impact this would have of reducing a company's Revenue by 40%. My agency will have to layoff employees and their families quality of Life will be severely impacted.

VanMeter Agency is strongly against any commission changes.

Regards,

Kyle VanMeter

Exclusive Agent/Personal Financial Representative

Allstate

2000 Crawford St Ste 910

Houston, TX 77002

Phone: 281-993-8257

For product disclosures and other information, visit. [Kyle VanMeter - Allstate Insurance Agent Near Houston, TX](#)

AFS customer relationship summary (CRS): www.allstate.com/FormCRS

kvanmeter@allstate.com

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December 8, 2023

Texas Windstorm Insurance Association
Post Office Box 99090
Austin, TX 78709-9090

Dear TWIA Board of Directors,

I trust this correspondence finds you well. I am writing to express my profound concern and disappointment regarding 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 agents, prompting me to address critical concerns that merit reconsideration for the mutual benefit of both agents and TWIA.

I understand that you have received correspondence from Representative Mary Ann Perez (House District 144) and Representative Ed Thompson (House District 29), including two attachments: 1. TWIA Board packet, August 2, 2022, and 2. Letter & testimony from the Independent Insurance Agents of Texas on August 8, 2023. These 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.

Points to Consider:

1. Liabilities at the Agent Level:

- Despite TWIA's shift to a direct billing system, agents remain exposed to primary liability concerns, necessitating a comprehensive renewal process with checks and balances.
- Agents are responsible for tracking renewals, securing replacement cost estimates, and engaging with insured parties and mortgage/escrow accounts for premium collection—a legal obligation.
- Potential risks include lawsuits for unpaid premiums, failure to collect escrowed premiums, and improper notifications at the agency level.
- The new system introduces additional complexities, such as assisting customers with the TWIA Portal, contributing to an increased risk of Errors & Omissions claims, with a minimum \$5,000 deductible per occurrence.

2. Operational Impact on Agencies:

- Agencies, including mine, allocate substantial resources to track and collect TWIA renewal premiums, involving the hiring, training, and payment of employees to navigate the intricate processes associated with new and renewal TWIA policies.
- A reduction in commission rates would adversely impact agency revenue, potentially leading to operational challenges and the prospect of layoffs, particularly affecting employees who are primary income providers for their households.

3. Customer Service Impacts after a Catastrophic Event:

- During Hurricane Ike, my agency, along with 75% of Galveston Island, was impacted. A Catastrophe Plan ensured operational continuity, but the aftermath required significant investments in essential resources.
- Agencies rely on renewal commissions to fund payroll during such challenging times as new policies are not able to be sold, demonstrating the importance of maintaining financial stability for agents who are dedicated to serving their customers.

December 8, 2023

- Agents 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.
- 4. Alternative Solutions for TWIA Solvency:**
- Consider alternative measures to address TWIA's financial challenges, such as implementing higher minimum deductibles, in line with practices adopted by many home insurance companies in Tier 2 Gulf Coast counties.
 - Propose measures like a minimum 2% Windstorm & Hail and a 3% Named Tropical Cyclone and Hurricane Deductible, while disallowing Indirect Loss Coverage and/or ACV Roof Replacement on homes with roofs 15 years or older.
 - These alternative measures can positively impact TWIA's solvency without jeopardizing the livelihoods of agents.
- 5. Real-life Impact on Small Businesses:**
- As a small business owner in Galveston, TX, with five employees, a 37% commission cut on TWIA policies would be devastating to agency revenue and the financial stability of my employees.
 - The current 16% commission adequately compensates my staff for the effort required to service TWIA policies.
- 6. Commission Reduction is Not a Viable Solution:**
- Proposing a reduction in commission rates effectively requests agents to perform the same workload for less compensation.
 - Such a reduction would likely lead to a deterioration of the agency force, exposing TWIA to additional legal liabilities.

Conclusion:

I sincerely hope the TWIA Advisory Commission thoroughly considers the economic and real-life impact of the proposed commission reduction. Maintaining the current commission rate is essential for the financial stability of agencies and the well-being of their employees.

Thank you for your time and consideration. I anticipate a constructive resolution that ensures the continued success of both TWIA and its affiliated agents.

Sincerely,

Sean O'Donohoe
Agency Owner
The O'Donohoe Agency
5928 Stewart Road
Galveston, TX 77551
(409) 744-1888

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
105 E Spreading Oaks Ave
Friendswood, TX 77546
281.992.1926

Public Comment

From: [REDACTED]
Sent: Sunday, December 3, 2023 10:39 AM
To: PublicComment
Subject: Insurance coverage for hurricanes

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Many of us are struggling to pay insurance for our homes, so please do not keep trying to raise the price.

Several owners have left and will not come back after Harvey . Help us remain on the coast with affordable insurance.

[REDACTED]

Public Comment

From: [REDACTED]
Sent: Friday, December 1, 2023 4:26 PM
To: PublicComment

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No rate hikes.
Sent from my iPhone

Public Comment

From: [REDACTED]
Sent: Friday, December 1, 2023 4:26 PM
To: PublicComment
Subject: No rate increases

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Sent from my iPhone

Public Comment

From: [REDACTED]
Sent: Monday, December 4, 2023 9:55 AM
To: PublicComment
Subject: Dec 12 Board Meeting Comments

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To Whom it May Concern:

I am a small business owner in Friendswood TX. My insurance agency employees 9 people. Many of them live pay check to pay check. A 37% commission cut on TWIA policies (16% down to 10%) would be devastating to agency revenue and ultimately me and my employees. The effort required to service TWIA policies is more than is required for most of the policies in my agency. The current 16% commission is appropriate to compensate my staff for the effort level to maintain these policies.

Thank you for your time and allowing me to share just one of the many business reasons to keep the commission at the current level.

Sincerely,
Matt Roll
1st Texas Agency, Inc
Friendswood, TX 77546

Public Comment

From: [REDACTED]
Sent: Friday, December 8, 2023 5:51 PM
To: PublicComment
Subject: Public comments

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Demands that rates be reduced by 80%. Current rates are outrages!!!

respectfully,

[REDACTED]