



TEXAS WINDSTORM
INSURANCE ASSOCIATION

TWIA Actuarial & Underwriting Committee Meeting Public Comments



July 11, 2023



SENATOR MAYES MIDDLETON

DISTRICT 11

July 7, 2023

Debbie King
Chair, Actuarial & Underwriting Committee
Texas Windstorm Insurance Association
P.O. Box 99090
Austin, TX 78709

Chair King,

At the upcoming TWIA Actuarial & Underwriting Committee meeting, the committee will discuss the Rate Adequacy Analysis and make recommendations to the TWIA Board of Directors regarding the August rate filing.

Over the last several years, I have worked with the Board and advocated for measures that are financially beneficial to both the Association and policyholders. For instance, I advocated for the early pay-off of the high interest debt carried by the Association following Hurricane Harvey. When the Board took action to pay-off the debt, the results dramatically improved the rate indications. Similarly, I have long advocated that the Board select the model that generates the most reasonable and lowest probable maximum loss, which would substantially reduce the costs of reinsurance that is pushed onto ratepayers. While I applaud the Board selecting one of the lowest modeled probable maximum losses, the amount of reinsurance purchased has continued to increase, resulting in worsening rate indications.

The Actuarial & Underwriting Committee should recommend a rate increase of 0%. The Rate Adequacy Analysis shows rate indications driven primarily from the increased cost and amount of reinsurance purchased. A decision by the Board to continue to over-allocate reinsurance costs to ratepayers, despite not utilizing reinsurance since Hurricane Ike under a different funding structure, should not result in a rate increase on policyholders.

The cost of windstorm insurance through TWIA is part of the growing affordability issues for living on the Gulf Coast. Coastal Texans cannot bear the cost of a rate increase. I urge you to recommend NO rate increase.

Sincerely,

A handwritten signature in black ink that reads "Mayes Middleton".

Mayes Middleton
Texas State Senator
District 11

BRAZORIA COUNTY OFFICE:
6117 Broadway Street, Suite 104
PEARLAND, TEXAS 77581

CAPITOL OFFICE:
E1.708 • P.O.Box 12068 AUSTIN, TEXAS 78711
(512) 463-0111
mayes.middleton@senate.texas.gov

GALVESTON COUNTY OFFICE:
2101 Mechanic Street, Suite 245
GALVESTON, TEXAS 77550

Coastal Windstorm Insurance Coalition
1108 Lavaca St. #110.200
Austin, TX 78701
(409) 996-3262

June 7th, 2023

Ms. Debbie King
Texas Windstorm Insurance Association
4801 Southwest Parkway
Building 1, Suite 200
Austin, TX 78735

SUBJECT: TWIA Actuarial/Underwriting Committee Meeting of the TWIA Board of Directors on July 11th, 2023

Dear Ms. King:

After reviewing the materials posted by TWIA for the July 11th, 2023, Actuarial & Underwriting Committee, the Coastal Windstorm Insurance Coalition respectfully disagree with your rate adequacy analysis for several of the following reasons:

First is in the way that you, TWIA, calculates the hurricane loss provisions and, also, in the way you combine the modeling with it--it unnecessarily inflates the total amount of potential damages. As shown on your spreadsheet, the residential data experience percentage continues to decrease (-1.0%) while you show the modeling data provision increased over the last two years by 0.3%. Additionally, the combined 2023 residential loss provision shows 49.6%, which appears to be closer to the inflated modeled provision of 53% than to the 39.2% shown in the experience provision.

Second, the reason for the inflated appearance of rate inadequacy is clearly obvious: You, TWIA, want to purchase even more reinsurance than what is needed &/or required. As you all know, increasing the amount of reinsurance purchased increases both the residential and commercial fixed expense's percentage significantly and you are using this increase to justify the need for a rate increase while determining TWIA's rate adequacy.

Third, is the high LAE percentage assumed in TWIA's loss provisions. This formula used can be easily manipulated to achieve the desired rate adequacy numbers. If any of this formula was reduced or eliminated, the rate adequacy indication would look much closer to zero. Therefore, it is hard for us to see how any of your data can be used to justify a rate increase; especially, based on how this data can be changed by you, TWIA.

As always, thank you all for allowing us the opportunity to submit our comments on the 2023 TWIA Rate Adequacy Analysis.

Sincerely,

Terrilyn Tarlton Shannon, Chairman, Coastal Windstorm Insurance Coalition

CC: Sandra Franklin Womack, Chair of TWIA Actuarial & Underwriting Committee & David Durden, General Manager, Texas Windstorm Insurance Association

Public Comment

From: [REDACTED]
Sent: Tuesday, June 27, 2023 10:59 AM
To: PublicComment
Subject: No rate increases

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.

Sent from my iPhone

Public Comment

From: [REDACTED]
Sent: Wednesday, June 28, 2023 2:31 PM
To: PublicComment
Subject: No rate hikes

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.

Sent from my iPhone

Public Comment

From: [REDACTED]
Sent: Thursday, June 29, 2023 6:06 PM
To: PublicComment
Subject: Rate Increase

Importance: Low

Follow Up Flag: Follow up
Flag Status: Completed

You don't often get email from [REDACTED] [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.

I live in Freeport. Texas and I am 82 years old trying to enjoy my retirement years. I have owned my house outright for over 18 years. Between health insurance and home owner taxes and insurance it gets harder ever year to not start worrying about my future.

Windstorm insurance went up over \$300 last year to just short of \$2000 a year. That is with a \$3700 deductible. I have been buying windstorm insurance for the 45 years I have owned my house without one claim what so ever. This should be brought in to the arbitrary assigning of fees instead of lumping everybody in a zip code to one fee.

Please think hard about raising he fees to amounts people will not be able to afford.

[REDACTED]
Freeport

Public Comment

From: [REDACTED]
Sent: Monday, July 10, 2023 6:46 PM
To: PublicComment
Subject: TWIA

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.

To TWIA board of Directors:

I received my windstorm renewal notice from TWIA with increases in the Dwelling and Structural limits on my policy. There was no explanation, nor justification, for this arbitrary increase. I called my insurance agency, USAA, to discuss this, and they told me that TWIA raised those rates. I called TWIA to discuss this, and they said my agency raised the rates, and they were the only ones that can change them. So I called the agency back who again said TWIA raised the rates and the only way to get the increase reduced back to the original amount was to update our insurance to value calculation through TWIA. My agent tried to do this through the TWIA portal on two separate occasions, and the link was not working either time. (2 separate days).

Further, TWIA should be required to relax some of the highly costly building requirements they have subjected their customers to. For example, the condos I manage have had the same windows and balcony sliding doors for 43 years, and have rarely suffered damage from hurricanes and other storms along the coast. If an owner wants to replace their door with one similar to the 43 year old door that has lasted through many storms, they cannot do so because of the over the top requirements for new doors. The cost to replace doors and windows is so extremely expensive due to TWIA requirements that it is no longer affordable for many people to replace them. This is a perfect example of over regulation at its worst. Again, the doors we have had for 43 years have performed just fine but the doors that TWIA requires are absolute over kill.

Dealing with TWIA on insurance claims is a whole other issue but to say the least, I have decided that Insurance is always there until you need it.

I also understand from talking to Insurance representatives and other professionals in the industry that the Rate Adequacy Analysis and Reinsurance calculations TWIA is using are flawed and easily manipulated.

There should be zero increases on insurance rates until such time that TWIA can provide better service and prove up justification for any proposed increases. And moving forward, regulations requiring unaffordable building requirements should be relaxed.

[REDACTED]