

January 8, 2021

John Polak
General Manager
Texas Windstorm Insurance Association
P.O. Box 99090
Austin, Texas 78709-9090

Dear Mr. Polak:

On December 30, 2020, the Texas Department of Insurance (TDI) received the Texas Windstorm Insurance Association's (TWIA) rate filing, proposing a 5 percent increase for commercial and residential rates. The rate filing is rejected.

Section 2210.3511 of the Texas Insurance Code requires TWIA to "make the association's rate adequacy analysis publicly available on its Internet website for at least 14 days before the date the board of directors votes on" a rate change. TWIA failed to do this. The final Willis Towers Watson report was not publicly available for review until November 30, only seven days before the December 8 meeting. It is clear from the meeting record that the board relied on the final Willis Towers Watson report, which was commissioned by TWIA, to recommend a rate increase. Because TWIA failed to make the analysis available to the public for at least 14 days before voting on a rate increase, the rate filing is rejected.

TWIA's meeting notice also failed to clearly inform the public that the board would vote on a rate filing. In fact, the adequacy of the notice is the subject of a request for an opinion before the Office of the Attorney General (RQ-0390-KP). The board vote to increase rates was done under agenda item #8 of the meeting notice, which stated "Presentation and Review of TWIA Actuarial and Underwriting Committee Meeting Rate Recommendations." However, the Actuarial and Underwriting Committee had not recommended a rate increase. In addition, past TWIA meeting notices have specifically listed consideration of a rate filing, and it is unclear why TWIA deviated from its past approach. The meeting notice should have clearly indicated that the board might vote on a rate filing.

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If you have any questions about this rejection, please contact Mark Worman, Deputy Commissioner of Property and Casualty, who can be reached at 512-676-6740 or mark.worman@tdi.texas.gov.

Sincerely,

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Doug Slape
Chief Deputy Commissioner