

May 21, 2012 CWICTX ‘refresher’. See ACTION ITEM at bottom of page:

TWIA was radically changed by HB 4409, passed in 2009, and changed further by HB 3, passed in 2011 Special Session. Some of the prominent changes include the following:

1.) CLAIMS FUNDING: Almost NONE! TWIA had access to hundreds of Billions of capital with which to pay claims from 1971 to June 19, 2009. On that date it still had over 216,000 policies with over \$58 Billion liability, but not enough cash to pay claims. To pay claims, the law now ‘allows’ borrowing up to \$2.5 Billion—of doubtful, expensive, availability. Policyholders then have to repay **this claims funding in addition to inflated rates and premiums.**

2.) PREMIUM TAX CREDIT: REPEALED! This assistance to insurers, enacted in 1979 to protect Texas insurers and inland policyholders against market reductions that could be triggered by extreme TWIA claims, was used only two times in its 30 year existence. It was repealed in 2009.

3.) RATES AND DUE PROCESS: ‘OPEN RATING’, UP TO +5%. In 2009 actuarial standards for rate development were **REPEALED**; secret, theoretical models were substituted; hearings for presentation of actuarial policyholder testimony were **REPEALED**; actuarial judgment of TWIA need has been substituted for actuarial projection based on actual loss data. TWIA rates are considered inadequate because for-profit insurers have been allowed to withdraw from geographic areas without consequence from the harm caused by their withdrawal. TWIA has no competition.

4.) AVAILABILITY: HARDER TO GET. New requirements: proof of rejection by for-profit insurers, ever tighter code certifications, and in some cases purchase of Flood Insurance may be required to qualify for a TWIA policy which covers no flood damage.

5.) CONTROL: NON-COASTAL BOARD. All TWIA’S costs have been carefully and totally segregated to affect **ONLY** the coast. But, new power and control has been given to the TWIA board of directors; its majority is composed of insurer and non coastal directors. Coastal Texans are being governed by Non Coastal Texans.

6.) CLAIMS RIGHTS SUBSTANTIALLY REDUCED: Time limits to file claims are shortened to 1 year; TWIA is exempted from prompt payment of claims. Claimant **LEGAL RIGHTS ARE REPEALED.** Appraisal or Administrative Dispute Resolution procedures are required.

These and other harmful changes point to the **NEED TO MAKE FOR-PROFIT INSURANCE AS AVAILABLE TO THE COAST AS IT IS TO ALL OF TEXAS.**

- end insurers’ unfairly discriminatory ‘geographic underwriting’;
- undo the harm caused by insurers’ withdrawal from the market;
- restore insurers’ competition for policyholders’ business;
- the Coastal Economy will rise or fall based on available and affordable ‘normal’ insurance.

***See information about the Coastal Windstorm Insurance Coalition [CWIC] Summer Conference, June 1, 2012, Galveston, Texas; plan to ATTEND!**

***Registration Information on www.CWICTX.org , or www.GalvestonChamber.com**