

SUBJECT: Requiring a two-thirds majority vote to raise TWIA premium rates

COMMITTEE: Insurance — favorable, without amendment

VOTE: 9 ayes — Oliverson, Vo, J. González, Hull, Israel, Middleton, Paul,
Romero, Sanford

0 nays

WITNESSES: For — Ben Molina and Greg Smith, City of Corpus Christi; Sally Bakko, City of Galveston; Charles W. Zahn, Port of Corpus Christi; Alan Wilson, United Corpus Christi Chamber of Commerce; (*Registered, but did not testify*: Ryan Brannan, Coastal Windstorm Insurance Coalition; Stephen Scurlock, Independent Bankers Association of Texas; Patricia Shipton, Nueces County; Ned Muñoz, Texas Association of Builders; Ginny Cross, United Corpus Christi Chamber of Commerce)

Against — Joe Woods, American Property and Casualty Insurance Association; Beaman Floyd, Texas Coalition for Affordable Insurance Solutions; (*Registered, but did not testify*: Jay Thompson, Afact; Jon Schnautz, National Association of Mutual Insurance Companies (NAMIC))

On — (*Registered, but did not testify*: Kenneth Lovoy, Office of Public Insurance Counsel; Luke Bellsnyder, Texas Department of Insurance; David Durden and James Murphy, Texas Windstorm Insurance Association)

DIGEST: HB 3810 would require that any premium rate increase filed by the Texas Windstorm Insurance Association (TWIA) be approved by a majority vote of two-thirds of the TWIA board of directors.

The bill also would eliminate provisions allowing TWIA to use, without prior approval by the insurance commissioner, a rate increase of up to 5 percent under certain conditions.

The bill would take effect September 1, 2021, and would apply only to rates filed by TWIA on or after that date.

**SUPPORTERS
SAY:**

HB 3810 would make the Texas Windstorm Insurance Association (TWIA) rate-making process more deliberative and equitable by requiring a two-thirds majority vote of the TWIA board of directors to raise windstorm insurance rates. High windstorm insurance rates can negatively affect the economic development and quality of life in coastal regions. Rate increases need to be controlled to facilitate the state's ongoing examination of TWIA's overall funding structure and rate-making mechanisms.

Windstorm insurance rate-payers have a strong interest in rates being actuarially sound, since otherwise it would be more difficult to have claims approved. HB 3810 would help ensure that the interests of these rate-payers were adequately represented in the TWIA board's decisions.

**CRITICS
SAY:**

HB 3810 would impede the smooth functioning of the TWIA board by setting a higher required vote threshold in order to raise rates and could negatively impact the actuarial soundness of TWIA's premium rates.