

## HB 4409 changes TWIA June 19, 2009

After our valiant Coastal Senators and Representatives defeated terrible restrictions, surcharges, shocking and sudden cost increases, other serious problems had to be accepted as a compromise, to avoid much worse trouble, certain if a special session.

Under this new law:

TWIA funding to pay claims is **LIMITED**, most hurricane claims will be funded by borrowing, adding an estimated 40% annual cost for interest and expenses over ten years, in **ADDITION** to higher rates [policyholders **pay for losses twice**: once before losses by higher rates, and again after losses, to repay claims borrowings]. Multiple securities issues in any 10 year period potentially multiply this pain. **There is no provision to pay Losses in excess of \$2.5 Billion! What will happen?**

- New TWIA rate setting and rule making procedures [heretofore open and informal ‘public friendly’], can be: either ‘automatically approved’, or expensive, rigid and formal procedures, discouraging public participation.
- TWIA ‘actual experience’ rate criteria is repealed. “Models” [indications: +40% rates] are authorized; rate increases up to 5% are automatically approved; counties can now be divided, allowing 5 to 8% higher charges by ‘territories’.
- “Last resort” TWIA coverage is harder to get than other insurer policies. Declinations, Code Certifications, and in some areas, Flood insurance, are “TWIA-only” requirements.
- A more powerful TWIA board of voting directors will have a majority of 4 insurer representatives and 1 inland, over 4 coastal voting directors, though inland Texans are removed from TWIA costs.
- A new ‘watchdog’ Legislative Board guards this new law.

Like the metamorphosis from a caterpillar to a worm in a cocoon, HB 4409 changes TWIA from the potentially statewide, unlimited all industry, ‘shared market’ replacement for the fire or wind and hail voluntary market wherever cumulatively withdrawn from Texans by Texas licensed voluntary insurance companies, into a completely different creature: Coast only, wind only, limited Insurer responsibility for their unlimited actions; a “mutual-like” policyholder financial responsibility. Texas Insurance Companies’ responsibility is reduced to a tiny fraction of the responsibility it accepted in 1971 for deliberate, collective withdrawal of market from the Texas Coast.

**WE, the policyholders affected by these problematic changes must wake up and get involved. We must PROVIDE BETTER SUPPORT TO OUR HARD WORKING LEGISLATORS. We must communicate the true facts to the whole state. The insurance Company professionals have dominated, but WE ARE THE PEOPLE. We can overcome... but we had better START NOW!**

**CWIC**

[Coastal Windstorm Insurance Coalition]

Get details at our website: [www.cwictx.org](http://www.cwictx.org)