



August 1, 2019

Texas Windstorm Insurance Association, *Board of Directors*
c/o John Polak, *General Manager*
P.O. Box 99090
Austin, Texas 78709

Dear TWIA Board of Directors:

We, the undersigned coastal members of the 86th Texas Legislature, respectfully request the Texas Windstorm Insurance Association (TWIA) board to postpone or reject consideration of any proposed rate increase on residential and commercial policyholders for the reasons outlined below.

In early October, 2018, prior to the 86th Legislature convening, Governor Greg Abbott utilized his executive power in the aftermath of Hurricane Harvey to protect coastal homeowners and business owners from any unnecessary barrier that would impede recovery efforts post-disaster. He wrote a letter to the Texas Department of Insurance (TDI) Commissioner, Kent Sullivan, directing him to *"delay any decision to approve or disapprove the proposed rate increase, and any deemed approval of the proposed rate increase, until the Legislature has had a full opportunity to address the matter."* The Governor's order to suspend windstorm rates remained in effect until June 16, 2019. On May 24, 2019, the TWIA Board of Directors voted unanimously to withdraw the Association's annual rate filing made in August 2018.

The Governor also emphasized the statutory timeframe within which the TWIA board and Commissioner of Insurance were required to consider rate adequacy: *"strict compliance with this time frame would deprive the Legislature of the opportunity to address any actuarial deficiency in TWIA during the upcoming legislative session..."*. The 86th Legislature followed suit by passing significant legislation, Senate Bill 615 and House Bill 1900, addressing rate adequacy transparency and requiring two interim legislative committees, appointed by state leadership, to thoroughly inspect and review the current funding structure.

Other major provisions of those bills encompass many aspects of the funding structure and processes by which the Department of Insurance must adopt rules and the coastal insurer must establish in practice. Some of these changes could result in potential savings to the overall administrative and loss operations of TWIA, such as the use of credit cards to make premium payments, the establishment of automatic policy renewals, the determination of replacement cost coverage at policy issuance, greater policyholder disclosure of the supplemental payment process,

use of premium and revenue earned in certain years to increase available savings, the transfer of the windstorm inspection certification process for completed projects from TWIA to TDI and, most important, the clarification of responsibility among member insurers for the purchase of reinsurance above the statutory minimum required.

Given the extensive changes produced by legislation passed by more than two-thirds support of Texas legislators and signed by the Governor, we believe any action to increase policyholder rates at this time is premature and in direct conflict with the will and intent of the members of the Texas Legislature. In addition to the interim committee work required by the legislature, we ask you to seriously consider the timeframe necessary for the Department of Insurance to propose and adopt rules, ensuring adequate time for the public to comment and participate in the rulemaking process. We strongly believe that any proposal to increase rates for policyholders prior to the work of the interim legislative committees and TDI to fully implement rules is shortsighted and fails to comprehensively recognize the newly adopted laws.

Our legislative offices will be represented at the TWIA board meeting on Tuesday, August 6, 2019 in Galveston. We respectfully request that you postpone or reject any proposed rate increase on policyholders until we have the opportunity to fulfill our statutory obligation to study TWIA's funding.

Sincerely,



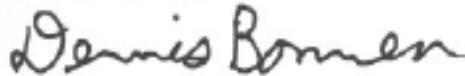
Larry Taylor
Texas Senate
District 11



Greg Bonnen
Texas House of Representatives
District 24



Carol Alvarado
Texas Senate
District 6



Dennis Bonnen
Texas House of Representatives
District 25



Paul Bettencourt
Texas Senate
District 7



Briscoe Cain
Texas House of Representatives
District 138

Brandon Creighton
Texas Senate
District 4

Joseph Deshotel
Texas House of Representatives
District 22

Juan "Chuy" Hinojosa
Texas Senate
District 20

Alex Dominguez
Texas House of Representatives
District 37

Joan Huffman
Texas Senate
District 17

Ryan Guillen
Texas House of Representatives
District 31

Lois Kolkhorst
Texas Senate
District 18

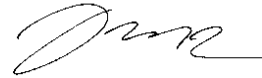
Abel Herrero
Texas House of Representatives
District 34

Eddie Lucio, Jr.
Texas Senate
District 27

Todd Hunter
Texas House of Representatives
District 32

Judith Zaffirini
Texas Senate
District 21

Oscar Longoria
Texas House of Representatives
District 35



J.M. Lozano
Texas House of Representatives
District 43



Eddie Lucio, III
Texas House of Representatives
District 38



Mayes Middleton
Texas House of Representatives
District 23



Geanie Morrison
Texas House of Representatives
District 30



Dennis Paul
Texas House of Representatives
District 129



Dade Phelan
Texas House of Representatives
District 21

A handwritten signature in black ink, appearing to read 'Ed Thompson', with a long horizontal line extending to the right.

Ed Thompson
Texas House of Representatives
District 29