Public Comment

From: [redacted]
Sent: Thursday, July 11, 2024 7:20 AM
To: PublicComment
Subject: Public Comment

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Beryl gave the Gulf Coast a scare. A slightly different track and Corpus, Galveston and Houston would have had much different results. But the season is young, so who knows what awaits.

Even with minimal losses, there will be a reduction in cash loss reserves. By any measure, with an insured exposure of $109+ Billion, available cash reserves are too low. Why is this? Since 2019, TWIA has raised rates once, in 2022, and that was just 5%. Outside pressure forced the TWIA Board to ignore recommended rate increases. Realistically, the CRTF should have well over $1 Billion in ready cash.

This cumulative rate inadequacy has led to the report you have in front of you. Actuarial analysis of the current rate versus the required rate is accurate. The numbers do not lie. This rate inadequacy also prevents the private insurance market from competing with TWIA.

A rate increase of 10% would help, it should be more, but the usual voices will oppose any rate increase.

There are other options to mitigate this rate inadequacy. For example, TWIA should be allowed to offer a basic and an enhanced policy, with appropriate rates for the different coverage exposures. Locations with a higher loss potential should have higher rates and deductibles. Beach properties should have a higher rate as compared to inland properties. Roof losses should be adjusted on actual cash value versus replacement cost.

Since TWIA is the "insurer of last resort", there is no way to counter the adverse selection and concentration of risk that is reflected in TWIA's insured exposures.

Remember, TWIA stands alone. There is no guaranty fund protection nor backup from the State of Texas. The cash reserves on TWIA's books, plus the CRTF balance, plus industry assessments, plus reinsurance, represent the total monies available to pay claims. The total available is around $6 Billion. Not much when compared to the insured values in Corpus or Galveston alone.