



AGENDA MEMORANDUM

Action Item for the City Council Meeting December 22, 2020

DATE: December 16, 2020
TO: Peter Zaroni, City Manager
FROM: Tammy Embrey, Director Intergovernmental Relations
tammye@cctexas.com
361-826-3622

Resolution to oppose a Texas Windstorm Insurance Association increase

CAPTION:

Resolution opposing Texas Windstorm Insurance Association rate increase.

SUMMARY:

The Texas Windstorm Insurance Association (TWIA) held a meeting on December 8, 2020 and voted to implement a 5% rate increase on April 1, 2021. This resolution continues the opposition the City of Corpus to unnecessary rate increases by TWIA and asks the Governor and the Texas Legislature to prevent this rate increase from taking effect.

BACKGROUND AND FINDINGS:

The 86th Texas Legislature passed HB 1900 which created a Legislative Funding Oversight Committee to study TWIA's rate adequacy. It is premature for TWIA to be proposing rate increases for residential and commercial policies before Texas Department of Insurance implements these important statutory changes. The committee was appointed but unable to meet and conduct oversight due to COVID -19 restrictions and legislative rules limitation on virtual meetings.

TWIA continues to not follow the process set in law for setting windstorm insurance rates. By law, TWIA is required to consider new rates at the August board meeting. For the second year in a row, TWIA has been unable to finalize rates at that Board meeting. As TWIA began to set rates for 2021, they convened the actuarial committee to review the rate adequacy study before the study was complete. At the August board meeting, TWIA voted not to raise rates until the full rate adequacy study could be completed with a direction to revisit rates at that time. Rate uncertainty is unsettling at best for TWIA policy holders during this unprecedented COVID-19 pandemic.

At the most recent meeting of the actuarial committee, public comment was due on Sunday, November 29th and the updated rate adequacy study was not released by TWIA until the afternoon of November 30th which prevented the public from filing substantive comment on the report before the committee for consideration. The actuarial committee requested Willis

Towers Watson to gather additional information to before the board meeting on December 8th. The written public comment period again closed before the updated information that presented to the board was released to the public for review. In addition, the published agenda for the December 8th board meeting contained no action item to be considered on rates. This complete lack of transparency by a public agency is unacceptable.

ALTERNATIVES:

The Council can pass the resolution, or the Council can choose to take no action at this time.

FINANCIAL IMPACT:

There is no financial impact to the City.

RECOMMENDATION:

Staff recommends adoption of this resolution which will send an official message from the City of Corpus Christi asking the Governor and the Legislature to stop the TWIA rate increase from taking effect.

LIST OF SUPPORTING DOCUMENTS:

Council Resolution opposing TWIA rate increase 12 22 2020