



AGENDA MEMORANDUM

Future Item for the City Council Meeting of August 21, 2018
Action Item for the City Council Meeting of August 28, 2018

DATE: August 14, 2018
TO: Keith Selman, Interim City Manager
FROM: Tom Tagliabue, Director, Intergovernmental Relations
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Requesting the Commissioner of Insurance to reject the proposed premium rate increase proposed by the Texas Windstorm Insurance Association

CAPTION:

RESOLUTION Requesting the Commissioner of Insurance to reject the proposed premium rate increase proposed by the Texas Windstorm Insurance Association.

PURPOSE:

The Texas Windstorm Insurance Association Board of Directors voted 5-4 to increase rates for 2019 by 10% at the July 31, 2018, quarterly Board meeting and will file the proposed rate increase with the Texas Department of Insurance (TDI) by August 15, 2018, as required by law; and consumers also face an additional four percent cost-of-living increase approved by TWIA.

BACKGROUND AND FINDINGS:

Numerous Coastal Bend cities and counties wrote letters to the TWIA Board opposing the premium rate increase. Now they are reaching out to the Commissioner of Insurance to reject the proposed rate increase. The proposed rate increase must be approved by the Commissioner of Insurance, and if approved, it will go into effect January 1, 2019 and apply to all TWIA residential and commercial properties. New business and renewal policies issued in 2018 will not be affected by the rate increase until the policies renew in 2019.

Many Hurricane Harvey impacted communities continue to struggle with rebuilding. Insurance and FEMA claims remain unresolved so repairs, restoration, and revitalization of homes, businesses and communities are incomplete. Opponents of the increase believe it will have a significantly detrimental impact on the housing market in Hurricane Harvey impacted communities. Many communities in Nueces, San Patricio and Aransas County struggled with affordable housing shortages before Hurricane Harvey. The

increased building costs and higher premiums will make it harder for some consumers to qualify for mortgages hindering an already struggling tax base. It also jeopardizes existing mortgage loans and the banks that provide them.

ALTERNATIVES:

The City could: (1) adopt the resolution, (2) not adopt the resolution or (3) take no action.

OTHER CONSIDERATIONS:

Nueces County is scheduled to adopt a resolution. Other Gulf Coast and Coastal Bend communities are considering similar resolutions.

CONFORMITY TO CITY POLICY:

The resolution conforms to the City's adopted Legislative Priorities Agenda.

EMERGENCY / NON-EMERGENCY:

Non-emergency

DEPARTMENTAL CLEARANCES:

n/a

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2017-2018	Current Year	Future Years	TOTALS
Line Item Budget			
Encumbered / Expended Amount			
This item			
BALANCE			

Fund(s):

Comments:

RECOMMENDATION:

Staff recommends adoption of the resolution.

LIST OF SUPPORTING DOCUMENTS:

Resolution