



TEXAS WINDSTORM
INSURANCE ASSOCIATION

TWIA Depopulation Programs

2022 - 2023 Policyholder Communications

How to Help Policyholders
Understand TWIA Depopulation



Communications with Policyholders about Depopulation

When communicating with policyholders, the following information and statements may be helpful for explaining the depopulation programs and answering their questions.

Depopulation Basics

- Depopulation is a series of programs **authorized by a 2015 state law** and designed to provide TWIA policyholders with alternative options for wind and hail insurance in the private market.
- **How do the depopulation programs work?** TWIA provides policy data to participating insurers who then make offers to assume, or transfer, TWIA policies. Offers are then reviewed by insurance agents, and policyholders have the final say on whether to participate.
- The **Assumption Reinsurance Depopulation Program** allows participating insurers to make offers to remove a large number of TWIA policies at the same time. Policyholders will be notified by TWIA if their insurance agent approves an offer. If policyholders take no action, their policy will automatically be transferred to the participating insurance company, or they can remain with TWIA by sending in a form in a postage-paid envelope or by calling their insurance agent.
- The **Voluntary Market Depopulation Program** allows participating insurers to make offers on TWIA policies **one at a time at policy renewal**. The policyholder and insurance agent may accept or reject any offer. Review the “TWIA Depopulation Programs Comparison” later in the packet to see policy protections that are excluded in the Voluntary program.
- As a policyholder, **participation is strictly voluntary** – policyholders are able to remain with TWIA under either program; however, different actions must be taken in response to offers depending on the program.
- **Policyholders may return to TWIA** at any time after accepting an offer of coverage from a participating insurance company. TWIA’s general eligibility requirements, including Certificate of Compliance requirements, will apply.
- **Does my participation in the Assumption Program serve as my policy renewal?** No, you still have to renew your policy if you want to continue coverage. Regardless of whether you want to participate in our Assumption Program, you need to renew your policy with TWIA if the renewal date is April 30 or earlier. Remember that if you are participating, policy renewals through April 30, 2023 will remain on TWIA’s paper for the following year; policy changes and questions will be handled by TWIA. However, the policy is technically transferred to the new company, so claims will be filed with the new company as of March 1 of the program year. This means you’ll have a period of time when you will be speaking with both TWIA and the new company on different parts of your policy.

Depopulation and TWIA's Mission

- Simply by fact of where they live, many coastal residents of Texas have not had freedom of choice when it comes to windstorm insurance. TWIA's depopulation programs are an effort to facilitate **greater freedom of choice** for those Texans.
- The two depopulation programs in 2016-2017 were the first steps in getting TWIA policies **back into the private market**. That was the first time depopulation had been implemented in Texas, but similar versions of depopulation programs were already being used successfully in Florida and Louisiana (beginning in 2002 and 2007, respectively) to transfer policies from the residual market back to the private market.

FAQs to Assist with Questions from Policyholders

The following FAQs may be helpful for explaining the depopulation programs and answering policyholder questions.

How does depopulation affect me, a TWIA policyholder?

Depopulation encourages more insurers to write wind and hail coverage on the coast with the intention of increasing the adequacy of the market for coastal residents. The program will affect policyholders by providing more freedom of choice, although not all policyholders will receive offers of coverage through the program.

Am I going to get an offer?

Maybe. Depopulation will not affect all TWIA policyholders, as the participating insurers determine which policies to identify for offers. For some TWIA policyholders, options may increase, and for some, there will be no change.

If I get an offer, what are my options?

Policyholders selected for transfer through the Assumption Reinsurance Depopulation Program will be notified beginning December 1, 2022. Upon receiving an offer through the Assumption Program, you can allow your policy to transfer to the new insurer by taking no action. Or, you can remain with TWIA by calling your insurance agent or sending in the form using a postage-paid envelope (sent by TWIA with your offer notice). Providing notification of your choice to stay with TWIA means your policy will stay with TWIA without interruption.

Will I need to change insurance agents?

No, policyholders are always free to work with the insurance agent of their choice.

Can I come back to TWIA?

Policyholders may return to TWIA at any time after accepting an offer of coverage from a participating insurer. TWIA's general eligibility requirements, including Certificates of Compliance, will apply.

Do I need to get a Certificate of Compliance even if I take the offer from the participating insurer?

Although participating insurers may not require Certificates of Compliance, TWIA recommends you continue to get inspections on qualifying repairs in the event that you need to come back to TWIA for your windstorm coverage. TWIA's general eligibility requirements, including Certificates of Compliance, will apply.

Will insurance companies be contacting me directly?

Yes, you will begin receiving information and paperwork from the participating insurer.

You will have 60 days (December 3, 2022 to January 31, 2023) to make a decision on whether to participate in the **Assumption Reinsurance Depopulation Program**, or to remain with TWIA. During that time, you will receive communications from both TWIA and the new insurer.

With the **Voluntary Market Depopulation Program**, any offers will be made through your agent.

Will my rates go up if I switch insurance companies?

Insurers participating in the Assumption Reinsurance Depopulation Program are required to offer rates comparable to TWIA (not more than a 15% higher premium) for a period of three years. After the three years, the participating insurer is able to charge any rate filed with the Texas Department of Insurance.

What if I need to make a change to my policy?

If you allow your policy to be transferred to a participating insurer, you may wonder who to contact about policy changes. Your insurance agent is the best resource to help inform you whether the policy changes should be sent to TWIA or the new company. Contacting your agent is the appropriate first step whether you are participating in the Voluntary Market Depopulation Program or the Assumption Reinsurance Depopulation Program.

How do I file a claim after my policy has been assumed by the new carrier?

When reporting a loss, please verify the date of loss to determine how to file.

- For claims with a date of loss before March 1, 2023, call TWIA at (800) 788-8247

- For claims with a date of loss on or after March 1, 2023 [identify the name of your new insurance company](#), and follow instructions about how to file a claim.
- For policyholders who have decided to move to a new insurer, go to the following webpage to read more about the claims process. <https://www.twia.org/depopulation-claims-info/>

Didn't 2019 law change the timeline of the Assumption Reinsurance Depopulation Program?

Yes. The Texas Legislature passed a law in 2019 to change the depopulation programs and improve agent and policyholder experience by eliminating any decisions during storm season. These changes took effect last program year – Round 5 (2021-2022).

TWIA Depopulation Programs Comparison

Question/Topic	Voluntary Market Depopulation Program	Assumption Reinsurance Depopulation Program
Program Description	Allows participating insurers to make offers on TWIA policies one at a time at policy renewal.	Allows participating insurers to make offers to remove a large number of TWIA policies on a specific date.
TDI Approval Date	TDI formally approved the Voluntary Market Depopulation Program September 6, 2017.	TDI Formally approved the Assumption Reinsurance Depopulation Program on a repeatable basis on April 13, 2017 and approved revisions to the program on September 23, 2020.
Participating Insurer Files Rates/Approves Forms with TDI	Yes	Yes
Participating Insurer Accesses TWIA Policy Data after Completing a Non-Disclosure Agreement (NDA)	Yes	Yes
Policyholder must submit a Disclosure Limitation Reply Form to be excluded from the TWIA Policy Data	Yes	Yes
Participating Insurer Can Make Offers at Any Time	Yes. Participating insurers must make all intended offers at least 60 days prior to renewal.	No. Participating insurers must make all intended policy offers during a specific period of time each year.
New Policy Must Have Comparable Rates & Coverages to TWIA Policy	Not Required	Yes
Carriers Must Work with the Current Agent of Record on the TWIA Policy	Yes	Yes
Agent & Policyholder Participation is Strictly Voluntary	Yes	Yes
Policyholders Respond to Offers/Stay with TWIA by...	Affirmatively saying yes to have their policy transferred to a new company.	Once an agent reviews and approves an offer from a participating insurer, the policy will transfer from TWIA to the participating insurer on the assumption date if the policyholder takes no action; the policyholder must take action in order to remain with TWIA.
Policyholders May Return to TWIA after Accepting an Offer of Coverage from a Participating Insurer	Yes. TWIA general eligibility requirements, including Certificates of Compliance, will apply.	Yes. TWIA's general eligibility requirements, including Certificates of Compliance, will apply.

Assumption Reinsurance Depopulation Program Round 6



Company Offers

Participating companies fulfill TWIA & TDI requirements to participate, and submit identified offers

March 1, 2022

Participating companies provide their identified offers to TWIA

March

TWIA performs initial financial analysis

June 1, 2022 - November 20, 2022

TWIA processes approved offers & enters agreements with participating companies

April 1, 2022

Agents receive Notice of Offers

May 31, 2022

Agents last day to approve offers

Agent Selections

Agents can review and approve offers on the TWIA Depopulation Website

Policyholder Decisions

Policyholders receive information on transferring to a new company or how to remain with TWIA

December 1, 2022

TWIA sends Notice of Offers to policyholder

February 10, 2023

Notice of Assumption and Certificate of Assumption

December 3, 2022 - January 31, 2023

Policyholder opt out period

Policy Transfers

All policies, even those renewed on TWIA paper, are transferred to, or assumed by, the new company

March 1, 2023

All policies transfer

Reminders

1. On and before April 30, policy renewals and policy changes go through TWIA
2. After April 30, policy renewals issued by new company
3. All policy changes go through TWIA until policy is renewed by the new company
4. For all transferred policies, claims go through the new carrier starting March 1

Company Action Steps

1. Submit policies & forms to TDI
2. Sign agreements with TWIA
3. Submit financial information for review
4. Identify policies for offers

Agent Action Steps

1. Review TWIA communications
2. Learn to use TWIA Depopulation website
3. Review offers & research companies
4. Enter agreements with new companies
5. Approve offers
6. Educate policyholders on the process
7. Renew policies prior to expiration

Policyholder Action Steps

1. Review TWIA notices & reminders
2. Discuss offers with agent
3. If you want to transfer your policy, no action is required
4. To remain with TWIA, call (800) 208-5948, call your agent, or send in the form mailed with TWIA notices