



TEXAS WINDSTORM
INSURANCE ASSOCIATION



TWIA Depopulation Programs 2016

Agent & Policyholder
Communications

How to Help Your Policyholders Understand
TWIA Depopulation

Agent 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 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 agent approves an offer. **If policyholders take no action, their policy will automatically be transferred** to the participating insurer, or they can opt out of the program by calling TWIA, sending in a pre-paid postcard, or calling their agent.
- 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 insurer. TWIA's general eligibility requirements, including WPI-8 requirements, will apply.
- The *Voluntary Market Depopulation Program* allows participating insurers to make offers on TWIA policies **one at a time at policy renewal**. The policyholder and agent may accept or reject any offer.

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 are the first steps in getting TWIA policies **back into the private market**. This is the first time depopulation has been implemented in Texas, but similar versions of depopulation programs are 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 Your 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.

Will my information be included in the depopulation programs?

Your information will be included unless you have taken action to limit the disclosure of your information. All new TWIA policies and policy renewals receive a copy of TWIA's privacy policy and have the opportunity to keep their information from being disclosed. You can complete and return the Disclosure Limitation Reply Form at any time.

If you are not sure whether you are eligible to receive offers, you can check the status of your account by calling me, your agent, or TWIA. You should say that you are checking whether you have signed a Disclosure Limitation Reply Form, and you want to know whether or not your policy information is being included in the depopulation programs.

If I get an offer, what are my options?

Policyholders selected for transfer through the Assumption Reinsurance Program will be notified beginning December 1, 2016. Upon receiving an offer through the Assumption Reinsurance Depopulation Program, you can allow your policy to transfer to the new insurer by taking no action. Or, you can opt out of the program by calling TWIA, me (your agent), or sending in a pre-paid postcard (sent by TWIA with your offer notice). Opting out of the program means your policy will stay with TWIA without interruption. Upon receiving an offer through the Voluntary Market Depopulation Program, your policy will not transfer unless you or your agent take action and accept the offer.

Will I need to change insurance agents?

No, policyholders are always free to work with the 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 WPI-8s, will apply.

Do I need to get a WPI-8 even if I take the offer from the participating insurer?

Although participating insurers may not require WPI-8s, 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 will apply.

Will insurance companies be contacting me directly?

Not initially. Companies will not contact you directly to make offers, since all offers will go through me (your agent). If I (your agent) approve the company's offer, then, yes, you will begin receiving information and paperwork from the participating insurer. You will have six months (December 1, 2016 to May 31, 2017) to opt out of the Assumption Reinsurance Depopulation Program.

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. There are no rate restrictions associated with the Voluntary Market Depopulation Program; participating insurers' rates will still have to be filed with TDI.

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. I am (your agent) the best resource to help inform you whether the policy changes should be sent to TWIA or the new company. Contacting me (your agent) is the appropriate first step whether you are participating in the Voluntary Market Depopulation Program or the Assumption Reinsurance Depopulation Program.

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 program March 31, 2016.	TDI formally approved the Assumption Reinsurance program July 14, 2016.
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 if they do not want to be included in 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
Offers Made through 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...	Policyholders must affirmatively say 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; otherwise, the policyholder must opt out 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 WPI-8s, will apply.	Yes. TWIA's general eligibility requirements, including WPI-8s, will apply.

Assumption Reinsurance Process

ASSUMPTION REINSURANCE DEPOPULATION



Will a policy be depopulated through the Assumption Reinsurance Depopulation Program?



2016

AUG PARTICIPATING INSURER PERIOD
 Insurers authorized to write policies in Texas can sign a non-disclosure agreement to review policy data, thus making them participating insurers. These participating insurers can identify policies they wish to make offers on during this period.

SEPT AGENT PERIOD
 Participating insurers notify agents of the identified policies for offers. Agents will then have 60 days to accept or decline the offer. Offers should be reviewed online and can be approved by agents.

DEC POLICYHOLDER PERIOD
 TWIA policyholders are notified if their agent approves their receiving offers. They can accept the offer by taking no action, or they may decline the offer and must opt out of the depopulation program by returning the prepaid postcard, calling their agent, or calling TWIA.

2017

JUNE ASSUMPTION PERIOD
 Participating insurers will assume all policy offers that have been approved by agents and not 'opted out' by policyholders. Unless a policyholder has taken action to opt out, the policy will officially move to the participating insurer on June 1, 2017.

