

## **WITHDRAWAL OF ADMITTED HOMEOWNERS INSURANCE COMPANIES FROM THE 14 COASTAL COUNTIES & MAJORITY OF HARRIS COUNTY**

This exodus is not related to the windstorm issue because a very small number of companies have & are currently writing Homeowners Policies with windstorm included. It is estimated that less than 10% of ALL Property & Casualty insurance carriers in the State of Texas are providing homeowners insurance coverages to citizens along the Gulf Coast of Texas, with majority of these Companies removing the perils of Hurricane, Hail & Windstorm (tornados) from their policies.

TDI could provide the exact numbers to verify the depth of the Crisis.

Banks, Mortgage companies & Realtors have NOT been aware of this situation due to the fact many have unknowingly accepted 'Non-Admitted' policies without realizing the difference between an ADMITTED & NON-ADMITTED Carrier.

A recent look at the Galveston Re-Build Program (a federal assistance program as a result of Hurricane Ike) showed a great majority of the Homeowners policies provided to cover the re-built structures were written through non-admitted carriers who do not answer to the Texas Department of Insurance.

This practice has now been stopped by the City of Galveston.

Another scenario that is currently playing out as a result of one company non-renewing some 11,000 policies, is the MAJORITY of these policies are being re-written by their agents through the TEXAS FAIR PLAN, (this State program numbers are growing), despite some available carriers who are willing to provide the coverages.

One viable alternative is requiring every Property & Casualty company writing Business in the State of Texas to provide coverages to ALL of Texas & if they choose NOT to provide windstorm coverages allow them to CEDE that coverage to TWIA (as it originally was established in 1971). This would allow Companies whether they write in West Texas, Central Texas or the Gulf Coast the facility to CEDE any portion of each risk, no matter if property is located in a Hail Belt, Tornado prone areas or Windstorm areas. THANK YOU.

# Policy Stamp

## Sec. 981.101. REQUIREMENTS FOR SURPLUS LINES DOCUMENTS.

(a) In this section, "surplus lines document" means each new or renewal insurance contract, certificate, cover note, or other confirmation of insurance obtained and delivered as surplus line coverage under this chapter.

(b) A surplus lines document must state, in 11-point type, the following:

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as surplus line coverage under the Texas insurance statutes. The Texas Department of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and the insurer is not a member of the property and casualty insurance guaranty association created under Chapter 462, Insurance Code. Chapter 225, Insurance Code, requires payment of a \_\_\_\_\_ (insert appropriate tax rate) percent tax on gross premium.