

Business and Commerce Committee of the Texas Senate
Testimony Concerning HB-4409
By Wally Goodman

Honorable Chairman, Honorable Members of the Committee,

My name is Wally Goodman. I am an Insurance Agent in Corpus Christi and have been for 33 years. I would like to give the Committee my description of the Windstorm Insurance market in the Corpus Christi area which could be representative of the entire first tier.

First let me say that in my 33 years on the coast I have noticed that windstorm availability and pricing seems most affected by the economic theory of "Supply and Demand". When there are many insurance companies willing to compete for policies that include the windstorm peril the premium charged for those policies are normally less and underwriting less strict. On the other hand, when there are few insurance companies willing to compete, the premium normally increases and underwriting tightens. The dynamics of "Supply and Demand" cause there to be cycles in the windstorm insurance market. My personal opinion is that right now we are in a fairly competitive part of the cycle. There are some insurance companies willing to compete with TWIA for policies with windstorm peril in them. This normally happens when there are large property schedules that generate large premiums. It is my opinion that most of the windstorm insurance for the governmental entities in our area is not currently insured by TWIA. To me, that says that the TWIA premium rates are not too low.

It is hard for me to know whether the softness in the windstorm market is being caused by "Supply and Demand" or if HB-4409 has had an impact on the market. My gut feeling is that it is primarily driven by "Supply and Demand". The reason I say that is that most of the competition for large property risk is coming from "non-admitted" insurance companies. I sense that the admitted market is writing fewer policies voluntarily. If that is true, then the insured who may be worse off with HB-4409 is the little guy. That would be the homeowners and small businesses on the coast.

My personal opinion is that insurance companies (particularly the admitted companies) should be given incentives to encourage them to insure the windstorm peril in the coastal area. I seem to recall that it is a provision of HB-4409 that there will be incentives.

Thanks you for your time. I will answer questions if you have any.