

Legislative Oversight Board on Windstorm Insurance
December 13, 2010

Principal Considerations for deliberation of Windstorm Legislation in 2011

1. The “cause” of enactment of a bill establishing a legislated Windstorm Insurance provider in 1971 was that at an increasing rate, and over a period of years, the voluntary market had withdrawn its facilities from the Texas coast to such an extent that coastal Texans, and the Texas economy, had been seriously damaged. That “cause” has not been eliminated, but rather, is much worse than it was 39 years ago. Symptoms have been addressed, relief of insurers has been addressed, repeal of the premium tax credit has relieved the State of Texas from exposure, but the “cause” of the need for TWIA has NOT been effectively addressed.
2. To the extent that voluntary insurers END underwriting based on geographic criteria, the need for, the use of, and the concern about TWIA is reduced. End this discriminatory practice and you will solve the problem for good and all.
3. To the extent TWIA is reduced, concerns about TWIA are diminished.
4. The goal of restoration of the voluntary market has been made increasingly more remote over the years—starting in 1979 when the premium tax credit was first enacted—by a series of changes to the original Act, which have almost totally separated the voluntary insurance market from responsibility for its acts, the abandonment of the Texas coast.
5. Galveston Windstorm Action Committee, Inc. offers itself as a resource to this committee.

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