

SUBJECT: Requiring reciprocity for nonresident TWIA insurance agents

COMMITTEE: Insurance — favorable, without amendment

VOTE: 9 ayes — Phillips, Muñoz, R. Anderson, Gooden, Oliverson, Paul, Sanford, Turner, Vo

0 nays

WITNESSES: For — Lee Loftis, Independent Insurance Agents of Texas (*Registered, but did not testify*: Jay Thompson, Afact; Thomas Ratliff, American Insurance Association; Tom Tagliabue, City of Corpus Christi; Joe Woods, Property Casualty Insurers Association of America (PCI))

Against — None

On — (*Registered, but did not testify*: Marianne Baker and Elijio Salas, Texas Department of Insurance)

BACKGROUND: The Texas Windstorm Insurance Association (TWIA) is the windstorm and hail insurer of last resort for 14 Texas counties and a portion of Harris County.

Insurance Code, sec. 4056.052 directs the Texas Department of Insurance to issue a license to a nonresident agent if:

- the applicant holds a license in good standing as an agent in the applicant's state of residence; and
- the applicant's state of residence will grant a nonresident agent license on a reciprocal basis to a Texas resident agent.

The department may issue a reciprocal nonresident agent license to an applicant if the authority granted by the license issued by the applicant's state of residence is generally comparable to the authority granted by a license issued by the state of Texas.

DIGEST: HB 3018 would add a requirement to the Texas Windstorm Insurance Association's plan of operation for providing windstorm and hail insurance in a catastrophe area. Under the bill, a nonresident agent could not offer or sell a Texas windstorm and hail insurance policy unless the nonresident agent's state of residence authorized a Texas resident agent to act in the nonresident agent's state as an agent for that state's windstorm and hail residual insurer of last resort.

The bill would take effect January 1, 2018.

SUPPORTERS SAY: HB 3018 would level the playing field for windstorm and hail insurance agents by allowing access to the Texas Windstorm Insurance Association (TWIA) to a licensed agent of any state that allowed nonresident Texas agents access to their state's windstorm insurer of last resort. After a 2016 action by the Louisiana legislature, Texas agents were excluded from accessing Louisiana's wind insurance pool. Southeast Texas agents have been especially affected because they are excluded from helping their clients on the border of Texas and Louisiana get insurance for their Louisiana exposure. The bill would create reciprocity for access to TWIA and other states' wind insurance pools. While the Louisiana Legislature may not have intended to negatively affect Texas insurance agents, until the situation is rectified, the bill would be necessary to protect the state's interests.

The bill would not limit choice for Texas consumers. There are hundreds of thousands of Texas agents and only a few nonresident agents who offer and sell windstorm and hail insurance policies in Texas.

OPPONENTS SAY: HB 3018 could limit choice for consumers by excluding some nonresident insurance agents from offering or selling TWIA insurance.

NOTES: A companion bill, SB 1283 by Creighton, was referred to the Senate Business and Commerce Committee on March 13.