Members,

We are happy to present this year’s Annual Report highlighting our efforts and accomplishments on behalf of our members during the last calendar year. As we look back at the past twelve months, one of the biggest insurance impact events in Texas was the October 2019 tornado in Dallas resulting in $2 billion in insured losses, one of the largest non-hurricane weather events in Texas history. In Texas, tornadoes, hailstorms, floods, and hurricanes are unfortunately, all too common. In any normal year, we would highlight our efforts to represent this industry with Texas regulators, the media, and the public, and our work on critical property and casualty issues.

Unfortunately, it’s not the weather that has dominated the industry's or this country’s interest for the first half of 2020, but a tragedy on a much larger scale. In 2020, the COVID-19 pandemic has drastically changed our way of life, our members’ business operations and customer relations, and perhaps forever altered our thinking about how insurance works as companies have to revise approaches to coverages, rates, customer interactions, and distribution systems.

Despite these challenges, this industry has adapted to meet the needs of its customers and where needed, reexamined existing policy forms and language. For our part, we have worked to ensure interested stakeholders receive accurate information about insurance coverages, rates, and our members’ efforts to offer financial relief and philanthropic support for all Americans during these difficult economic times.

The Texas property and casualty industry provides tremendous service and economic support to our great state and we take great pride in being your Texas association. Our focus is to make sure this industry’s good work is recognized and acknowledged, wherever possible, and its interests protected.

We thank you for your membership and encourage you to reach out to us if you need any assistance or have questions about your membership.

Albert Betts, Jr.
Executive Director
About ICT

ICT is the largest state-based property and casualty association in the country, with over 400 member companies and nearly 40 associate members.

Our Mission
The Insurance Council of Texas is a nonprofit trade association that promotes the property and casualty insurance industry by providing relevant information and resources to its members, the public, regulators and the media.

Our Vision
To be an invaluable information resource and regulatory and public voice for our members by creating a favorable property and casualty insurance environment in which to operate in Texas.

ICT Core Values
Excellence
Professionalism
Service Oriented
Innovation
Respect

ICT member companies represent 78% of all Texas property and casualty insurers, including 85% of the homeowners insurance market and 83% of the private passenger auto market.*

*by premium dollars
New Positions and Staff

In 2019, we created two new positions at ICT to strengthen our knowledge and support of the Texas property and casualty industry, and our experience in the legislative and regulatory processes.

In June 2019, Camille Garcia joined ICT as our first Director of Communications and Public Affairs. Camille brought her 20 years of communications and public affairs experience in the property and casualty industry and helped strengthen ICT’s knowledge and experience in the industry we serve. Camille and her staff are responsible for our member communications, media relations, community outreach, including the ICT Education Foundation, and supporting our internal customers for member events and regulatory and legislative communication efforts.

In January 2020, Angie Cervantes joined ICT as our first Governmental and Legislative Affairs Manager. Angie has experience in the legislature, including experience with the Senate Business and Commerce Committee, and as a lobbyist for various industry groups. Angie is responsible for regulatory and legislative analysis and communications, working with TDI and TDI-DWC, monitoring TWIA and its impact on the Texas market, and working with the ICT board and our committees on key issues.

Financials

ICT Revenue Sources

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member dues and assessments</td>
<td>18.6%</td>
</tr>
<tr>
<td>Non-dues revenue</td>
<td>73.7%</td>
</tr>
<tr>
<td>Rental income</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

### Assets

- **Cash & Investments**: $5,789,837
- **Current Assets**: $1,212,297
- **Fixed Assets, Net**: $1,418,594
- **Noncurrent Assets**: $170,861
- **Total Assets**: $8,591,589

### Liabilities and Net Equity

- **Current Liabilities**: $500,856
- **Noncurrent Liabilities**: $523,298
- **Net Equity**: $7,567,435
- **Total Liabilities and Equity**: $8,591,589
Message from the ICT Board Chair

On behalf of the ICT board of directors, it’s my honor to serve as board chair for 2020 and 2021. In my years on the board of directors, I’ve seen ICT undergo many positive changes as the organization has evolved to meet the needs of its members and the state of Texas. Like ICT, our board has changed as we’ve had retirements in leadership positions, but we have been fortunate to bring in new board member representatives with years of extensive experience in the Texas property and casualty market.

I, like my fellow board members, volunteer to serve on the ICT board because I believe in the goals of the organization and I believe in this industry and the men and women who work to protect the economic interests of Texas citizens and businesses.

We look forward to working with Albert and his management team, to provide the service and representation this industry expects and deserves. Thanks to each of you for support and membership in ICT.

John Stuckemeyer, 2020-2021 ICT Board Chair

ICT is governed by a 15-member board of directors from companies writing across all property and casualty lines and representing a broad spectrum of domestic and national insurers.

Board roster as of 1/1/20:

John Stuckemeyer, 2020-2021 ICT Board Chair  
Texas and Oklahoma Counsel, State Farm  
John Schramm, 2020-2021 Vice Chair  
Senior Vice President, CNA  
Keith Mitchell, 2020-2021 Treasurer  
President, Union Standard  
Mike Gerik, 2020-2021 Secretary  
Executive Vice President, Texas Farm Bureau  
Tom Fitzpatrick, Immediate Past Chair  
SW Region Chief Operating Officer/Houston Branch Manager, Chubb  
Scott Gainey  
Product Regulatory Counsel, Kemper Corp Group  
Frank Galitski  
Director-Government Affairs, Farmers  
Mary Ellen Hamel*  
Divisional President, Republic  
Jonna Kay Hamilton  
Senior Counsel, Nationwide  
Luke Horton*  
Regional Director - South Central Region, The Travelers Companies, Inc  
Joseph Johnson  
Vice President, Regional Manager, United Fire Group  
Kari King  
Government Relations Director, USAA  
Gerald Ladner*  
VP Strategic Agency Partnerships & External Affairs, State Auto  
Fred Stadelbauer*  
Product Manager, Texas, Progressive  
Robert Zeman  
Corporate Counsel, Allstate

*Company board member representatives new in 2020
The COVID-19 pandemic caused confusion among business owners and legislators about business interruption coverage after claims began to be denied. What followed was misinformation about what should or should not be covered under policies, lawsuits over denied claims, and political pressure to provide coverage or pay claims even if not covered.

In response, ICT took immediate action to help business owners, regulators, legislators, and the media understand business interruption insurance and coverages, and potential financial harm to the industry and consumers if insurers were forced to provide coverage where there was none.

- ICT coordinated with other P&C trade organizations on two memorandums to the Texas Legislature, in March and May 2020, on issues related to business interruption claims.
- ICT created a fact sheet "The True Cost of Rewriting Business Income (Interruption) Policies."
- Updated members on the numerous TDI and TDI-DWC emergency actions and bulletins related to COVID-19.
- Highlighted the many efforts by our member companies to offer relief for consumers impacted by the economic crisis resulting from COVID-19, and the industry’s charitable efforts.
- ICT developed 24 special “COVID-19 News To Know” editions to keep our members informed and up to date about the latest developments.
- ICT produced an editorial titled “What’s Fair” in response to private market business interruption questions.
- ICT created multiple infographics on business interruption issues, civil authority rules, and liability concerns.

ICT quickly created a new COVID-19 web page, providing our members a resource to view trends impacting the industry as a result of the coronavirus pandemic. This comprehensive site compiles over 400 items and articles from Federal & State legislative bodies, regulatory issues, media highlights, industry responses and charitable donations.

The site went live on March 28, 2020 and generated the highest number of views of any ICT non-event website.

**ICT continues to monitor the numerous issues arising from the coronavirus pandemic and how the property and casualty industry is impacted and responds.**
ICT monitors all TDI rulemaking, bulletins, and other regulatory issues of interest to our members to assess their impact to the Texas property and casualty market. ICT provides its members updates and analysis on TDI actions, and where needed, submits comments and input to TDI on proposed rules and policy changes. In addition, ICT represents its members at regulatory hearings impacting all property and casualty lines.

ICT reviewed over 50 TDI administrative rules, bulletins, data calls, and orders.

Among the TDI rules we reviewed and submitted comments on behalf of our members:

- Proposed changes to Filings Made Easy rules, including changes to withdrawal of deemer waivers.
- Monitored all rules to implement legislation passed by the 86th Legislature, 2019 Session.
  - An informal rule regarding implementation of HB 1900's loss funding provisions in TWIA. ICT suggestions on tightening references, greater provisions for more transparency and disclosure regarding the 1:100 PML determination, and timeline to get reinsurance quotes were incorporated into the proposed rule that has now been sent out for formal comment.
- Recommended changes to various TDI rules in chapters 28 TAC Part 1, Chapters 1, 5, 7, 19, 21, and 22 in response to TDI request for stakeholder input. ICT worked with legal counsel, committees, and our Board to identify multiple rules needing review or an update.
- Proposed rules regarding plain language notices to policyholders and agents when reducing or making certain changes when renewing a policy. ICT members sought clarification on definitions of “replacement cost,” “actual cash value,” and “depreciation”, and required plain language example. In their rule adoption in January 2020, TDI affirmed ICT's comment.
- Proposed Catastrophe Data Call Reporting Guidelines, and members' concerns with certain reporting element. In 2019, TDI released its Catastrophe Data Call Reporting Guidelines, which were designed to give insurers information to begin programming their systems to report the data elements specified.

ICT met with the TDI staff to discuss filing issues in order to comply with HB 2048, which increased fees collected for the Auto Burglary Theft Prevention Authority (now called the Motor Vehicle Crime Prevention Authority, per SB 604). ICT communicated with the Personal Lines Committee on policy form and rating manual changes.
ICT monitors all TDI-DWC rulemaking, bulletins, and other regulatory issues of interest to our members to assess their impact to the Texas workers’ compensation system. ICT provides it members updates and analysis on TDI-DWC actions, and where needed, submits comments and input to TDI-DWC on proposed rules and policy changes. In addition, ICT represents its members at workers’ compensation stakeholder meetings and regulatory hearings.

In January 2020, ICT hired workers’ compensation regulatory counsel, Burns Anderson Jury and Brenner LLP, to strengthen our workers’ compensation expertise and expand our analysis of workers’ compensation trends and issues.

ICT submitted written comments supporting the readoption of all sections within the “Old Law” chapters, Chapters 41-69, of Title 28, Part 2 of the Texas Administrative Code. ICT recommended that the rules be amended at a future date to adopt the current fee guidelines. DWC readopted all sections.

ICT monitored the implementation of legislation passed during the 86th legislative session, including submitting comments on the proposed rule to implement SB 935 (relating to medical reimbursement for treatment at federal medical treatment facilities), and rules relating to required carrier notices.

ICT submitted comments on a proposed rule on sale of substitutes to workers compensation insurance. The primary concern was that, as proposed, the rule amendments were overly broad and would have applied to any employer regardless of whether they had workers compensation coverage or not. TDI subsequently withdrew the proposed rule.

Texas Committee on Insurance Fraud

In 2005, TDI’s fraud unit and ICT, along with other local and national insurance organizations, created the Texas Committee on Insurance Fraud. The committee’s goal is to assist industry groups, prosecutors, and regulators in identifying tools and processes to reduce insurance fraud.

In November 2019, the committee that includes carriers, regulators, SIU investigators and TDI attorneys met to discuss trends and share learnings to help address fraud in Texas.
ICT monitored implementation of all property and casualty and workers’ compensation legislation passed in 2019.

ICT reviewed and shared interim charges from House Insurance, House Business and Industry, and Senate Business and Commerce Committees.

Due to the COVID-19 pandemic, legislative committees cancelled interim hearings.

Therefore, hearings have not been held on the House Committee on Business & Industry’s charge to monitor DWC’s implementation of SB 935, which passed during the 2019 legislative session and requires workers’ compensation insurance carriers to reimburse federal military treatment centers the same rate mandated under federal law.

The House Insurance Committee was to consider their interim charge to monitor the implementation of HB 259, which prohibits certain practices related to the delivery, issuing of delivery, or renewing of named driver policies; the flood disclosure interim charge; and the charge to study the adequacy of the state’s insurance laws on regulating the introduction of insurtech products into the Texas insurance market.

The House Insurance Committee met in Rockport to take testimony on the interim charge of monitoring the implementation of HB 1900.

There are two boards charged with looking into various aspects of TWIA during the 86 Interim Legislative Session: TWIA Legislative Oversight Board and TWIA Legislative Funding & Funding Structure Oversight Board. ICT will monitor any hearings or recommendations made by these boards.

ICT holds regular meetings with other trade groups to discuss key legislative and regulatory issues, including the COVID-19 pandemic and its impact on the insurance industry. ICT also supports AFACT, the Association of Fire and Casualty Companies in Texas, with administrative support.

The 87th Texas Legislature is scheduled to begin January 12, 2021 and ICT will be prepared to provide our members with the latest legislative developments throughout the 140 day session. We anticipate the following issues, among others, will be considered during the session:

- COVID-19 and insurance
- TWIA Related Issues
- NAIC Data Security Model Act
- UM/UIM-Attorney’s Fees
- NAIC Model Credit for Reinsurance
ICT monitored and reported on all TWIA and FAIR Plan meetings.

ICT staff met with TDI and TWIA staff as needed to discuss issues related to TWIA funding and rate adequacy.

In September 2019, ICT’s Executive Director and legal counsel, along with other trade representatives, met with the insurance commissioner and senior staff to discuss TWIA funding and rate issues.

ICT submitted comments regarding rate adequacy. In the comments, ICT and AFACT requested the board approve at least a 5% increase in rates at their August 6, 2019 board meeting, stressing that rate adequacy is important in order for TWIA to be able to pay claims for its policyholders.

Prior to the December 10, 2019 TWIA Board meeting, ICT prepared and distributed a document outlining the myths circulating about TWIA, rates, and claims. ICT submitted comments prior to the December Board meeting, once again urging the Board to approve the recommendations of its Actuarial Committee for a 5% rate increase for new and renewal policies issued in 2020.

ICT recapped TWIA’s 2020 Annual Report, which evaluates the extent which the Association has met the primary objectives set for the TWIA Board of Directors in Chapter 2210 of the Insurance Code. The report covers June 1, 2019 to May 31, 2020.

In December 2019, Senator Larry Taylor (R- Friendswood) requested an Attorney General opinion on various aspects of the effect of HB 1900 and SB 615 on TWIA’s ability to consider rate increases, insurers’ responsibility for payment of portions of TWIA reinsurance, and repayment of Hurricane Harvey losses, among other issues. ICT, working with our board, committees, and legal counsel, jointly with AFACT, filed an extensive brief explaining the effect of the legislation and insurers’ responsibilities under the various TWIA laws. Ultimately, the AG’s opinion supported ICT’s position.

Representation in Texas Courts

In August 2019, ICT, on behalf of its members, joined other national trades, NAMIC and APCIA, in filing amicus briefs in support of State Farm Lloyds’ motion for rehearing in Barbara Technologies Corp. v. State Farm Lloyds and Ortiz v. State Farm Lloyds.

The motion for rehearing was in response to the Texas Supreme Court’s ruling that there was no appraisal exception to the Texas Prompt Payment statutes (Insurance Code chapter 542). This issue remains of concern to our members as recent court decisions have followed the Barbara Technologies and Ortiz precedent.
ICT provided members with information about the Texas regulatory and legislative environment, current trends, and industry issues through a variety of daily, weekly, monthly, quarterly and annual publications, websites, webinars, and social media platforms. An ongoing website refresh, a new Media Central page and creating over 100 newsletters and informative communications like News To Know, Workers’ Compensation News Digest, P&C Filings and more, is a goal to better serve our members.

**Media**

- ICT engaged members and the general public with over 500 posts across Twitter, LinkedIn and Facebook, increasing our brand engagement by over 100% in twelve months.
- ICT sent 41 press releases to media throughout Texas, generating over 350 ICT mentions in radio, television, websites, and newspapers.
- ICT also responded to TWIA and Business Interruption issues with two original editorials garnering attention from general and insurance media outlets.

We responded to 118 media inquiries after the Dallas Tornados of October 2019, providing damage estimates of $2 billion in insured losses, tips on claims filing, and how to avoid fraud.

**Hurricane Tour**

ICT along with key industry partners, State Farm, Insurance Institute for Building & Home Safety, National Weather Service and Texas Department of Insurance met with 36 media outlets on the coast sharing messages regarding industry trends, insurance issues and consumer preparedness.

**Publications**

ICT developed our first *State of the Texas Property and Casualty Insurance Market* report providing key rankings, statistics and strides made within the property and casualty industry.

This report helps the general public and our elected officials better understand the work accomplished to make our industry a driving force in support of the Texas economy.

ICT’s new *Texas Workers’ Compensation Market Annual Report* includes an analysis and overview of the workers’ compensation market, information about the system and system issues, discussion on the Texas pharmacy formulary, an overview of regulatory and legislative actions, and much more.
Education Campaigns
ICT’s commitment to provide resources for our members and consumers is demonstrated by monthly campaigns ranging from Hot Cars, Weather Safety, Distracted Driving and much more. Infographics, Fact Sheets and other resources are distributed through all our platforms and are available on our Media Central page.

Hide-Take-Lock
(formerly known as Lock, Take & Hide)
ICT, with financial support from State Farm, coordinated the annual program with five Texas cities. Each city receives an allocation of signs and together with police departments identifies areas of the city most impacted by theft.

We’re Out To Alarm Texas
ICT’s commitment to consumer safety doesn’t stop with our auto and police department partnerships! ICT with the generosity of our partners from AFACl, First Alert, State Farm, Travelers and, Hochheim Prairie provides 50 Texas Fire Departments with smoke alarms to increase home safety. In 2019, 2,500 smoke alarms were distributed to fire departments who install these devices in mostly low income or senior households.

If You Like It, Lock It!
A new initiative with the Motor Vehicle Crime Prevention Authority and the National Insurance Crime Bureau, ICT coordinated the media partnership to highlight the campaign. Billboards, radio, print, television, talent identification, event coordination, PSAs and press conferences brought together key stakeholders raising consumer awareness.

Social Justice Coverage
Responding to social unrest generated after the death of George Floyd, ICT created a social justice site capturing the industry’s responses and charitable donations.

Over 5500 signs have been placed across Texas!

Since 2005, this partnership has provided over 25,000 alarms to Texas Fire Departments.
ICT Committees

ICT Committees met throughout the year to discuss and review pending legislation, post-session implementation by TDI and TDI-DWC, and emerging regulatory and litigation issues for Texas insurers. The committees helped to develop ICT feedback to TDI and TDI-DWC on a variety of issues, TWIA funding and industry assessment issues, and provided guidance on industry education and advocacy efforts with the media and public.

For more information on ICT committees, see the “Committees” page on insurancecouncil.org. If you’re interested in volunteering to serve on an ICT committee, please contact Angie Cervantes, Manager, Legislative and Regulatory Affairs at acervantes@insurancecouncil.org.
ICT Education Foundation

Supporting the Next Generation of Insurance Professionals.

Since 2002, the ICT Education Foundation, a 501(c)(3) non-profit entity, has awarded almost $1.2 million dollars in academic achievement awards to 12 Texas universities and 565 scholarships to university students enrolled in risk management, insurance and business majors. The goal of the foundation is to increase the awareness of the insurance industry among our future workforce.

• A total of 17 carriers participated in the 5th Annual Speed Interview Session during the ICT P&C Symposium.

• The ICT Job Center was created to post all scholarship recipient resumes. Scholars information includes major, university and graduation year. Member companies may view these resumes on our website.

• Over the last three years, 65% of ICT scholars found a job in the industry upon graduation.

“The scholarship did a lot for my career and contributed to where I am today.”

~Julian Villareal, Baylor ’20, Bond & Specialty Underwriting Intern, Travelers Insurance

“I had no idea a dancer’s feet or a pitcher’s arm could be insured. This was not the ‘sitting behind your desk’ job I remember Mr. Incredible agonizing over in the Disney movie.”

~Olivia Batchelet, St. Mary’s University ’20, TRAC Associate, Marsh Brokerage & Risk Management. TRAC is a 2-year program for high potential graduates to accelerate their insurance career.

In 2019, ICT gratefully recognized those who have donated to the Foundation for 10 or more consecutive years. Their commitment to the next generation of insurance professionals is appreciated – thank you for your generous support:

Rick Gentry
Mark Hanna
Bill Huff
Jack Ikenaga
Dorothy Langley
Barbara Schoenfeld
Craig Sparks
Linda Von Quintas

Becoming a donor is easy – go to the Education Foundation page on our website to learn more about the foundation and see a list of the “Supporters of Education”.

For more information about the Education Foundation, look for our 2019 Impact Report, the first produced for the Foundation by ICT, available online at insurancecouncil.org.
The Insurance Council of Texas was created when the Texas Insurance Advisory Association and Texas Automobile Insurance Services Office merged in 1996. For over 80 years, these associations had been the principal property and automobile insurance association for companies operating in Texas, and their merger created a stronger and more efficient trade association. By 1999, the name was officially changed to what we know today as ICT, growing into the largest state-based property and casualty association in the country.