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Members,

Thank you for being a member of the Insurance Council of Texas. We prepared this Annual Report to give you an overview of our activities during the past year; a year which has seen many challenges and tests of our adaptability and resilience.

The property and casualty industry finished 2020 wrestling with the impact of COVID-19 on businesses and consumers while adapting operations, interactions, and other business resources to provide excellent services for our customers. In February of 2021, residents and businesses throughout the state endured an unprecedented winter storm which caused untold suffering and damages for millions of Texans. Power and water outages impacted almost all 29 million residents for several days, and as of the date this report was being prepared, the industry had paid over four billion dollars in insured losses. These events, and so many other severe weather instances, reinforced the importance of having a strong and responsive insurance market to help Texans recover and rebuild.

ICT is proud to serve this industry, keeping you informed, serving as the voice of Texas property and casualty, and helping you in your efforts to protect individuals and businesses after a loss.

Again, thank you for your membership and on behalf of the ICT team, we welcome the opportunity to serve you.

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 30 associate members.

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 Staff

ICT welcomed Linda Vallejo as our Executive Assistant and Project Manager in 2020. Linda brings over 20 years of experience working for executive level management, providing administrative and project management support.

ICT Revenue Sources

- **Assets**
  - Cash & Investments: $7,482,479
  - Current Assets: $1,357,500
  - Fixed Assets, Net: $1,321,267
  - Noncurrent Assets: $835,026
  - Total Assets: $10,996,272

- **Liabilities and Net Equity**
  - Current Liabilities: $388,420
  - Noncurrent Liabilities: $628,641
  - Net Equity: $9,979,211
  - Total Liabilities and Equity: $10,996,272

- **Rental income**

- **Member dues and assessments**

- **Non-dues revenue**

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

New Staff

ICT welcomed Linda Vallejo as our Executive Assistant and Project Manager in 2020. Linda brings over 20 years of experience working for executive level management, providing administrative and project management support.
ICT Board of Directors

This past year has tasked ICT and our members as we’ve all had to adapt and change as a nearly daily occurrence. As chairman of the ICT board of directors, I am proud to say this industry, as usual, has been more than capable of managing challenges and finding new ways to serve our customers and this great state.

The ICT Board of Directors sets the vision for the organization and we have stressed the need for ICT to be responsive to our members’ needs during these challenging times and ensure our members have access to the latest Texas regulatory, legislative, and industry trends and issues. During this last year, ICT remained a strong collective voice for Texas insurers, whether addressing COVID-19 and commercial insurance questions, educating the media and public on preparedness, mitigation, or insurance coverage issues prior to and after the many Texas severe weather events, or engaging TDI and TDI-DWC on key regulatory issues.

The property and casualty industry, and its employees, responded to the needs of our customers during the February winter storm and helped in the recovery for Texans across the state. In the face of adversity, we continue to be a key component in the recovery and economic success across all 254 counties. The insurance industry and our employees give us all great pride in our unwavering commitment to respond to our policyholders’ needs.

I hope you find this Annual Report to be informative. ICT is your association, and we are here to represent your interests and serve your needs in order to help your company be as successful as possible in this competitive and thriving Texas market. Together, we will continue to create a stronger and better industry in support of our customers.

John Stuckemeyer, 2020-2021 ICT Board Chair

ICT is governed by a 14 member board of directors from companies writing property and casualty lines and representing a broad spectrum of domestic and national insurers.
For a week in February 2021, freezing temperatures and the near collapse of the state’s power grid resulted in millions of Texans losing power. As of July 2, 2021, the industry has paid losses of approximately $4.1 billion for homeowners, renters, business, and auto claims resulting from the winter storm. ICT played a key role in response to this unprecedented event.

In March, the House Insurance committee called upon the industry to testify about their response to the storm. ICT’s Executive Director, Albert Betts, Jr. testified on the panel with other stakeholders. He provided the committee with historical information on how the industry is prepared to handle and has dealt with disasters.

**ICT kept members up to date as TDI and DWC issued bulletins:**

- TDI bulletins addressed issues ranging from underwriting, rate, and renewal laws and rules after a disaster, insurance code provisions related to contractors and adjusters, and grace periods for premium payments. TDI also reminded insurers about factors that may have prevented policyholders from maintaining heat and shutting off water (such as frequency and length of power outages or differing advice for caring for pipes during freezing weather) and encouraged insurers to consider these factors.

- DWC issued bulletins announcing the tolling of workers’ compensation deadlines including claim notification and filing deadlines, medical billing deadlines, medical and income benefit payment deadlines, electronic data reporting deadlines, and medical and income benefit dispute deadlines.

- ICT participated in a conference call of the Texas State Disaster Coalition (TSDC).

- ICT met with TDI on industry response to the winter storm and TDI’s expectations.

- ICT continues to update members on the results of data calls TDI issued on the winter storm.

**Covering the 2021 Winter Storm:**

ICT created a dedicated website, www.texas2021winterstorm.org, to capture issues related to the winter storm.

Our website includes regulatory and legislative resources, media coverage, and consumer tips.

ICT fielded and responded to 136 media calls during and immediately following the winter storm, resulting in coverage in the Wall Street Journal, Bloomberg News, Washington Post, as well as many other state and national outlets.

We developed various graphics covering critical issues that arose from the winter storm, including resources on filing claims, frozen pipes, safe winter weather driving tips and what to do after a loss or accident. These resources were shared with and used by media outlets as well as posted to our social media channels.
Regulatory Work

ICT continuously monitors the Texas Department of Insurance (TDI), providing members updates and analysis on TDI actions. When needed, ICT submits comments and input to TDI on proposed rules and policy changes and represents its members at regulatory hearings impacting all property and casualty lines.

ICT reviewed and shared 45 administrative rules, bulletins, data calls and orders from June 2020 to June 2021.

ICT kept members informed on updates and changes to TDI’s emergency actions and bulletins related to COVID-19, including consolidating the information in ICT Summaries of TDI COVID-19 Related Actions on ictcovid19.org.

In consultation with ICT Committees and counsel, ICT submitted comments on the following rules on behalf of our members:

- Informal working draft of an amendment to 28 TAC §5.5002, which classifies pet insurance as a “non-regulated” class of inland marine insurance and allows insurers to sell it through individual or group policies. ICT expressed support for the proposal. TDI has since adopted the proposed rule.

- Proposed rule 28 TAC §1.1301 and §1.1302 regarding electronic submissions made to TDI and electronic communications from TDI. ICT generally supported the use of electronic submissions but suggested a stakeholder meeting before the final rule adoption to work out details. TDI opted not to have a stakeholder meeting.

- Review of rules in Title 28, Administrative Code, Chapters 5, 7, 19, 21, and 28. These comments included specific recommendations for the repeal or amendment of various rules including elimination or reduction of loss control audits and the repeal of §5.401 (No Prior Rule). TDI completed its review in June and did not make any substantive changes to the rules.

Additionally, ICT provided a recap of TDI’s two-part study on the relationship between gender, marital status, and pricing of auto insurance in the Texas market.

The study found that overall, men and women had similar average premiums, average losses, and average loss ratios. Where the effect of gender or marital status resulted in differences in average premium, these differences were generally supported by differences in average loss.
Regulatory Work

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 its 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. ICT reviewed and shared over 25 administrative rules, bulletins, data calls and orders from June 2020 to June 2021.

ICT kept members informed on updates and changes to TDI-DWC’s emergency actions and bulletins related to COVID-19, including consolidating the information in ICT Summaries of DWC COVID-19 Related Actions on ictcovid19.org.

ICT submitted comments on the following rules on behalf of our members:

- Informal draft of proposed amendments to 28 TAC Chapter 124, §124.2; Chapter 102, §§102.4, 102.5, and 102.8; and a new Subchapter B in Chapter 124 to update and enhance data collection methods. After consultation with the workers’ compensation committee, ICT submitted comments recommending an implementation timeline as well as some amendments to the table.

- Proposed amendment to 28 TAC §180.1 to align DWC’s definition of “appropriate credentials” with the statutory changes made by SB 1742, 86th Legislature. ICT requested clarification of what was meant by a “similar specialty”, but DWC disagreed that the term should be defined when they adopted the amendment in February 2021.

- Proposed revisions to DWC Form-153, Request for Record Check or Copies of Confidential Claim Information, which increased the use of technology and allowed for electronic submission of the form. ICT submitted comments in support of these revisions.

ICT’s workers’ compensation regulatory counsel, Burns Anderson Jury and Brenner LLP provided recaps of DWC Insurance Carrier Quarterly Meetings, which are available for members on insurancecouncil.org.

Watching TWIA and FAIR Plan

ICT monitored and reported on all TWIA and FAIR Plan meetings.

ICT provided recaps of reports, including the Willis Towers Watson Residential and Commercial Rate Level Analysis Report, TWIA’s 2020 Annual Report, and TWIA’s Biennial Report to the Texas Legislature.

ICT submitted comments on Subchapter E. TWIA; Division 3, Loss Funding; 28 TAC §§5.4102, 5.4114, 5.4133, 5.4134, 5.4141, 5.4142, 5.4160-5.4162, 5.4164, 5.4167 and 5.41 regarding the TWIA loss funding rules, member assessments to pay for reinsurance, as well as claims, definitions, and public security proceeds. Most of ICT’s comments regarding these amendments were considered, including clarifying certain definitions and modifying title of §5.4161 to distinguish assessments for claims from assessments for excess reinsurance.

Ahead of both the August and December 2020 meetings of the TWIA Board of Directors, ICT submitted comments recommending at least a 5% rate increase for both commercial and residential.

ICT collaborated with other insurance industry trade groups to develop a proposed funding plan for TWIA to reduce the association’s reliance on debt.
Legislative Efforts

The 87th Texas Legislature convened on January 12, 2021. Prefiling for legislation began on November 9, 2020. ICT kept members informed of legislative issues and bills of interest to the industry.

- ICT tracked over 400 bills with potential impact to the industry; closely watching 68 deemed as significant. ICT provided members with summaries of tracked legislation.

- Legislative committees with jurisdiction over property & casualty insurance issues met on a weekly basis during the session and ICT provided recaps of the meetings for its members.

- ICT worked closely with our committees to keep them informed on bills that could affect the industry. Periodic joint committee meetings of Claims, Commercial Lines, Personal Lines, and Windpool were held, as well as meetings of the Workers’ Compensation committee.

- ICT produced podcasts and webinars to update members on the legislative session and process.

- ICT held weekly meetings with other industry trade groups to help coordinate industry messages, provide any necessary background data, and discuss key legislation and industry efforts.

- ICT provides administrative support to AFACT, the Association of Fire and Casualty Companies in Texas. During the legislative session ICT facilitated weekly meetings of the AFACT Legislative Committee and assisted with research and summaries of property and casualty related bills as they made their way through the process.

Key issues that emerged during the 87th Legislative session included:

- Commercial trucking litigation reform
- TWIA related issues, including board composition, rate setting, PML, and reinsurance funding
- Presumption of COVID-19 for purpose of workers’ compensation benefits
- Payment of replacement cost
- Requiring the use of OEM parts and other changes to the auto repair process
In this last year, we had important issues pending before the Texas Supreme Court on UM/UIM litigation and attorney fee recovery.

**In re State Farm and Shahan and In re State Farm and Dauper – Unfair Claims Settlement and UM/UIM claims**

In December 2020, ICT, in cooperation with APCIA, submitted an amicus brief to the Texas Supreme Court on an issue of importance to Texas auto insurers. The cases before the Supreme Court were **In re State Farm Mutual Automobile Insurance Co. and Shahan** and **In re State Farm Mutual Automobile Insurance Co. and Dauper**.

The cases involved questions on the ability of insureds to pursue an unfair claims settlement (Insurance Code Chapter 541) action against an insurer before establishing entitlement to recovery in uninsured/underinsured motorists claims (UM/UIM). In March 2021, the Supreme Court issued its opinion finding that an insured cannot pursue a claim under the Texas Insurance Code before first establishing legal entitlement to the recovery of UM/UIM benefits.

The Supreme Court held that, under **USAA Texas Lloyds v. Menchaca**, a plaintiff seeking recovery of benefits owed under an insurance policy must first establish his entitlement to policy benefits as a contractual matter before he can recover them as damages for an Insurance Code claim. The Supreme Court commented that the insured must establish State Farm’s liability under their insurance policies as a prerequisite to recovery on their Insurance Code claims. You can read ICT’s amicus brief [here](#) and the Supreme Court’s opinion [here](#).

**Allstate Insurance v Irwin – Attorney Fees in UM/UIM Claims**

In December 2020, ICT joined APCIA and NAMIC in filing an amicus brief with the Texas Supreme Court in **Allstate v Irwin**. At issue in this appeal was the use of the Texas Uniform Declaratory Judgment Act in UM/UIM claims to obtain attorney’s fees without an underlying judgment finding liability. Despite the excellent arguments from Allstate and the supporting trade organizations, in May 2021 the Texas Supreme Court, by a 5-4 decision, upheld the use of the Uniform Declaratory Judgment Act in a UM/UIM case to support the award of attorney’s fees. Justice Devine wrote the majority opinion and Chief Justice Hecht wrote the dissent.

At the time this Annual Report was being prepared, ICT was considering a potential amicus brief in support of Allstate’s motion for rehearing.

Documents linked in this report are available to our members on the Legal Updates page at insurancecouncil.org.
Communications & Public Affairs

One of our goals is to keep our members informed 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. We created new websites in response to the 2021 Winter Storm and the COVID-19 pandemic’s impact on P&C, created over 200 newsletters and regular informative communications like Tex-Clips, News To Know, Workers’ Compensation Monthly News Digest and expanded how we share and distribute information to our members. Members can now access information when, where and how they need it.

Mobile Application

ICT introduced our first ever mobile app for members and general public in 2021. This provides information at your fingertips including legislative and regulatory updates, event updates and registration, education foundation news and so much more. Download the app from your android or iPhone applications store and enjoy the benefits of having ICT in your pocket!

Media

ICT, on behalf of the property and casualty industry, pitched over 20 stories through press releases and another 18 campaigns on our social media channels. This generated over 225 media contacts and at least 1,106 appearances in television, print and online stories. Our 2021 winter storm coverage alone generated over $3 million in earned media value, branding ICT and the Texas insurance industry across wide markets in a positive light.

Publications

ICT is pleased to provide our members with publications that help tell the story of the property and casualty market in Texas.

The second annual State of the Texas Property and Casualty Insurance Market provides updated statistics and rankings that provide an in-depth look at the Texas market helping members, legislators and key stakeholders understand the impact our industry makes in this state and beyond.

This year’s edition of the Texas Workers’ Compensation Market Annual Report includes an analysis and overview of the workers’ compensation market, including information about the system and an overview of regulatory and legislative actions, and much more.

ICT provided data and information on the property and casualty industry for the 2020 Texas Insurance Industry Impact Report. This report, a collaborative effort of state and national insurance trade associations, provides an overview of the insurance industry covering property and casualty, catastrophe, health, life, disability insurance and more.

All reports are available on the Reports Page of insurancecouncil.org.
Communications & Public Affairs

COVID-19 Pandemic Coverage
ICT closely followed the pandemic’s impact on the industry. Keeping legislative and regulatory issues at the forefront, ICT promoted the industry’s response through rate and payment adjustments and philanthropic donations. We continued to spotlight legal decisions of interest and insurance implications in our member communications and social media throughout the year. Our Covid-19 Resources site continues to capture important and relevant information.

Hurricane Media Tour
ICT evolved with the challenges faced in 2020, and remained committed to providing consumers with critical information through our media partners. Together with our FEMA/NFIP and National Insurance Crime Bureau (NICB) colleagues, ICT provided live, online Hurricane Safety segments covering industry trends and consumer preparedness tips.

Safety Campaigns
ICT’s two flagship safety programs, Hide, Lock And Take and We’re Out to Alarm Texas continued in partnership with member organizations including State Farm Insurance, The Travelers Companies, Inc. and AFACiST, whose generous support provides over 120 Texas law enforcement agencies with much needed resources.

ICT and State Farm collaborated with Corpus Christi Police and Fire Departments creating a community safety event that generated support and attention from the city’s Mayor, Joe McComb, city council members, and a large representation of civic, business leaders, and the media.

Since 2005, ICT distributed 26,000 smoke alarms and 5,600 Hide, Lock And Take signs

Education Campaigns
ICT remains committed to providing information and resources to members, the media and consumers around various critical topics. Our monthly campaigns include Cybersecurity Awareness Month, Holiday Safety, Hot Cars, Hurricane and Weather Safety and so much more.

Websites, graphics, social media and promoting member company campaigns across our channels means ICT distributes information through all our platforms reaching key publics.
ICT Events

The ICT/AFACT 28th Annual Property and Casualty Insurance Symposium moved to three half-day virtual events in October 2020, with nearly 400 total streaming viewers over the three days, providing relevant insights and market data on the issues affecting the Texas and national insurance marketplace. The Symposium remains the primary fundraiser for the ICT Education Foundation.

Workers’ compensation professionals heard from top experts and regulators when ICT virtually hosted the annual Workers’ Compensation Conference in September 2020, with nearly 300 total streaming viewers over the three days event. Our early 2021 webinar on “Workers’ Compensation in the time of Covid-19” also brought together over 145 members to hear from ICT associate member Burns Anderson Jury & Brenner, L.L.P.

Our live webinars topics over the last year included:
- Election Recap & Legislative Preview
- COVID-19 Business Interruption and Liability Claims
- Social Inflation’s Impact on P&C
- TWIA and the Texas Legislature
- Changing an Insured’s Bad Behavior: Distracted Driving

Our podcasts included conversations about:
- 87th Texas Legislative Session series
- “Perspectives on Leadership” series
- Hurricane Prep with the NWS
- Protecting Texans from Fraud

ICT Committees

ICT Committees are comprised of representatives from member companies who are interested in discussing, reviewing, and having input into the issues facing the Texas P&C industry. Meetings are held throughout the year, allowing ICT to develop documents and messages to our regulatory, legislative, and other agencies.

The Claims, Commercial Lines, Personal Lines, and Windpool Committees met jointly during the 87th Legislative session to discuss bills that were advancing through the process. The Workers’ Compensation Committee also met during the session and ICT’s workers’ compensation regulatory counsel, Burns Anderson Jury and Brenner LLP provided an update on legislation and surrounding discussions. These committees will meet in the summer to discuss plans for the interim. If you’re interested in volunteering to serve on any of these ICT committees, please contact Angie Cervantes, Manager, Legislative and Regulatory Affairs at acervantes@insurancecouncil.org.

The Texas Committee on Insurance Fraud, a gathering of legal, subrogation and fraud representatives led by ICT and the TDI Fraud Department, discusses trends and provides information on the issues facing professionals in the industry. This committee met both pre-session and during session in 2021. The Communications & Public Affairs Committee meets regularly to review opportunities in the media and share updates to support our members’ work. For more information on the Texas Committee on Insurance Fraud or Communications & Public Affairs Committee, contact Albert Betts at abetts@insurancecouncil.org.

We thank all of our committee members for their time and willingness to share their expertise.

The COVID-19 pandemic impacted the ability to host live events across the world.

Evolving with the needs of our members and the P&C community, ICT hosted two virtual events in 2020 - our Property and Casualty Insurance Symposium and our Workers’ Compensation Conference - as well as producing our live webinars and recorded podcasts throughout the year.

Over the last year, our virtual events, webinars, and podcasts saw over 1,000 views, streams or downloads of ICT material.
ICT Education Foundation

Creating a Legacy for the Next Generation of Insurance Professionals

Since 2002, the ICT Education Foundation, a 501(c)(3) non-profit entity, has awarded over $1.3 million dollars in academic achievement awards to 12 Texas universities and over 600 scholarships to university students enrolled in risk management, insurance and business majors.

The Foundation’s goal is to promote careers in the property and casualty industry, and we are happy to note that approximately 65% of scholarship recipients found a job or internship within the industry.

In 2019, we began a tradition of recognizing and thanking those who have generously donated to the Education Foundation for 10 years – our Legacy Partners.

In 2020, the Foundation recognized these Legacy Partners Award recipients:

- Albert Betts, Jr.
- Debra Richardson
- Joe Johnson
- John Stuckemeyer
- Mike Gerik
- Steve Nichols
- Terry Porter
- Tony Gonzalez
- Wayne Ottoway

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”.

Ava Martinez, a Finance and Risk Management major, graduated from St. Mary’s University in San Antonio. On why she chose the property and casualty industry, Ava said "I want to be a part of a world where we help support others and protect them from unnecessary risk, and I want to ensure that we live in a future that is aware and ready for everything in life that lies ahead."

Tommee Peeravong is a recent graduate from the University of North Texas and an ICT Education Foundation Scholarship recipient. Graduating with a BAAS with a minor in Risk Management and Real Estate, Tommee has already experienced the industry as a catastrophe claims adjuster.

ICT’s 2020 Education Foundation Impact Report provides information on this program. Find the publication online at insurancecouncil.org.

With the generosity of company sponsors and individual donors, Foundation Trustees awarded $72,000 to university programs in 2020.

Our 2021 fundraising goal is $90,000.

Add your name to the list of donors who support the Education Foundation, knowing that 100% of your donation goes toward scholarships and university grants. For more information on the Education Foundation contact Albert Betts, Jr., Executive Director at abetts@insurancecouncil.org or (512) 326-7600.
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.