



INSURING THE TEXAS COAST

The Texas coast is a vital part of the state's economy, and insurance, both residential and commercial, helps to keep the economy strong. The Texas coast faces unique weather risks in the form of costly hurricanes like Hurricane Harvey in 2017 and Hurricane Ike in 2008. Due to the risk of costly storms like these, coastal residents and businesses have options for wind and hurricane coverage.

For example, in addition to homeowners insurance, many homeowners in Texas coastal counties may have a separate wind insurance policy, written through the Texas Windstorm Insurance Association (TWIA), which specifically addresses damage to a home caused by high winds normally associated with a hurricane.

WHAT IS TWIA? TWIA was created by the Texas legislature in 1971 to provide wind and hail insurance for Texas Gulf Coast property owners (those living in the 14 "Tier 1" counties) who, in the event of a catastrophic loss, such as a hurricane, are unable to find coverage in the private market. TWIA is intended to be the insurer of last resort and property owners have to receive two declinations from private market insurers. TWIA policies provide coverage for wind and hail losses only.

WHO WRITES WIND COVERAGE ON THE COAST? Both TWIA and the private market. TWIA's 2016 written premiums were \$487 million. For the private market, 2016 written premiums were \$415.

Texas property and casualty insurers also write well over \$500 MILLION in commercial, residential, and auto coverage in tier 1, making their total premiums written along the coast nearly ONE BILLION DOLLARS.

In addition, TWIA may assess insurance companies up to one billion dollars to help pay for TWIA policyholder losses after a storm. For example, to help pay for TWIA policyholder losses after Hurricane Harvey, TWIA assessed insurance companies \$281.8 million dollars.

WHAT ABOUT FLOOD INSURANCE? Neither homeowners insurance nor TWIA policies cover damage caused by flooding. Most flood coverage is underwritten by FEMA through the National Flood Insurance Program, and pays for damages to covered homes or personal property directly damaged by flooding.

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