TWIA Board of Directors Meeting on Budget & Legislative Recommendations – October 8, 2026

The TWIA Board held a special meeting on October 8, to review preliminary information on the 2027 budget and consider legislative recommendations to be included in its Biennial Report to the 90th Texas Legislature. The Board moved forward with some, but not all, of the five recommendations brought forth by TWIA's Legislative & External Affairs Committee for consideration. The meeting materials can be found here.

The biennial recommendations generated the most discussion. Below are some highlights from the meeting.

Legislative recommendations for TWIA's biennial report

The Board considered five recommendations previously advanced by its Legislative & External Affairs Committee. Below are the recommendations that were approved for inclusion in TWIA's Biennial Report to the 90th Legislature, with noteworthy discussion.

Multidistrict Litigation

The Board unanimously approved a recommendation to eliminate or make optional the requirement under Texas Insurance Code §2210.575(e) that lawsuits involving denied TWIA claims be presided over by a judge appointed by the Multidistrict Litigation Panel. Texas Insurance Code § 2210.575(e) requires suits involving denied TWIA claims to be presided over by a judge appointed by the Multidistrict Litigation (MDL) Panel. However, the statute does not establish a procedure for obtaining such an appointment, and existing MDL statutes do not contemplate appointments in individual cases. The issue gained attention in *TWIA v. Pruski*, where a court of appeals initially held that judgments entered without an MDL-appointed judge, were void. Although the Texas Supreme Court ultimately reversed that decision, the case highlighted uncertainty surrounding the requirement and prompted TWIA to seek MDL appointments in all denied-claim cases.

During the discussion, Board Member Etti Baranoff questioned whether the proposal would gain legislative traction, given that similar recommendations have not advanced in previous sessions.

FORTIFIED Home Construction- Modified Recommendation

The Board approved a recommendation to consider the feasibility and possible public funding of FORTIFIED home construction and other mitigation programs. However, the Board removed the provision that would have allowed TWIA to use funding from the Catastrophe Reserve Trust Fund (CRTF) for a mitigation program.

This recommendation resulted in discussion about FORTIFIED construction and what approach TWIA should take given the Governor's announcement of creating a $400 million grant program to help homeowners strengthen their roofs using FORTIFIED construction standards. Board members debated whether TWIA should pursue its own program or seek inclusion in the broader statewide initiative. Several Board members expressed concern about using the CRTF for mitigation efforts when those funds may be needed to help pay storm losses.

Board Member Rolando Rubiano raised concerns that coastal properties are already subject to stringent windstorm construction requirements and questioned whether FORTIFIED certification would provide sufficient additional benefits to justify the potential costs and administrative requirements. Other Board members noted that FORTIFIED standards go beyond current requirements and could encourage additional investment in mitigation.

Discounts and premium credits for FORTIFIED properties were also discussed, with TWIA staff noting that they could evaluate these concepts without requiring legislative changes.
The Board ultimately approved the revised recommendation 6-2, with Rubiano and Board Member Jamie Carsey (insurance industry board representative) opposed. Carsey's opposition seemed to be that the recommendation was premature, and that TWIA should wait to see what happened with the statewide program.

HB 3689 Refinements
The Board unanimously approved a recommendation to make two refinements to HB 3689's catastrophe funding structure:

- Allow additional time for TWIA and the relevant state agencies to complete the administrative work necessary to execute state financing arrangements and implement statewide policy surcharges used to repay them.
- Allow an alternative funding mechanism after the CRTF is exhausted but before state financing arrangements are executed, when the amount needed to pay excess losses is relatively small.

TWIA staff explained that the proposed statutory language is preliminary and could be modified as implementation of HB 3689 continues. The Board approved the recommendation without significant discussion.

Depopulation Program- Modified Recommendations
The Board approved a modified recommendations related to TWIA's Assumption Reinsurance Depopulation Program. The recommendations:

- Authorize TWIA to pay participating carriers a bonus for each risk removed from TWIA, subject to a multi-year renewal requirement and TDI approval
- Consider legislation to encourage private-market carriers to enter the coastal market and depopulate TWIA policies, including a premium comparability provision that would require policyholders to accept qualifying takeout offers.
    - Note: The recommendation was intentionally broadened to avoid specifying a premium threshold.

The depopulation proposal generated considerable discussion, particularly around a proposed "20% Rule," under which policyholders would become ineligible for TWIA renewal if offered comparable coverage from a private-market or approved surplus lines insurer at a premium no more than 20% higher than TWIA's. Policyholders could either accept the offer or seek alternative private-market coverage, but those who declined would be ineligible for TWIA coverage for three years.

During public comment, Rep. Todd Hunter expressed opposition to mandatory depopulation, questioning why a policyholder should be required to accept private-market coverage that could cost 20% more than TWIA coverage. TWIA staff also read a letter into the record from Rep. Dennis Paul opposing the proposal for the same reasons.

Board Member John Todd (Insurance Industry Representative), who submitted the proposal, emphasized that TWIA's existing Assumption Reinsurance Depopulation Program has not been successful in attracting sufficient

private-market participation and argued that changes are needed to help TWIA function as an insurer of last resort. Board members also discussed the difficulty private insurers face competing with TWIA's rates, which some identified as a major obstacle to attracting carriers to the coastal market.

Much of the discussion centered on comparisons with Florida's Citizens Property Insurance Corporation, which has had greater success moving policies into the private market. TWIA staff noted that Florida officials attributed much of that success to changes in its depopulation program, including requirements for policyholders to accept qualifying private-market offers, as well as litigation reforms. However, Board members questioned whether Florida's approach would translate to Texas, given differences in the insurance markets and the limited interest from private insurers in writing coastal risks. Staff also noted that Florida's takeout offers go directly to policyholders, while TWIA's process involves agents.

Other Proposals Not Adopted: The Board also considered additional agent commission protections and allowing approved surplus lines insurers to participate in certain depopulation efforts. Neither was included in the final recommendations. Staff noted that existing TWIA provisions already address agent protections and that surplus lines participation could potentially be addressed through TDI rule changes rather than legislation.

Tort Reform – Tabled
The Board considered a recommendation to pursue legislative changes similar to reforms enacted in Florida to address litigation costs affecting the insurance market.

TWIA staff presented a comparison of Florida's reforms and existing Texas laws governing TWIA claims. Staff explained that many of the reforms enacted in Florida have already been implemented for TWIA, particularly through HB 3 (2011), which established significant claim dispute and litigation reforms following Hurricane Ike.

The comparison identified a few areas where Florida's laws differ, but staff did not recommend pursuing additional legislative changes. Baranoff noted that the comparison helped demonstrate that TWIA was not necessarily behind Florida in its existing litigation protections.

The Board ultimately tabled the recommendation.

Secondary Homes
Although the proposal to limit TWIA residential coverage to owner-occupied homesteads was not advanced by the Legislative & External Affairs Committee in September, it came up again during public comment. Rep. Todd Hunter reiterated his opposition to the proposal and thanked TWIA staff for meeting with him to discuss TWIA's legislative recommendations. The issue also received attention at the October 5, House Insurance hearing, with various legislators expressing opposition.

2027 Preliminary Budget Discussion
The Board also received an informational presentation on TWIA's preliminary 2027 budget. This presentation was for educational purposes and no action was taken. The budget is expected to return to the Board for adoption in November.

Some highlights from the presentation include:

- **Operating Expenses:** Gross operating expenses are projected to decrease nearly 9% compared with the 2026 budget, largely due to reduced temporary claims staffing associated with Hurricane Beryl and lower depreciation expenses related to improvements in TWIA's policy management systems. Net operating

expenses are expected to remain relatively flat as a percentage of earned premium, increasing slightly from 5.5% in 2026 to 5.6% in 2027.

- **Catastrophe Reserve Trust Fund:** The CRTF is projected to end 2026 with approximately $59 million. Assuming no significant storm losses, the balance could grow to approximately $350.5 million by the end of 2027. Staff also indicated that continued favorable conditions could allow the fund to exceed $700 million by the end of 2028.
- **Policy Count and Exposure:** TWIA expects a modest decline in policy count and written premium in 2027 as growth continues to flatten. However, total insured exposure is projected to increase slightly because of rising construction costs, although those increases have moderated compared with recent years.
- **Catastrophe Funding and Reinsurance:** TWIA's 1:50 probable maximum loss is projected to increase from approximately $4.3 billion in 2026 to $4.4 billion in 2027. Despite the higher exposure, reinsurance costs are expected to continue declining. TWIA projects spending approximately $173 million on reinsurance in 2027, compared with approximately $210 million in 2026 and $432 million in 2025.

The TWIA Board will meet for it's regularly scheduled meeting on November 10, 2026 in Corpus Christi.