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## **R Street Urges Legislature to Oppose SB 900**

The Honorable Alma A. Allen  
Texas State Capitol E1.506  
Austin, TX 78711

May 21, 2015

Dear Representative Alma A. Allen:

R Street is a free-market think tank dedicated to limited, effective government, free markets and responsible environmental stewardship. One of R Street's core focus areas is insurance reform, and we long have advocated measures to restore the fiscal sustainability of the Texas Windstorm Insurance Association (TWIA). We write today to urge you to oppose SB 900, which would take TWIA in the wrong direction.

SB 900 attempts to deal with TWIA's fiscal shortfall by shifting cost and risk onto policyholders throughout the state. The bill would require TWIA to use assessments of up to \$500 million on insurance companies as a first resort in the event it has insufficient funds to meet claims. It also increases total potential assessments to \$1 billion. These costs will be passed on to millions of non-TWIA policyholders both along the coast and throughout the state who receive no benefit from the TWIA program.

We also have grave concerns about provisions in SB 900 restructuring TWIA's board. While TWIA has made significant strides toward rate adequacy in recent years, its rates remain 22 percent below what is needed for the agency to be actuarially sound. The reconfigured board would give a dominant role to coastal membership, which has traditionally opposed moves toward rate adequacy. If enacted, SB 900 likely would undermine any further progress toward actuarially sound rates.

TWIA does need fundamental reform, but SB 900 is not an appropriate approach to achieve fiscal stability for the agency. We therefore respectfully ask you to oppose SB 900.

Sincerely,  
Josiah Neeley  
R Street Institute