



Southwestern Insurance Information Service

WWW.SIISINFO.ORG

## INSURANCE NEWS

**Date:** June 23, 2010  
**Source:** Galveston Daily News  
**Author:** Laura Elder

**SIIS Office:** (512) 795-8214  
**SIIS Cell:** (512) 965-4001 Jerry  
(512) 468-6965 Sandra

---

### **TWIA defers direct billing decision**

**By Laura Elder**  
The Daily News

---

The Texas Windstorm Insurance Association's governing board Tuesday deferred a decision on directly billing policyholders.

The nine voting members of the board, composed of five insurance company representatives, two agent representatives and two consumer representatives, directed its staff to provide a clearer "road map" to direct billing at a meeting in September.

Staff members recommended taking interim steps toward direct billing after hundreds of policyholders learned they weren't covered for Hurricane Ike damage because premium payments never reached the association.

More than 450 policyholders had sent their agents money to renew or buy windstorm insurance, but the payments didn't get to the state-backed agency before a moratorium when Ike entered the Gulf of Mexico on Sept. 8, 2008. It struck five days later.

The association stops accepting renewals or new policies when a hurricane enters the Gulf.

In all, 1,500 consumers filed claims after Ike only to learn they weren't covered. Only 452 cases were tied directly to the action or inaction of agents. In the other cases, consumers had let their policies

*For Additional Information:*

---

8303 N Mopac, Ste B-231  
Austin, TX 78759

Phone: (512) 795-8214  
Fax: (512) 795-9363



Southwestern Insurance Information Service

WWW.SIISINFO.ORG

## INSURANCE NEWS

lapse weeks and even years before the storm struck.

The problem prompted litigation and complaints against the association and individual agents.

Some board members Tuesday said they were concerned about going piecemeal to direct billing.

In the 2009 legislative session, lawmakers mandated all windstorm insurance policy applications be accompanied by payment.

But state law also mandates agents, not consumers, fill out the applications. The association can't implement true direct billing until the law is changed, said Garry Kaufman, chairman of the association board and president of Galveston Insurance Associates.

Under a system dating back to 1971 and the association's creation, policyholders send checks to their agents, payable to the agents.

Agents take a 16 percent commission before sending the money to the association.

Association Manager Jim Oliver recommended the board consider asking consumers to make the checks out to the association but continue sending the payments to the agents.

Kaufman said he worried the interim system would be confusing and would not solve the problem of agents not sending payments to the association.

Oliver asserted it would be wise to implement direct billing slowly instead of making such a big change at once.

*For Additional Information:*

8303 N Mopac, Ste B-231  
Austin, TX 78759

Phone: (512) 795-8214  
Fax: (512) 795-9363