

Texas State Disaster Coalition

01/15/2015, Quarterly conference call meeting notes

Melissa Hield welcomed the group and reviewed the antitrust statement.

Terrorism Risk Insurance Act (TRIA): Melissa Herrera provided an update, key points include:

- On January 12, the president signed into law the Terrorism Risk Insurance Program Reauthorization Act of 2015, which extends the federal program for six years.
- Several provisions of the initial terrorism act have changed in the 2015 extension. The 2015 reauthorization act:
 - Decreases the federal share of compensation in one-percent increments per calendar year until it equals 80% (this begins on January 1, 2016).
 - Increases the program trigger for federal participation in terrorism losses from \$100 million to \$200 million. The increase will be in \$20 million annual increments over five years (this also begins in January 2016).
 - Removes the Secretary of State from the terrorism certification process, and requires the Secretary of the Treasury to certify the acts in consultation with the Secretary of Homeland Security.
 - Requires insurers participating in the program to submit certain data to the Secretary of Treasury (lines of insurance with exposure to terrorism losses, premiums earned on coverage, location of exposures, pricing of coverage).
 - Requires the Secretary of Treasury to appoint an Advisory Committee on Risk-Sharing Mechanisms (the committee will provide recommendations on the development of nongovernmental risk-sharing mechanisms).
 - Requires certain studies to be undertaken:
 - Secretary of Treasury must conduct a study to identify competitive challenges small insurers face in the terrorism risk insurance marketplace.
 - Comptroller General must study the viability and effects of the federal government assessing and collecting upfront premiums and creating a capital reserve fund. NAIC is preparing a model bulletin for state DOIs' possible use regarding the mechanisms available to insurers that may need to file new or revised policy forms to comply with the new TRIA legislation. The NAIC is awaiting additional guidance from the Department of Treasury, before finalizing the model. Expedited processing of filings should become available through SERFF (the System for Electronic Rate and Form Filing).

Mass Care Exercise: The Texas Division of Emergency Management will host the 2015 National Mass Care Exercise. The exercise will provide an opportunity for governments at all levels (local, state and national) and key private sector and volunteer organization partners to test their capability to respond to an event that causes mass evacuations. The exercise will emphasize evacuation management, as well as sheltering, feeding, and reunification activities. Following a table-top exercise in March, the full-scale exercise will occur in June. At the exercise briefing, Jack Evins saw little insurance-related involvement as it does not appear the exercise will extend into the "recovery" phase of disaster response.

Legislation: The 84th Texas legislature convened on January 13. Bills addressing the funding and operation of the Texas Windstorm Insurance Association (TWIA), and other issues relating to emergency management and response are likely to be filed. Dave Williams, TWIA, noted that SB302 by Hinojosa and HB696 by Hunter were among early TWIA-related bills. Bill filing deadline is mid-March, so the next quarterly TSDC call will include an update on disaster-oriented legislation. The session will end in late May.

Weather update: Jack said NOAA's outlook for Texas over the next three months generally gave the state a 40 percent chance of being both wetter and cooler than normal. NOAA feels fairly confident that an El Niño will emerge over the next few months, which might serve to bring more rain to Texas, as well as a less-active hurricane season. Meanwhile, although Texas has received some welcome rains, approximately 11 percent of the state (principally in north-central Texas and the central Panhandle) still experiences extreme or exceptional drought conditions, and many reservoirs remain very low.

During the next disaster response, TDI will likely use Twitter in addition to conference calls and email blasts, and invites TSDC members to follow TDI:

- TDI Twitter: @TexasTDI
- SFMO Twitter: @TXSFMO

Next meeting: TSDC members are also invited to submit topics for future meetings, please send an email with your suggestion to melissa.hield@tdi.texas.gov. The next meeting will be **April 16, 2015**, via conference call at 1:30 p.m. Central time; an agenda with dial-in instructions will be sent.