

TSLA Regulatory Committee Meeting with TDI

October 23, 2024 - Meeting Summary

The meeting began with Keith discussing recent arbitration and public adjuster bills. He clarified that, while the association remains neutral on the bills themselves, it is concerned with how they are written. Keith provided examples illustrating how certain language nuances could significantly impact insureds and association members. He also noted that no one present had encountered policies prohibiting public adjusters, nor did anyone intend to eliminate the role of public adjusters.

Senate Hearings and Insurance Cost Concerns

Earlier in the month, Senate committees B and C held a hearing on their interim charges, concentrating on the rising costs of insurance in Texas. While the Senate does not have a dedicated insurance committee like the House, various Senate groups are actively discussing insurance-related issues. Although surplus lines were not directly addressed, they may surface in future discussions. Monitoring both Senate and House activities remains critical, especially regarding property and casualty rates.

Recurring Challenges with Property Valuation

Much of the meeting mirrored the topics discussed in July, specifically regarding undervalued properties, coinsurance, and the resistance members face when encouraging clients to increase limits due to higher associated costs. This remains an ongoing challenge for our members.

Nuclear Verdicts and Claims Management

The conversation then shifted to carriers settling lawsuits they might have previously contested, now influenced by concerns over potential nuclear verdicts. Public perception, influenced by widespread advertising of billion-dollar verdicts, has conditioned jurors to view these awards as normal and justifiable. This complicates risk and expense management for insurers. In response, some trucking insurance companies are requiring insureds to install telematics and dash cams, which has been effective in preventing some claims, though further progress is still needed.

Cyber Liability and Security Awareness

Cyber liability was also discussed, focusing on the types of claims, the increasing prevalence of cyberattacks, and recent examples of attacks within our industry over the past five years. Many association members conduct regular training and testing to improve employees' awareness of cyber threats, enabling us to educate clients about the importance of this specialized coverage.

Environmental, Social, and Governance (ESG) Bill Enforcement

Keith inquired about any pressure on the department to enforce the ESG bill, and it was confirmed that no enforcement efforts have been initiated.

SMART System and Stamping Office Efforts

The group reviewed the SMART system's performance, noting that it continues to operate effectively. The stamping office has done a commendable job in managing and enhancing the system, and there is optimism that these improvements will persist as technology advances. The group emphasized the importance of having board members who actively manage tax filings to help ensure the office's efficiency. We should remind our membership that late filing fines are statutory and non-negotiable; attempts to negotiate these fines with the Department of Insurance or the

comptroller will be unsuccessful. Additionally, the comptroller reported that some surplus lines agents have claimed they were unaware of the tax filing requirements. It's essential to clearly communicate these obligations to all members.

Communication and Reporting on Late Filings

The stamping office tracks and reports late filings, and it is crucial for members to review these reports closely, paying particular attention to the percentage of late filings attributed to our association. Clear and regular communication about these filing responsibilities is essential to help reduce late filings within our membership.