

No. **2017-5014**

**Official Order
of the
Texas Commissioner of Insurance**

Date: March 31, 2017

Subject Considered:

Weather-Related Event that Occurred March 26, 2017, through March 27, 2017

General Remarks and Official Action Taken:

The Texas Department of Insurance considers whether a weather-related event that occurred March 26, 2017, through March 27, 2017, in Bell, Collin, Dallas, Denton, Tarrant, and Wise counties is a catastrophe for the purpose of claims processing, under Insurance Code §542.059 and 28 TAC §5.9303.

BACKGROUND

- Insurance Code Chapter 542, Subchapter B, requires insurers to meet specific deadlines when they process insurance claims. Insurance Code §542.059 extends those deadlines by 15 days in the event of a weather-related catastrophe or major natural disaster, as defined by the commissioner.
- An individual insurer or a group of insurers may petition the department for a determination that a weather-related event is a catastrophe or major natural disaster. 28 TAC §5.9303(a).
- An insurer's petition must include the type of losses, specific lines of insurance affected, location of the loss, the specific time period during which the event occurred, the insurer's total estimated number of claims, and the reasons the insurer is unable to process claims within the statutorily required time periods. 28 TAC §5.9303(b).
- A weather-related event constitutes a catastrophe or major natural disaster if, in a

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reasonably defined area in which the losses occur, it results in estimates of at least 3,000 claims in aggregate for all insurers and at least \$5 million in estimated losses in aggregate for all insurers. 28 TAC §5.9303(c).

FINDINGS OF FACT

1. The department received a petition from an insurer group, State Farm Insurance Companies, for a determination that a weather-related event is a catastrophe.
2. The petition stated:
 - The type of loss was hail.
 - The specific lines of insurance affected were fire (property) and automobile.
 - The location of the loss was Bell, Collin, Dallas, Denton, Tarrant, and Wise counties.
 - The specific time period of the event was March 26, 2017, through March 27, 2017.
 - The insurer group's total estimated number of claims is 16,000, with an estimated total loss amount of \$104,000,000.
 - The reasons the insurer group is unable to process the claims within the statutorily required time is because the significant volume of claims generated by this event will exceed the capacity of their local resources to process the catastrophe event claims in addition to processing day-to-day claims.

CONCLUSIONS OF LAW

1. The commissioner has authority and jurisdiction over this matter under Insurance Code §542.059.
2. The area in which the losses occurred is defined by reasonable boundaries.
3. The estimated total dollar losses are \$5 million or more in the aggregate for all insurers and the estimated total number of claims is 3,000 or more in the aggregate for all insurers, for the designated area where the losses occurred.
4. The department has determined the weather-related event that occurred March 26, 2017, through March 27, 2017, in Bell, Collin, Dallas, Denton, Tarrant, and Wise counties, is a catastrophe for the purpose of claims processing, under Insurance Code §542.059 and 28 TAC §5.9303.

ORDER

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The commissioner of insurance orders that under Insurance Code §542.059 and 28 TAC §5.9303, the weather-related event that occurred March 26, 2017, through March 27, 2017, in Bell, Collin, Dallas, Denton, Tarrant, and Wise counties, is a catastrophe, and claims processing deadlines imposed under Chapter 542, Subchapter B are extended in those counties for an additional 15 days.

A handwritten signature in black ink, appearing to read "DK Mattax", is written over a horizontal line.

David C. Mattax
Commissioner of Insurance