



MEMORANDUM

DATE: September 18, 2019

TO: Marianne Baker, Texas Department of Insurance, Property & Casualty Lines

FROM: Cindy Johnson, Manager, Legal & Compliance

RE: Amended "TWIA Commercial Policy", "Endorsement No. (TWIA) 164 – Replacement Cost Coverage – Coverage A (Building) and Coverage B (Business Personal Property)" and "Endorsement No. (TWIA) 165 – Replacement Cost Coverage – Actual Cash Value Roofs"

In accordance with Title 28 Texas Administrative Code 5.4911, Texas Windstorm Insurance Association ("TWIA") is submitting the amended "TWIA Commercial Policy", "Endorsement No. (TWIA) 164 – Replacement Cost Coverage – Coverage A (Building) and Coverage B (Business Personal Property)" and "Endorsement No. (TWIA) 165 – Replacement Cost Coverage – Actual Cash Value Roofs" for Commissioner approval. TWIA has amended the TWIA Commercial policy form and accompanying endorsements as part of its effort to implement provisions of House Bill 1900, Senate Bill 615, House Bill 2102 and Senate Bill 442 passed during the 86th Texas legislative session. Specifically, House Bill 1900 and Senate Bill 615 amended Subchapter L-1, Chapter 2210 of the Texas Insurance Code by adding Section 2210.5741. For policies issued on or after January 1, 2020, a claimant may request a replacement cost payment by submitting documentation of the completion and cost of repairs not later than the 545th day after the claimant receives TWIA's notice of acceptance of the claim.

House Bill 2102 amended Subtitle F, Title 5, Insurance Code is amended by adding Chapter 707. Section 707.004 allows an insurer issuing a property insurance policy with replacement cost coverage to refuse to pay a claim for withheld recoverable depreciation or a replacement cost holdback under the policy until the insurer receives reasonable proof of payment by the policyholder of any applicable deductible.

Senate Bill 442 requires an insurer to include a disclosure regarding flood coverage with the policy documents provided to the policyholder at time of policy issuance or renewal. Despite TWIA's position that this requirement is not applicable to TWIA, the prescribed disclosure language has been included in this amended "TWIA Commercial Policy."

Attached please find attached a redlined version of the existing policy form and endorsements showing the proposed changes, as well as a clean copy of the proposed revised policy.