

# **TDI** **InsurED**

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TWIA Ombudsman and COAST program

April 24, 2025

# TDI | Texas Windstorm Insurance Association

- The Texas Windstorm Insurance Association (TWIA) a nonprofit residual market insurer.
- TWIA:
  - Isn't a state agency or part of TDI.
  - Is regulated by TDI like other insurers.
  - Doesn't sell directly to consumers. Consumers must work with a Texas-licensed agent registered to submit a policy.
- Only covers wind and hail for properties in the designated catastrophe area.
- Named peril policy can be added onto with endorsements.

**252,433**  
policies in force.

**47%**  
of coastal commercial  
and residential policies.

**\$113 billion**  
in exposure.

# TDI | TWIA property eligibility requirements



Denied coverage by at least one private market insurer.



Located in the catastrophe area designated by the commissioner of insurance.



Certified that it was built to applicable building codes, with limited exceptions.



Proof of flood insurance coverage if built, altered, remodeled, or enlarged after September 1, 2009, in V flood zones, and can get flood insurance.



In an insurable condition.

# TDI | Designated catastrophe area

The designated catastrophe area includes Harris County, east of State Highway 146, and these 14 counties:

- Aransas
- Brazoria
- Calhoun
- Cameron
- Chambers
- Galveston
- Jefferson
- Kenedy
- Kleberg
- Matagorda
- Nueces
- Refugio
- San Patricio
- Willacy



# TDI | Timeline

Hurricane Ceila causes \$434 M damage.

1970

1971

Responding to market conditions the Texas Legislature:

- Creates the Texas Catastrophe Property Insurance Association, renamed TWIA in 1997.
- Adopts the association's Building Code for Windstorm Resistant Construction.

Hurricane Alicia damage reveals local building codes weren't enforced.

1983

1987

Legislature requires building inspections along the coast.

1988

TDI begins building:

- Inspections and certifications.
- Product compliance evaluations.

Hurricane Ike causes \$43 B in damage. Policyholders had claims issues.

2008

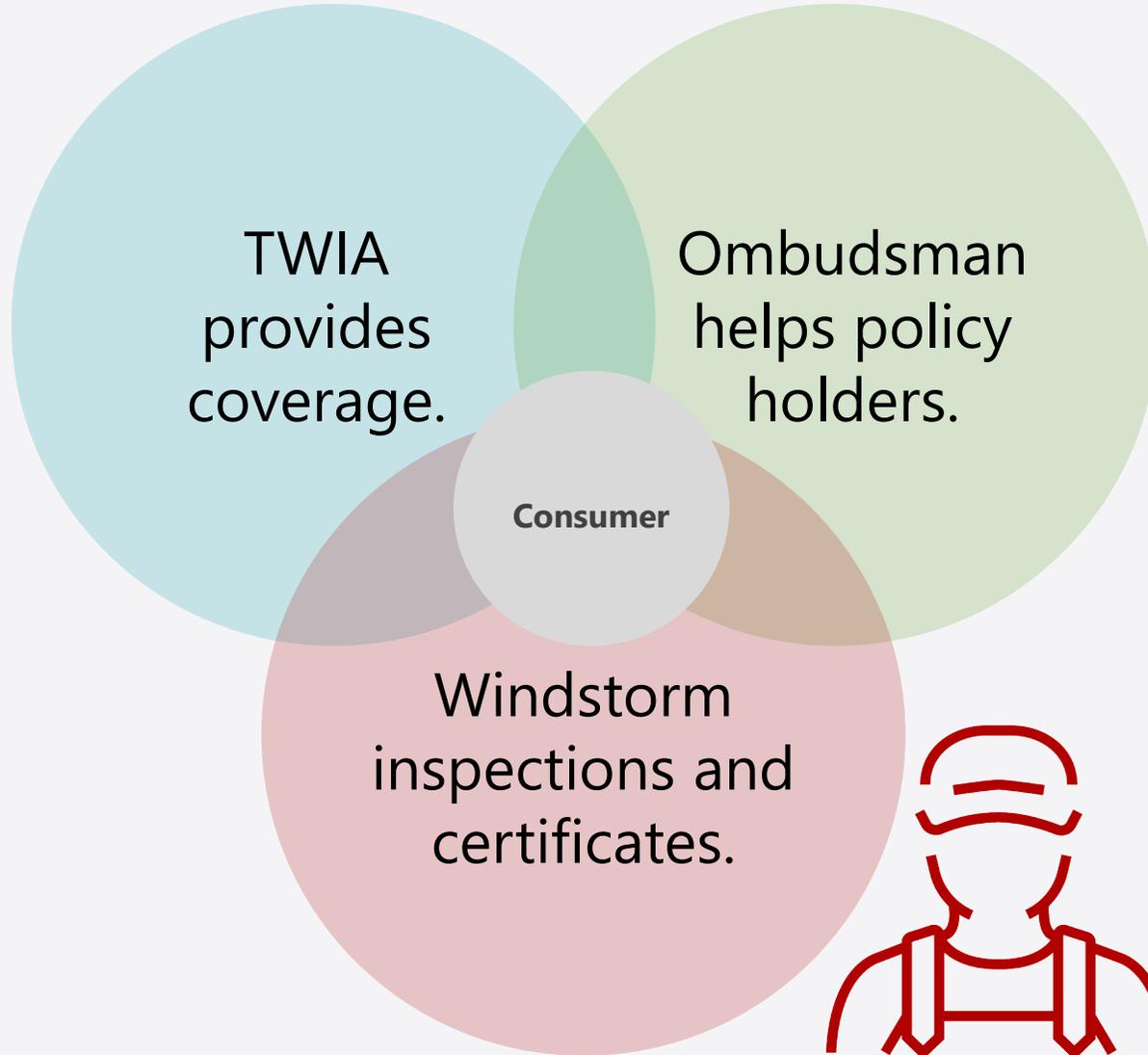
2011

Legislature creates the TWIA Ombudsman Program at TDI.

# TDI | Ombudsman program

- Provides information and educational services for insured persons regarding claims processes.
- Services provided through informational materials, toll-free numbers, public meetings, outreach centers, the internet.
- Administrative support from TDI.
- Public awareness:
  - Program must provide informational materials to insured persons.
  - Association must notify insured persons as per commissioner's rules.

# TDI | Relationship



- The WPI-8 is the windstorm inspection compliance certificate TDI issues to show that a property, repair, or addition meets building code requirements. Similar forms are the WPI-8E and WPI-8C.
  - **WPI-8:** Issued by TDI for new and ongoing improvements.
  - **WPI-8-E:** Issued by TDI for completed improvements starting in June 2020.
  - **WPI-8-C:** Issued by TWIA for completed improvements from January 2017 through May 2020.
- Not every repair requires an inspection. Consumers should contact the local windstorm inspections office to see if they need an inspection.
- TWIA and insurance companies can look up certificates to make sure a property, repair, or addition is certified.

# TDI | Claim filing and processing

- TWIA policies only cover wind and hail damage. They don't cover storm surge or flood damage.
- Flood insurance is administered separately through the National Flood Insurance Program.
- TWIA must make any request for more information in writing.
- Consumers have the right to access claim-related information but may have to pay copying costs.
- TWIA has 60 days to respond to the claim (unless the deadline is extended).

**1 year**

Claim filed with supporting documents and records.

**30 days**

TWIA can request more info.

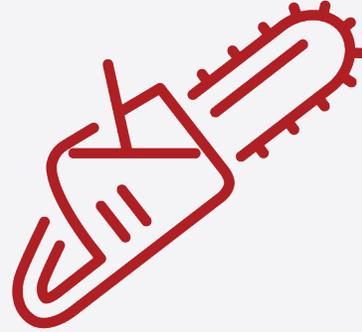
**60 days**

TWIA's claim review deadline.

# **TDI** | Temporary repairs include



Cover openings to prevent more damage.



Remove trees that caused damage to structure.



Board up broken windows and doors.



Use fans to dry out wet areas immediately.



Remove standing water inside house.



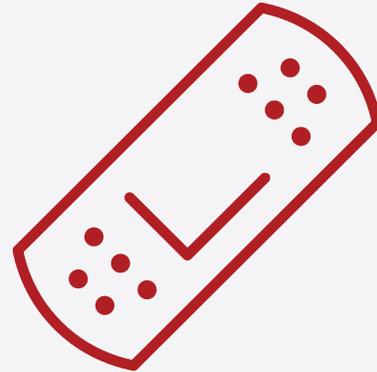
Remove soiled carpet and drywall.

# **TDI** | Wind and hail damage

Claims can be started before reviewing property damage.



Take photos and video of damage.



Make temporary repairs.



Save receipts.

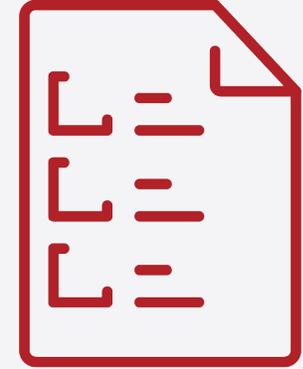
# TDI | TWIA claim outcomes



Fully approve



Partially approve



Denied

TWIA must provide:

- Payout amount.
- Appraisal deadline.
- How to request additional payments if more costs arise.

TWIA must provide decision explanation and deadlines to:

- Appraisal deadline.
- File an intent to bring legal action.
- Form to notify them if taking legal action.

# TDI | Accepted coverage amount disputes

- If TWIA fully or partially accepts coverage but the consumer disagrees with the amount, the consumer can request a detailed breakdown of how the amount was determined.
- TWIA has a supplemental payment process that allows policyholders to provide new information about their claim.
- Policyholders do not have to engage in the appraisal process or file a lawsuit to request a supplemental payment.
- If TWIA's claim payment is not sufficient to cover all accepted damage, a supplemental payment can be requested.
- The consumer has 60 days from receiving TWIA's notice to request a dispute appraisal.
- Consumers can request a 30-day extension, but it must be in writing, show good cause, and request it within 15 days after the deadline.

# TDI | Accepted coverage amount appraisal

- Appraisals must follow TWIA's policy guidelines.
- Costs are split equally between the consumer and TWIA, including any umpire fees.
- Appraisals must be completed within a set timeframe, determined by rules from the commissioner.
- If each party's appraiser can't agree on an umpire, the commissioner will select one from a roster of qualified umpires.
- The appraisal decision is final and can't be appealed, except in cases of fraud, corruption, or misconduct.
- If the consumer believes the process was unfair, they have two years to file a court case to challenge the appraisal decision.
- If the consumer doesn't request an appraisal within the deadlines, they lose their right to dispute TWIA's payout decision.

# TDI | Replacement cost coverage claim

- If a TWIA policy includes replacement cost coverage, the consumer can request a replacement cost payment after TWIA accepts part of the claim.
- Consumers must send TWIA documentation showing the cost and completion of repairs within 545 days of receiving TWIA's claim decision.
- Once TWIA gets the documents, they have 30 days to tell the consumer:
  - How much they'll pay.
  - The appraisal deadline.
- TWIA must issue payment within 10 days after providing this notice.

# **TDI** | Replacement cost coverage appraisal

- If the consumer disagrees with TWIA's replacement cost amount and hasn't demanded an appraisal, they can request one within 30 days of TWIA's notice.
- The repairs don't have to be completed to request an appraisal.
- The appraisal process follows the same rules as other claim disputes, except for specific deadlines that apply to replacement cost disputes.
- When TWIA notifies the consumer of a claim decision, it must also give the key deadlines for repairs and appraisal requests.

# TDI | Denied coverage disputes

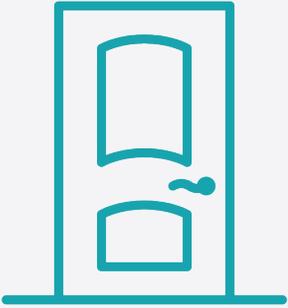
- If TWIA denies coverage, the consumer must notify TWIA if they intend to take legal action before the deadline.
- TWIA may require a consumer go through alternative dispute resolution (ADR) before filing a lawsuit. TWIA must request this within 60 days of receiving the consumer's notice.
- ADR must be completed within 60 days, unless extended by the commissioner or agreed upon by both parties.
- If ADR isn't completed or a consumer is unsatisfied with the result, they may file a lawsuit in the county where the loss occurred. The case will be assigned to a judge who is a resident of the impacted or nearby coastal county.
- If a lawsuit is filed before ADR is complete, the court will pause the case until ADR is completed and notice of intent to bring action has been provided.

# TDI | Lawsuit recovery limitations

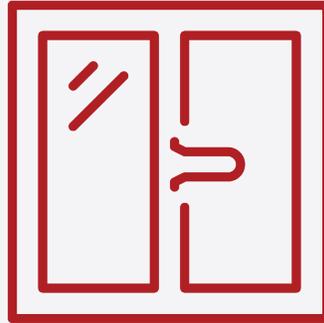
- In lawsuits against TWIA, claimants may only argue:
  - If denial of coverage was justified.
  - How much compensation they are entitled to under the policy.
- Compensation is limited to:
  - The covered loss under the policy (minus any previous payments).
  - Prejudgment interest (starting from the deadline for TWIA to pay).
  - Court costs and attorney fees.

# TDI | Increased construction costs

Items that usually require an upgrade to comply with local codes include:



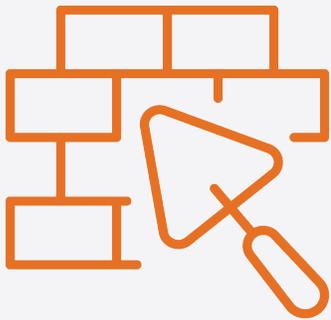
Doors



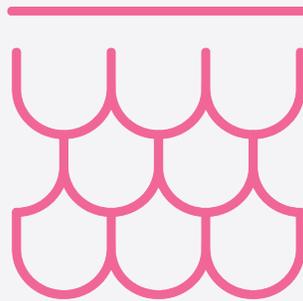
Windows



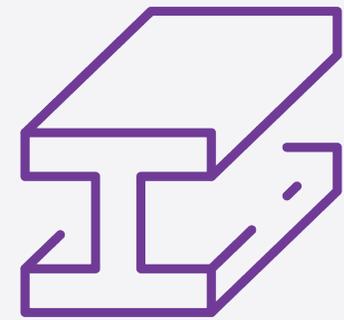
Garage doors



Siding



Roofing



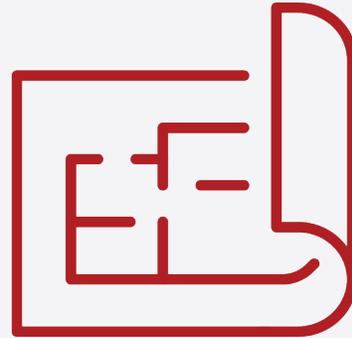
Foundations and  
elevation requirements

# **TDI** | Reimbursable rebuilding costs

Consumers may be reimbursed for:



Engineers

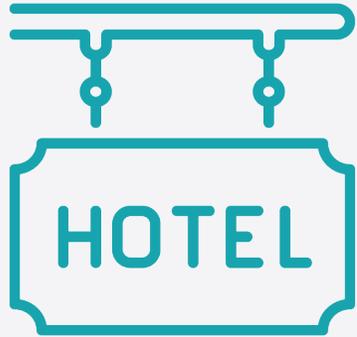


Architects

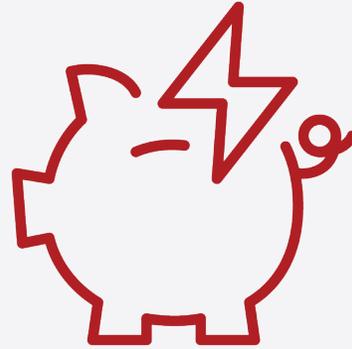


Flood elevation surveyors

# **TDI** | Additional living expenses



Temporary housing.



Utilities above normal pre-storm costs.



Food costs above normal costs while displaced.



Travel costs, such as mileage for a longer commute.



Laundry costs at a laundromat.



Utility setup costs at temporary housing.

# TDI | Contractor scams



Read contract carefully. Look out for deceptive language.



Don't sign a contract with blank spaces.



Skip offers to pay the deductible.



Get more than one bid and check references.



Contract should list materials being used.



Don't pay the full amount up front.

# TDI | Consequential loss & wind-driven rain

- Consequential loss.
  - \$500 limit.
  - Primary and secondary properties.
- Wind-driven rain.
  - Only included in residential policies for storm-created openings.
  - Primary and secondary properties.

# **TDI** | Questions

- 1-800-252-3439
- Email: [coast@tdi.texas.gov](mailto:coast@tdi.texas.gov)
- [tdi.texas.gov/consumer/disasters.html](https://tdi.texas.gov/consumer/disasters.html)

