



MEMORANDUM

DATE: March 24, 2016
TO: Marilyn Hamilton, Texas Department of Insurance
FROM: Jessica Crass
RE: Filing for Revisions to TWIA Residential Policy Declarations Page

In accordance with Texas Administrative Code 5.4911 and 5.9320, TWIA is submitting revisions to its Residential Policy Declarations Page for Commissioner approval. This memorandum is submitted pursuant to Texas Administrative Code 5.9320(c)(1)(B)(iii).

The revisions are being proposed based on the following:

1. As reflected in Commissioner's Order No. 4300 (attached), the Texas Department of Insurance recently adopted rules to implement the loss funding provisions of SB 900 enacted by the 84th Texas Legislature, Regular Session. Texas Administrative Code Section 5.4912 of these rules requires TWIA to file a Declarations page that contains a conspicuous notice in at least 12-point bolded font that the policy may be subject to an immediate premium surcharge, and that failure to pay will result in cancellation.
2. In addition to the specific revisions required by the recent rule adoption, TWIA conducts periodic evaluations of its forms in an effort to ensure that they are clear, consistent, and customer friendly.
3. The revisions will have no direct effect on coverage.

For the above reasons, TWIA is revising and reformatting the Declarations page as follows:

1. A new text box has been added below the contact information. The first sentence it contains was previously located at the top of the Declarations Page but was in smaller font and was not as conspicuous. The other language in the new text box is the new premium surcharge language required by Section 5.4912. The text in the new text box therefore states:



“Early cancellation may result in approximately 25% of your premium being retained by Texas Windstorm Insurance Association.

This policy will be subject to an immediate surcharge if determined necessary by the Texas Insurance Commissioner. Failure to pay the surcharge will result in cancellation of the policy.”

2. A text box entitled “Important Notices” on the previous Declarations page has been removed and the information currently inserted in the text box will be rearranged elsewhere on the page; only the box and heading itself have been removed entirely from the page. The content that was previously in the text box related to changes to the policy, including whether or not the Declarations Page was an amended one. In the revised form, if the Declarations page is amended, this information will be located immediately below the policy period at the top right of the page. If there are changes to the policy, those are now indicated at the bottom of the page near the premium information. This is to more logically group the information regarding important changes to the particular policy with the aspects of the policy which they amend. Additionally, any policy forms listed in the section previously entitled “Policy Forms Attached” are listed under the Coverages table.
3. In the previous form, the contact information toward the top of the page included one “Additional Interest” party (e.g. a mortgage company). However, if there was more than one additional interest on the policy, only the first was listed in this section; the others were included in a section following “Coverages” toward the bottom of the page. In the revised form, all additional interests are listed uniformly in a section entitled “Additional Interests” following “Coverages.”

In accordance with the recently-adopted rule Section 5.4912, TWIA will issue only policies with Declarations that contain the amended language not later than the 60th day after the Department approves the revisions.

Thank you.

Enclosed: Commissioner’s Order No. 4300