



## MEMORANDUM

DATE: September 2, 2009

TO: TWIA Agents

FROM: Randy Wipf  
Vice President, Underwriting/Agent Services

RE: Implementation of House Bill 4409 – Changes in TWIA Plan of Operation

House Bill 4409, recently passed by the Texas legislature, requires changes in the TWIA Plan of Operation. The Texas Department of Insurance (TDI) has written some temporary changes to the Plan on an emergency basis. Over the next month, TWIA will be implementing procedural changes to coincide with the Plan of Operation changes. Before any changes are implemented, agents will receive specific instructions about any changes in processes and/or procedures.

### Declination of Coverage

Agents are required to maintain, and submit at the request of the Association, evidence of one declination of coverage for the property insured by the Association from an insurer authorized to engage in the business of, and writing, property insurance providing windstorm and hail insurance in the first tier coastal counties (this does not include excess and surplus lines carriers). This change applies to both new and renewal policies. TWIA will be providing agents a place on its new and renewal applications to indicate the company that has declined coverage. Until the application is changed to provide the space for the declination, agents should collect this information for their internal records. **Specific instructions will follow when the application is ready for use.**

### Flood Insurance

Agents will be required to provide confirmation to TWIA that flood insurance is in force for those policies that are required to have a companion flood policy. This section applies to a structure constructed, altered, remodeled or enlarged on or after September 1, 2009. The structure must be in Zone V, Zone VE or Zone V1-V30. Flood insurance must be available through the National Flood Program. The flood insurance requirement does not extend to structures being repaired. TDI defines “repair” as meeting any reconstruction/restoration of an existing structure that is deteriorated or damaged.

TWIA will have a place on its application to note that flood insurance is in force if it is necessary. Until the application provides the space for the flood information, agents are encouraged to read the emergency rules and begin telling policyholders to secure flood insurance in the appropriate situations. **Specific instructions will follow when the application is ready for use.**

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Minimum Retained Premium

Currently, the minimum retained premium is \$100. This will change effective November 1, 2009 on new and renewal policies effective on or after that date. **We will send additional information about this change within the next month.**

Certificate of Compliance Approval Program – WPI-8 Waiver

We will send out additional instructions about continuation of the waiver program. In the meantime, agents should assume that there are no changes until they hear about the new program.

**As mentioned several times in this memo, please wait until you receive further specific instructions from TWIA about each of these four changes, before changing your current procedures/processes in corresponding with us. The intent of this memo is to help you prepare for these upcoming changes. If anyone has a question, please call your underwriter.**

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