



Randy Wipf, CIC
Vice President – Underwriting / Agent Services

MEMORANDUM

DATE: August 4, 2009

TO: All Agents

RE: HB 4409 Requires Changes For TWIA WPI-8 Waiver Surcharges

HB 4409 passed by the 81st Legislature, requires several changes for TWIA policies. The first of these changes will be the implementation effective with new and renewal residential dwelling policies on and after October 15, 2009, where **the WPI-8 Waiver surcharge will no longer be a commissionable item and no longer refundable** to the policyholders when it applies to their policies.

For example, if a TWIA policy premium for all coverages on a particular dwelling policy total \$1000, and the WPI-8 Waiver applies, then the waiver surcharge will be an added \$150 (15%), **where no commission is paid to the agent on the surcharge amount and if the policy is cancelled prior to its expiration, the surcharge is nonrefundable** to the policyholder, or anyone else with an interest in the policy, i.e. premium financier. Agents would receive 16% commission on the premium portion only of the policy, i.e. \$160 on the \$1000 premium in the example above.

If coverages are increased during the policy term, then the appropriate additional surcharge will be added on, however, should coverage be decreased during the policy term, there is no refund of surcharges previously paid. Also, if all missing certificates of compliance (WPI-8's) are provided to TWIA during the policy term, then the surcharge will no longer be added at the next renewal, however, there will not be any return of surcharge already paid during the current policy term.

Lastly, failure to pay the surcharge constitutes failure to pay premium for purposes of policy cancellation. The WPI-8 Waiver surcharge(s) will be noted as a separate item(s) on the policy declarations page(s).

Texas Windstorm Insurance Association

5700 South MoPac Expressway, Building E, Suite 530, Austin, Texas 78749 • P.O. Box 99090, Austin, Texas 78709-9090
512-899-4900 / Fax 512-899-4950