



Randy Wipf, CIC
Director - Underwriting/Pricing

MEMORANDUM

DATE: July 7, 2003
TO: ALL AGENTS
RE: 1) IRC/IBC Building Code Credits
2) Coastal Barrier Resources Areas
3) T.W.I.A. E-Quote

Please read and route to interested personnel in your agency!

- 1) New residential construction insured by the Texas Windstorm Insurance Association (T.W.I.A.), on policies effective on or after July 31, 2003 will receive building code credits according to the provisions on the attached page taken from the Texas Department of Insurance (T.D.I.) rules manual for T.W.I.A. Based on the construction code to which a home is built, both the structure and its personal property contents limits will be subject to the credits on the chart from the revised rules page mentioned above. A retro-fit credit of 10% continues to be available under both the new IRC/IBC codes and the Building Code for Windstorm Resistant Construction.
- 2) If a building permit or plat was issued prior to Jun 11, 2003, residential property other than a condominium, apartment, duplex, or other multifamily residence, or a hotel or resort facility, located in the Coastal Barrier Resources areas may be insurable according to the changes enacted by the 78th Legislature per Senate Bill 14. Please read the attached Commissioner's Bulletin No. B-0024-03 for details to the change in state law governing property located in those areas. Questions may be directed to any underwriter at T.W.I.A. or to Mr. Welch V. Watt at T.D.I. as shown in the Commissioner's Bulletin.
- 3) **T.W.I.A.'s web based residential quotation and application system are now on-line!** Additionally, commercial quoting is also now available. Login at www.twia.org and click on **E-Quote** to register. Once registered, a user will be able to create and save quotes as well as convert residential quotes to an application for submission to T.W.I.A. for coverage placement. Converting commercial quotes to an application, as is already available for residential, is scheduled for release early this Fall.

(Revised Instructions and Guidelines pages 7 & 40, are also attached. Please insert these pages in manuals you have to bring them up to date.)

Texas Windstorm Insurance Association

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Texas Department of Insurance

Property & Casualty Program – Windstorm Inspections, Mail Code 103-1E
333 Guadalupe • P. O. Box 149104, Austin, Texas 78714-9104
512-322-2203 telephone • 512-322-2273 fax • www.tdi.state.tx.us

June 11, 2003

COMMISSIONER'S BULLETIN NO. B-0024-03

**TO: ALL BUILDERS, CONTRACTORS, ARCHITECTS, ENGINEERS AND
ALL LICENSED PROPERTY AND CASUALTY INSURERS**

Re: COASTAL BARRIER RESOURCES AREAS

Senate Bill 14, enacted by the 78th Legislature, included amendments to Article 21.49 of the Texas Insurance Code, defining insurable properties and providing new certification requirements to establish insurance eligibility for the Texas Windstorm Insurance Association Program. The purpose of this bulletin is to alert you to certain changes regarding inspection of insurable property that became law June 11, 2003, the effective date of Senate Bill 14.

Section 3(f) of Article 21.49 provides, in pertinent part, that "all residential structures, other than a condominium, apartment, duplex, or other multifamily residence, or a hotel or resort facility, which are located within those areas designated as units under the federal Coastal Barrier Resources Act (Public Law 97-348) and for which a building permit or plat has been filed with the municipality, the county, or the United States Army Corps of Engineers before the effective date of Senate Bill 14, Acts of the 78th Legislature, Regular Session, 2003, are insurable property."

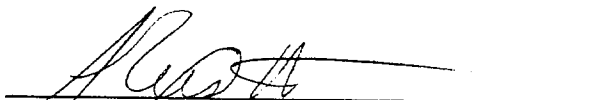
The Coastal Barrier Resources Areas have been identified to be in those areas located seaward of the intracoastal canal in a First Tier Coastal County and those areas in the counties of Galveston, Brazoria, Matagorda, and Kleberg located in the Inland I area as defined by the Commissioner in 28 Texas Administrative Code §5.4008.

Accordingly, on and after June 11, 2003, the effective date of Senate Bill 14, a complete application for windstorm inspection (WPI-1) for a structure located in the areas identified above must contain a statement indicating if the structure is located in the Coastal Barrier Resources Areas as defined by the Flood Insurance Rate Map, and if the structure is within the designated area, a copy of the filed-stamped building permit or plat showing the file date as prior to June 11, 2003, the effective date of Senate Bill 14.

Questions regarding this bulletin should be directed to:

Welch V. Watt 512-322-2202 or
John Dudney 512-322-4262
Windstorm Inspection
Texas Department of Insurance, MC 103-1E
P. O. Box 149104
Austin, TX 78714-9104

Sincerely,



Alexis Dick
Deputy Commissioner
Inspections Division

insurance premium, and it is not intended by the Department to require or create any type of express or implied warranty by the manufacturer, supplier, or installer.

3. **Mandatory Building Code Credits**

(Adopted in 28 TAC §5.4700 pursuant to Commissioner's Order No. 99-0215)
 (Effective for policies issued on and after February 28, 1999)

- a. The following mandatory credits shall be provided to new residential construction, excluding additions or repairs to existing structures, constructed to or exceeding the standards of the *Building Code for Windstorm Resistant Construction* or the *International Residential Code/International Building Code* as modified by the Texas Department of Insurance. The credits shall be applied to the modified extended coverage premium.

LOCATION OF RISK	BUILDING CODE STANDARDS	WINDSTORM RESISTANT CONSTRUCTION		INTERNATIONAL RESIDENTIAL CODE & Int'l. BUILDING CODE	
		DWELLING DISCOUNT	PERSONAL PROPERTY DISCOUNT	DWELLING DISCOUNT	PERSONAL PROPERTY DISCOUNT
Seaward	Seaward	26%	20%	28%	23%
Inland I	Inland I	24%	19%	26%	21%
Inland I	Seaward	29%	23%	31%	25%
Inland II	Inland II	0%	0%	26%	20%
Inland II	Inland I	27%	21%	28%	23%
Inland II	Seaward	32%	25%	33%	28%

- b. The following mandatory credits shall be provided to residential structures in any of the designated catastrophe areas which were constructed prior to September 1, 1998, in which all exterior openings have been retro-fitted with exterior opening protections that meet the windborne debris criteria standards of the *Building Code for Windstorm Resistant Construction*, the *International Residential Code/International Building Code*, or equivalent criteria recognized by the Texas Department of Insurance. The credits shall be applied to the modified extended coverage premium.

Dwelling 10%
 Personal Property 10%

- c. A residential structure must be certified by the Texas Department Insurance as meeting the applicable standards to qualify for the mandatory credits.

5. COMMISSION:

The agent's commission is 16% of the gross policy premium, which must be withheld from the gross premium when submitting payment to the Association. (This does not apply to the Mobile Home Program or the Per Risk Reinsurance Program. For Mobile Home guidelines refer to page 73 of this manual. For Per Risk Reinsurance guidelines refer to page 59 of this manual).

6. PHOTOGRAPH:

A. Attach a current photograph, which has been taken in the past 90 days, for the following:

- New business applications submitted on an Acord 64 TX application (or the equivalent)
- With renewal applications for each new policy term on the 5, 10, 15,...consecutive year,
- When adding a new item by endorsement, and
- As requested by the Association.

B. Please note that a photo will be required for each of the following item types:

- Each structure to be insured,
- Each structure containing property to be insured (when the structure itself is not being insured), and
- The construction site when applying for builder's risk coverage.

Note: Colored digital photos are frequently un-acceptable due to the poor quality of the image. For this reason, black & white digital photos are not accepted. Please make sure that your photo was taken in the past 90 days, and both the physical condition and type of construction are clearly visible. Otherwise, additional photos may be required prior to issuance of the policy.

7. BLANKET INSURANCE NOT PERMITTED:

Blanket coverage is not permitted except when coverage is being provided on a Church Form TWIA-26, Lumber Yard Form TWIA-115 or School Form TWIA-176.

8. FINANCED PREMIUMS:

If the premium has been financed, you must submit a copy of the completed Premium Assignment Clause (Form TWIA-151A) or a copy of the Power of Attorney. The form must be signed by the named insured and must show the name of the premium financier. You must include the title, or position, of the person signing the form if the named insured is listed as a company. You must also indicate the name of the premium financier and their mailing address in the space provided on the application

9. AGENT/AGENCY LICENSE INFORMATION:

In order to write coverage through the Texas Windstorm Insurance Association (T.W.I.A.) an agent/agency must hold a General Lines Agent-Property & Casualty license, *formerly a "Local Recording Agent License" or "Non-Resident License"*.

An agent/agency name and address will be listed on the T.W.I.A. database exactly as they are registered with the Texas Department of Insurance (T.D.I.) If you are using a name and/or address that is different than shown on your license you must register this information with T.D.I.. To request changes contact T.D.I. at 512-322-3503 or visit their website at www.tdi.state.tx.us to obtain additional information and required forms.

T.W.I.A. will require the following to complete our files:

- A copy of your General Lines Agent-Property & Casualty license
- A copy of your dba and/or branch location registration on file with T.D.I. (if using a name and/or address other than shown on your license)
- A completed W9 form (Refer to the form for instructions)

Notes:

Standard applications submitted must show your current license number and your tax identification number or social security number in spaces provided. **You must also include this information when changing the agent of record on a renewal notice.**

10. FEDERAL COASTAL BARRIER RESOURCES ZONE:

All residential structures, other than a condominium, apartment, duplex, or other multifamily residence, or a hotel or resort facility, which are located within those areas designated as units under the Federal Coastal Barrier Resources Act (Public Law 97-348) and for which a building permit or plat has been filed with the municipality, the county, or the United States Army Corps of Engineers prior to June 11, 2003 shall be considered insurable property subject to other normal underwriting criteria.

11. SUPERIOR CONSTRUCTION BUILDINGS:

Non-Class Rated Structures:

A copy of the ISO published rate must be submitted to this Association on all non-class rated structures prior to qualifying as superior construction. (Refer to page 53 of this manual.)

Class Rated Structures

For class rated structures refer to page 54-57 of this manual for instructions on obtaining the proper documentation to qualify for superior construction rating.

12. ENDORSEMENT REQUESTS:

When preparing a request for an endorsement, it is important to detail all changes on agency letterhead and follow the steps outlined below:

A. When requesting an increase in an amount of insurance please advise:

- Requested effective date (Refer to “Effecting Coverage”, page 6, rule 2.)
- Amount of increase desired
- Reason for the increase
- Current estimated replacement value
- Current estimated actual cash value

Note: If the increase is due to an addition also forward the following items:

- Date construction commenced on addition
- Form WPI-8 from the Texas Department of Insurance for the addition
- New total area (including addition)

B. When adding a new item please provide the following information and forward requested items:

- A current photograph of the new item(s). Refer to page 7, rule 6 in General Information of this manual. **Coverage will not be bound without the photo(s).**
- Requested effective date (Refer to “Effecting Coverage”, page 6, rule 2.)
- Amount of insurance desired
- Complete description
- Location
- Occupancy
- Total area
- Estimated replacement cost
- Estimated cash value
- Published rate file number (for commercial, non-class rated items)
- Coinsurance desired
- Deductible desired
- Certificate of Compliance if applicable (WPI-8, POOL-BC-10-85 or Engineer’s Statement)
- WPI-1 or Acknowledgment Form if item is a builder’s risk

C. When requesting a decrease in coverage or deleting an item advise:

- Date deletion or reduction is to be effective
- Reason for deletion or reduction (sold, over-insured, etc.)

D. Miscellaneous Non-Money Endorsement Requests:

For other types of requests, such as changing the named insured, the mortgagee, etc., send a written request on agency letterhead to this Association.

13. CANCELLATIONS:

To cancel a T.W.I.A. policy you must forward:

- A request to cancel the policy, stating the reason for cancellation and the requested effective date, and
- The original policy, or
- A completed lost policy voucher, signed by the named insured with each signature witnessed, or
- A request for T.W.I.A. to send a 14 day Notice of Cancellation

“Cancellations” continued on next page.....

FARM & RANCH DWELLING BUILDING AND PERSONAL PROPERTY (TERRITORIES 8, 9, AND 10)
MODIFIED EXTENDED COVERAGE PREMIUMS
(Rates for 1% Deductible) (\$100 Minimum)

DWELLING CHART 1A				PERSONAL PROPERTY CHART 1B		
80% COINSURANCE REQUIRED						
AMOUNT OF INSURANCE	FRAME	BV	BRICK	FRAME	BV	BRICK
1000	14	15	12	14	15	13
1500	18	15	12	14	15	13
2000	21	18	15	14	15	13
2500	25	22	18	14	15	13
3000	29	26	22	14	15	13
3500	32	26	22	14	15	13
4000	36	29	25	14	15	13
5000	39	33	28	14	15	13
6000	43	37	31	14	15	13
7000	47	40	34	18	15	13
7500	50	44	37	18	15	13
8000	54	44	37	18	15	13
9000	61	52	43	22	19	16
10000	68	59	49	25	19	16
11000	72	63	52	25	22	19
12000	79	70	58	29	22	19
13000	86	74	62	29	26	22
14000	93	81	68	32	30	25
15000	100	85	71	36	30	25
16000	107	92	77	36	34	28
17000	115	96	80	39	34	28
18000	118	103	86	43	37	31
19000	125	107	89	43	37	31
20000	133	114	95	47	41	34
21000	140	121	102	50	41	34
22000	147	125	105	50	45	38
23000	154	132	111	54	45	38
24000	161	136	114	57	49	41
25000	168	144	120	57	52	44
26000	172	147	123	61	52	44
27000	179	155	129	65	56	47
28000	186	158	132	65	56	47
29000	193	166	138	68	60	50
30000	201	173	145	72	60	50
35000	233	199	166	82	71	59
40000	265	228	191	93	82	69
45000	301	258	215	104	90	75
50000	333	287	240	118	101	84
55000	365	313	261	129	112	94
60000	401	342	286	140	120	100
65000	434	372	311	151	131	109
70000	466	401	335	165	142	119
75000	502	427	357	176	154	128
80000	534	456	381	187	161	134
85000	566	486	406	197	172	144
90000	598	515	431	212	184	153
95000	634	541	452	222	191	159
100000	666	570	477	233	202	169
Each Add'l 1,000	6.66	5.70	4.77	2.33	2.02	1.69

**** TO OBTAIN PREMIUMS OTHER THAN 1% DEDUCTIBLE, REFER TO DEDUCTIBLE ADJUSTMENT PERCENTAGE SCHEDULE**

1. INDIRECT LOSS ENDORSEMENT AND PERCENTAGES:

Apply the factors listed below to the Modified EC Premium, independent of any other adjustments.

The factors shown below are based on the type of companion policy, which the windstorm exclusion endorsement has been attached to and the occupancy of the risk. Also where applicable, wind driven rain coverage may be included or excluded with the corresponding percentage factors applied to the Modified EC Premium. For items where there is no other companion policy multiply the Modified EC Premium times 90%.

Type of Companion Policy	Endorsement Forms						No Indirect Loss Coverage Provided	
	Form #310: Consequential Loss & Additional Living Expense & NO Wind Driven Rain		Form #320: Consequential Loss & Additional Living Expense & Wind Driven Rain		Form #330: Consequential Loss Only			
	Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
HO/FRO/TDP-3/TFR-3	96%	91%	98%	93%	n/a	n/a	n/a	n/a
Tenant HO (contents only)	96%	91%	n/a	n/a	n/a	n/a	n/a	n/a
TDP-1 or 2 / TFR 1 or 2	n/a	n/a	n/a	n/a	91%	91%	n/a	n/a
No companion policy	n/a	n/a	n/a	n/a	n/a	n/a	90%	90%
Commercial	n/a	n/a	n/a	n/a	n/a	n/a	90%	

2. BUILDING CODE CREDITS:

Apply the factors listed below to the Modified EC Premium, independent of any other adjustments.

The following credits shall be provided to **dwelling policies** where the dwelling was constructed to, or exceeding the standards of the Building Code for Windstorm Resistant Construction or the International Residential Code /International Building Code as modified by the Texas Department of Insurance (TDI). The TDI will provide a form WPI-8, building code certificate of compliance, which will indicate the code to which the structure was built. Credits will be applied per the table below, with the IRC/IBC code credits applied to policies effective on or after 7-31-03 as appropriate. **Retrofit credits** apply to homes built prior to 9/1/98 and retro-fitted with exterior opening protections that meet the windborne debris criteria standards of either the Building Code for Windstorm Resistant Construction, the International Residential Code or the International Building Code.

LOCATION OF RISK	BUILDING CODE STANDARDS	WINDSTORM RESISTANT CONSTRUCTION Effective 9/1/98		INT'L. RESIDENTIAL CODE & INT'L. BUILDING CODE	
		DWELLING DISCOUNT	PERSONAL PROPERTY DISCOUNT	DWELLING DISCOUNT	PERSONAL PROPERTY DISCOUNT
Seaward	Seaward	26%	20%	28%	23%
Inland I	Inland I	24%	19%	26%	21%
Inland I	Seaward	29%	23%	31%	25%
Inland II	Inland II	0%	0%	26%	20%
Inland II	Inland I	27%	21%	28%	23%
Inland II	Seaward	32%	25%	33%	28%
All designated Catastrophe areas	Retrofit	10%	10%	10%	10%

3. MANDATORY ROOF COVERING CREDITS AND EXCLUSION OF COSMETIC DAMAGE TO ROOF COVERINGS CAUSED BY HAIL - FORM TWIA-420:

Apply the credits listed below to the **Modified EC building premium**, independent of any other adjustments.

Residential roof covering credits apply to the building item when **replacement** of the existing roof covering or **new** residential construction is in compliance with U.L. Standard 2218 and is classified within one of the four resistance classifications shown in the following grid. Other standards, which are recognized and approved by the Texas Department of Insurance, are also acceptable. The class of roof, date installed, and territory are necessary to calculate the credit.

Mandatory Roof Covering Credits continued on next page.....

Revised effective 7-31-2003