



Randy Wipf, CIC
Director - Underwriting/Pricing

MEMORANDUM

DATE: November 21, 2005

TO: ALL AGENTS

RE: **Insurance to Value (ITV) / Residential photo requirement**

Please read and route to interested personnel in your agency!

T.W.I.A. conducted an insurance to value study this summer to determine if residential policyholders have adequate limits of coverage on their dwellings. Results show that while some agents do an excellent job of making sure their clients' coverages are updated; many agents do not keep their policyholders properly protected. Because many policyholders do not have adequate coverages, the T.W.I.A. Board of Directors and the Texas Department of Insurance want us to review the values on all properties that T.W.I.A. insures.

Insurance to Value:

For at least the next 12 months, starting with March 1, 2006 residential dwelling renewals, replacement cost calculations will be required to renew all policies. (Please review the attached agent memo of March 16, 2005 for replacement cost calculator use instructions). Based on the replacement cost calculation submitted by you, an additional notice will be sent with the renewal policies advising policyholders of the importance of reviewing coverage limits. Counseling your clients about the need for adequate limits of coverage along with documentation of the visit can alleviate a potential agent's errors and omissions claim.

NOTE: All new residential dwelling applications continue to require a replacement cost calculation as part of the application process.

Elimination of Photographs on residential business:

Effective with new residential business on or after January 1, 2006 and residential renewals for policies effective March 1, 2006 and after, a photo will no longer be necessary. In lieu of photographs, T.W.I.A. will be getting dwelling properties inspected, paying close attention to roof conditions and determining if a wpi-8 is needed.

Photographs will continue to be required for all new commercial applications, and for renewal applications at 5-year intervals. T.W.I.A. will also require photographs of all farm and ranch buildings including farm and ranch dwellings and all Builders Risk applications, including those on dwellings.

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



Randy Wipf, CIC
Director - Underwriting/Pricing

MEMORANDUM

DATE: March 16, 2005

TO: ALL AGENTS

RE: **Replacement Cost Calculator for residential dwellings**

Please read and route to interested personnel in your agency!

Any applications sent to T.W.I.A. on or after May 1, 2005 requesting a new residential dwelling policy must include a residential replacement cost valuation. In addition, requests for renewal residential policies on the 5th year and at subsequent 5-year intervals, i.e. 10, 15, 20, 25... must have a residential replacement cost valuation.

T.W.I.A. now has a **FREE** on line replacement cost valuation program. You can use this convenient service or send us a copy of a valid replacement cost valuation from another source. The T.W.I.A. replacement cost valuation program is now “live” on the T.W.I.A. web site. Please take the opportunity to go in and “test drive” the program between now and the mandatory use date of May 1st. To use the T.W.I.A. replacement cost valuation, please refer to the attached instructions.

NOTE: All agencies registered with T.W.I.A. E-Quote as of February 3, 2005 have received an email notification of their M/S&B Replacement cost sign-in user ID and password. When using the replacement cost program through T.W.I.A., the M/S&B ID and password must be used to access the program calculator. For **all other agencies going forward**, the procedure will require signing up on the T.W.I.A. web site for E-Quote, then requesting a separate user ID and password from Donna Hinkle at T.W.I.A. Donna can be emailed by clicking on “**contact**” at the T.W.I.A web site home page, then clicking on “**Contact agent registrar**” beside her name. On the email screen that appears, simply ask for an ID and password to access the replacement cost calculator. Your M/S&B ID and password will be emailed within several business days.

T.W.I.A. Residential Dwelling Replacement Cost Valuation Use Instructions

An access link is available on the T.W.I.A. web site, www.twia.org in the following two places:

- 1) The T.W.I.A. Home Page menu (located on the left side of the screen) has “Replacement Cost Calculator” as one of the menu choices. Clicking on this menu item opens the replacement cost valuation program.

or

- 2) When in the dwelling coverage section of E-Quote, clicking on the underlined link titled, “Replacement Cost” opens the dwelling valuation program.
 - Next, you must log in*. After logging in to the program, a simple step by step process of entering the following fields of information yields the replacement cost:
 - a. zip code
 - b. number of families
 - c. year built
 - d. style
 - e. number of stories
 - f. total living area
 - g. foundation type
 - Other characteristics, listed by heading, have pre-set defaults. Each default factor can be changed by clicking on the category heading and making the change desired. After completion, the program is capable of several types of reports, however, the standard (1 page) report is the only item required for inclusion with the T.W.I.A. application, by printing the estimate and including it with the submission to T.W.I.A.
 - To store the estimate for future access, click on “Finish/Close” on the bottom right hand corner of the program screen, and choose “Save Valuation”. The valuation is saved for 3 months, unless you assign a policy number on the first page of the program, by clicking on the “Assign Policy Number” button, then filling in the field with a number of your own choosing. By assigning a policy number the valuation is saved in the M/S&B system indefinitely.

NOTE: The dwelling’s actual cash value (ACV) will also be displayed when using the E-quote program after filling in the replacement cost field using the result of the valuation performed. The amount of insurance selected for the subject dwelling must comply with the minimums required by T.W.I.A. for either ACV or RC.

***Log in:**

All agencies registered with T.W.I.A. E-Quote as of February 3, 2005 have received an email notification of their M/S&B Replacement cost sign-in user ID and password. When using the replacement cost program through T.W.I.A., the M/S&B ID and password must be used to access the program calculator. For **all other agencies going forward**, the procedure will require signing up on the T.W.I.A. web site for E-Quote, then requesting a separate user ID and password from Donna Hinkle at T.W.I.A. Donna can be emailed by clicking on “**contact**” at the T.W.I.A web site home page, then clicking on “**Contact agent registrar**” beside her name. On the email screen that appears, simply ask for an ID and password to access the replacement cost calculator. Your M/S&B ID and password will be emailed within several business days.

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