



Randy Wipf, CIC
Director - Underwriting/Pricing

MEMORANDUM

DATE: June 8, 2007

TO: All Agents

RE: **COMMERCIAL DEDUCTIBLES CHANGE EFFECTIVE 8/1/2007**

Effective August 1, 2007, T.W.I.A. will have a new commercial deductible program. The only commercial deductibles available for new and renewal policies on and after August 1, 2007 will be 1%, 2%, or 5% per item, per occurrence, subject to a minimum deductible of \$1000 per item (for each coverage item listed in the declarations). This means, we will not pay for loss or damage to any item until the amount of loss or damage in any one occurrence exceeds the deductible shown in the Declarations for the item, with a \$1000 minimum deductible per coverage item listed on the declarations page. Items listed on the policy declarations for \$1000 or less should no longer be included on new or renewal policies since there's a \$1000 minimum per item deductible. **The flat deductibles will no longer be available on a per item, per occurrence, or per location basis.**

T.W.I.A.'s E-Quote system will be ready to accommodate the new commercial deductibles beginning on June 15, 2007. T.W.I.A. will convert all renewals effective on or after August 1, 2007 to the new 1% per item, per occurrence option. If an insured wishes to change the deductible to the optional 2% per item, per occurrence, or 5% per item, per occurrence, please mark the renewal notice accordingly.

Attached are the credit tables, showing how each deductible affects the premium charged, per item. **Please note that only one (1) deductible may be selected on each individual policy.** If a policyholder insists on selecting a different deductible for different items on their commercial policy, i.e. building item #1, valued at \$2 million, with a 1% deductible, but wants a 5% deductible on all remaining buildings, #2, #3, #4, & #5, valued at \$200,000 each, then the insured will need a separate policy for building #1, and a second policy for the remaining building items #2 through #5.

Texas Windstorm Insurance Association

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2. Commercial Risks and Public Buildings

- a. The following deductible credit percentages apply for a 1%, 2%, or 5% per item per occurrence deductible:

<u>Amount of Insurance corresponding item listed on the declarations page</u>		<u>Credit based on selected percentage to the coverage</u>			
		<u>1%</u>	<u>2%</u>	<u>5%</u>	
0	to	100,000	10%	13%	20%
100,001	to	200,000	12%	15%	23%
200,001	to	250,000	15%	20%	24%
250,001	to	300,000	17%	21%	25%
300,001	to	400,000	18%	22%	27%
400,001	to	500,000	20%	23%	30%
500,001	to	1,000,000	23%	26%	34%
1,000,001	to	1,500,000	25%	30%	36%
1,500,001	to	2,000,000	27%	32%	37%
2,000,001	to	2,500,000	30%	34%	39%
2,500,001	to	3,500,000	32%	35%	41%
3,500,001	to	5,000,000	34%	36%	43%
5,000,001	to	7,500,000	36%	39%	45%
7,500,001	to	10,000,000	38%	41%	47%
10,000,001	to	15,000,000	40%	43%	49%
15,000,001	to	25,000,000	42%	45%	51%
25,000,001	to	Above	43%	46%	52%

Note: All deductibles subject to \$1000 minimum.

- b. The following deductible credit percentages apply for any coverage items where the selected percentage produces a deductible amount less than \$1000.

<u>Amount of Insurance corresponding to the coverage item listed on the declarations page</u>		<u>Credit for minimum deductible</u>	
		<u>\$1000</u>	
1,000	to	1,110	90%
1,111	to	1,332	75%
1,333	to	1,999	60%
2,000	to	2,221	56%
2,222	to	2,499	51%
2,500	to	2,856	47%
2,857	to	3,332	42%
3,333	to	3,999	38%
4,000	to	4,999	33%
5,000	to	6,665	29%
6,666	to	9,999	24%
10,000	to	19,999	20%
20,000	to	24,999	18%
25,000	to	33,332	15%
33,333	to	49,999	13%
50,000	to	99,999	10%

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