MEMORANDUM

DATE: **January 31, 2013**

TO: **All Agents**

RE: Automatic Adjusted Building Cost Endorsement Form 220

Please read and route to interested personnel in your agency!

Renewal applications with an effective inception date of March 1st, 2013 and after will now have the dwelling limit of liability adjusted based upon the building cost index percentage for the property's location determined by zip code. The adjusted limit of liability will be rounded up to the next $1000, and the dwelling limit is subject to the maximum limit of liability permitted by law.

The policyholder has the right to request modification of the automatically adjusted dwelling limit of liability. If they choose to request modification of the adjusted limit of liability on the renewal application, you must include in your request to TWIA a valid Marshall & Swift/Boeckh (MSB) replacement cost calculation.

Note: If you choose to request a modification on or after the effective date of the renewal policy, the modification will become effective the date the request is received by TWIA.

Please consult the attached documents to view a copy of the Form 220 endorsement along with the Important Notice being attached to TWIA Dwelling policies which have building coverage.

Texas Windstorm Insurance Association
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Texas Windstorm Insurance Association

TEXAS WINDSTORM INSURANCE ASSOCIATION

IMPORTANT NOTICE REGARDING YOUR DWELLING LIMIT OF LIABILITY

AUTOMATIC ADJUSTED BUILDING COST ENDORSEMENT

This notice provides you with an explanation of endorsement, TWIA-220 Automatic Adjusted Building Cost Endorsement that is attached to your policy. *The endorsement automatically adjusts your dwelling limit of liability if your policy is renewed*. This notice **is not** part of your policy. To understand your rights and duties under the policy, please refer to and read the actual language in your policy, including all endorsements forming a part of your policy.

What changed: Upon renewal, the coverage amount (limit of liability) for your dwelling will be increased by a percentage that is established by a building cost index for your area. The adjusted limit of liability will be rounded up to the next $1000. The dwelling limit is subject to the maximum limit of liability permitted by law.

The percentage increase in the dwelling limit of liability is established annually. It will be applied to the limit of liability for your dwelling at each renewal. The percentage increase is only an adjustment for inflation to the dwelling limit of liability on your expiring policy and does not ensure that your dwelling is adequately insured for the dwelling's full replacement cost. You should consult with your agent to determine the appropriate amount of coverage for your dwelling.

The automatically adjusted dwelling limit of liability is shown on the renewal application that is sent to you approximately 60 days before expiration of your policy.

Your right/duty: You have the right to request modification of the automatically adjusted dwelling limit of liability.

If you request modification of the adjusted dwelling limit of liability, your request will take effect on the date a renewal policy becomes effective if it is received by TWIA prior to the effective date of a renewal policy. Your agent must include a valid Marshall & Swift/Boeckh replacement cost calculation with your request to modify the adjusted dwelling limit of liability. Requests for a modification of the adjusted dwelling limit of liability that are received by TWIA on or after the effective date of a renewal policy will become effective the date the request is received by TWIA.

Other changes: The limits of liability for Additional Living Expense and other, optional extensions of coverage that are based on the limit of liability for the dwelling, if applicable, will also be adjusted, subject to the maximum limit of liability permitted by law.

Review your coverage: It is your responsibility to review your coverage regularly and make sure your dwelling limit of liability is adequate to repair or replace your insured property. This endorsement and any changes that result from it do not guarantee that you will have adequate coverage. Only you can determine the appropriate amount of coverage. Endorsement TWIA-220 does not automatically renew your policy.

You should contact your agent for assistance with renewal of the policy and determining the appropriate amount of coverage.

TEXAS WINDSTORM INSURANCE ASSOCIATION
Windstorm and Hail

AUTOMATIC ADJUSTED BUILDING COST ENDORSEMENT

It is agreed that the limit of liability on the attached policy for
Coverage A, Dwelling

shall be revised annually by a percentage established by a building cost index, applied to your policy at renewal. The revised limit of liability will be rounded up to the next $1000, subject to the maximum limit of liability permitted by law. You have the right to request modification of this change in the limit of liability.

If your limit of liability change at renewal differs from the revised limit resulting from application of this endorsement, your request will take effect at the inception of the renewal, provided that it is received prior to the beginning of the policy renewal date. Requests for a limit of liability change received after inception of the policy will be processed as an endorsement to the policy, and will not become effective prior to the date received by TWIA.

The limits of liability for Additional Living Expense and other, optional extensions of coverage that are based on the limit of liability for the Dwelling, if applicable, will also be adjusted subject to the maximum limit of liability permitted by law.

It is your responsibility to review your coverage regularly and make sure your dwelling limit of liability is adequate to repair or replace your insured property. This endorsement and any changes that result from it do not guarantee that you will have adequate coverage. Only you can determine the appropriate amount of coverage.

Except as specifically modified in this endorsement, all provisions of the policy to which this endorsement is attached also apply to this endorsement