

[WESTON LETTERHEAD]

Policyholder Name

Mailing Address 1

Mailing Address 2

Re: Weston Insurance Company wants to be Your Windstorm & Hail Insurer

TWIA Policy No.: [REDACTED]

TWIA Policy Effective Dates: [REDACTED]

Insured Property Address: [REDACTED]

Dear TWIA Policyholder,

Weston Insurance Company ("Weston") is participating in the Texas Windstorm Insurance Association's ("TWIA") Assumption Reinsurance Depopulation Program (the "Assumption Program"). As the windstorm "insurer of last resort" in Texas, TWIA is designed to only offer windstorm & hail coverage when a policyholder cannot find coverage with an admitted, private market insurance company like Weston. The Assumption Program is one method TWIA uses to encourage its policyholders to move their windstorm & hail insurance coverage from TWIA to a private market insurance company.

We are sending you the enclosed Notice of Offer of Assumption and Novation ("Notice") as part of the Assumption Program. As set forth in the Notice, Weston has identified your policy identified at the top of this letter as one it would very much like to assume from TWIA through the Assumption Program. In the Notice, you will see Weston is required to do the following three things in order to participate in the Assumption Program and we wanted to provide you with the additional information noted after each requirement below:

1. Requirement: Weston must continue to offer you rates comparable to TWIA for three renewal periods after your current TWIA policy expires. The premium is considered "generally comparable" if it does not exceed 115% of the TWIA premium for the same coverage. Weston's Additional Information: In fact, Weston's filed rates are actually equal to or less than those of TWIA and Weston hereby confirms it will continue to charge rates equal to or less than those of TWIA for at least the first three renewal periods after your current TWIA policy expires and you are insured with Weston. Then after your first three renewals, Weston fully expects to continue to stay at or below TWIA's pricing.
2. Requirement: Weston must continue to offer you coverage comparable to TWIA for three renewal periods after your current TWIA policy expires. Weston's Additional Information: Weston's coverage forms have been reviewed by the Texas Department of Insurance ("TDI") to confirm they meet this comparable coverage standard. For your information, enclosed is a chart showing the minor differences between Weston's and TWIA's coverage offerings.
3. Requirement: Allow you to keep your current insurance agent. Weston's Additional Information: Weston has an agency contract in place with your agent and your agent

expressly approved Weston to send this offer of assumption to you. Your agent will continue to represent you when your insurance coverage moves to Weston and we have included their full contact information at the bottom of this letter for your ease of reference.

You have the option to choose whether you want your windstorm & hail insurance coverage to move to Weston or remain with TWIA and you should follow the instructions in the enclosed Notice to pursue your preferred option. If you allow Weston to assume your policy on June 1, 2017 as set forth in the Notice, then sixty (60) days before the next renewal date for your policy after July 31, 2017, Weston will send you a policy renewal package to replace your assumed TWIA policy with a Weston policy.

We think you will be much better served by allowing your windstorm & hail insurance coverage to move to Weston and we ask that you please review the enclosed **"Why Choose Weston Insurance"** insert to see the reasons why we think so.

Please don't hesitate to contact us at 800-262-1780 with any questions you may have about Weston or the Assumption Program. Please also visit our website at [www.weston-ins.com](http://www.weston-ins.com) to learn more about Weston and the TWIA depopulation program. We have also provided your agent's full contact information at the bottom of this letter so you can more easily contact them with any questions you may have.

We sincerely hope you choose to allow Weston to assume your policy from TWIA and become your windstorm & hail insurance company. We look forward to serving you.

Sincerely,

Michael Lyons  
President & CEO  
Weston Insurance Company

Copy: Agency Name  
Agency Street Address  
Agency City, State ZIP  
Agency Phone Number

Policyholder Name  
Mailing Address 1  
Mailing Address 2

### **Notice of Offer of Assumption and Novation**

Dear Policyholder,

Weston Insurance Company ("Weston") is participating in the Texas Windstorm Insurance Association's depopulation program, a program enacted by the 2015 Texas Legislature to encourage insurers other than TWIA to write windstorm coverage along the Texas coast. We have reviewed TWIA's policy database and identified your policy as one eligible for placement with our company. We are interested in assuming your TWIA windstorm and hail policy and have notified your insurance agent of our offer. Under this program, we are required to do the following:

1. Continue to offer you rates comparable to TWIA for three renewal periods after your current TWIA policy expires. The premium is considered "generally comparable" if it does not exceed 115% of the TWIA premium for the same coverage.
2. Continue to offer your coverage comparable to TWIA for three renewal periods after your current TWIA policy expires.
3. Allow you to keep your current insurance agent.

#### **To Transfer my Policy to Weston**

If you want Weston to be your new windstorm insurance carrier you do not need to take any action. Your policy will automatically transfer to Weston, effective June 1, 2017.

#### **To Keep my Policy with TWIA**

If you don't want your coverage transferred to Weston, then you must detach the form on page 2 of the letter you received from TWIA, sign and return it to TWIA in the postage-paid envelope TWIA provided, no later than May 31, 2017 to opt out of the proposed policy change. If you opt out, your windstorm coverage will continue to be provided by TWIA.

Please contact Weston at 800-262-1780 with any questions.

Sincerely,

Weston Insurance Company

Copy: Agency Name



# Why Choose Weston Insurance

## Highlights:

- **\$1.74 billion in claims paying resources**
- **Weston policyholders exempt from TWIA's Class 1 assessments**
- **Weston is an "admitted" carrier**
- **Weston is ready to handle your claim**
- **Weston wants to help with your hurricane preparations**

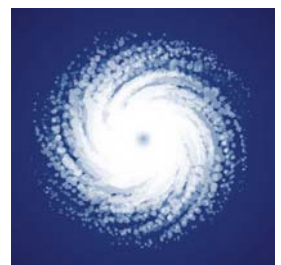
*Weston offers convenient and affordable premium payment plans at a fraction of the cost of premium finance companies. All of our policyholders can choose from 2-pay (semi-annual), 4-pay (quarterly) and 10-pay payment plans. Weston also accepts payments via check, credit card, debit card, and electronic funds transfer with no added fees charged for using any payment method.*

## Weston Has Extensive Claims Paying Resources

With over \$1.74 billion in total claims paying resources and financial strength ratings from both A.M. Best and Demotech, Weston is one of the most financially secure options available in the market. Weston is consistently one of the largest purchasers of reinsurance in North America. Reinsurance is insurance for insurance companies, and it allows Weston to leverage the premiums it collects to provide its policyholders with more claims paying resources. In fact, Weston consistently purchases reinsurance protection beyond the 1-in-250 year storm, which means Weston has the ability to pay claims from a storm so severe it is expected to occur only once every 250 years. In comparison, Hurricane Ike was widely considered to be only a 1-in-20 year storm. These substantial claims paying resources also allow Weston to offer you stability of coverage in the years after a storm.

## Weston Policyholders Are Exempt From TWIA'S Class 1 Assessments

One billion dollars of TWIA's claims paying resources needed to respond to a 1-in-100 year storm are set to be funded by assessments to its policyholders, with the first \$500 million of those assessments being labeled "Class 1" assessments. Weston's policyholders will not be subject to those Class 1 assessments. As a TWIA policyholder, you could face Class 1 assessments after a hurricane affects your property or other TWIA insured properties elsewhere in coastal Texas (Tier 1). In fact, TWIA policyholder assessments could start as early as a 1-in-20 year storm, similar to Hurricanes Ike (2008) or Carla (1961).



## Weston is an “Admitted” Carrier in Texas

Weston is licensed as an admitted carrier, which means the company went through a rigorous application process with the Texas Department of Insurance (“TDI”) prior to being licensed to offer coverage in Texas and participate in this TWIA assumption.

Weston’s premium rates and policy forms have also been reviewed and approved for use in Texas by TDI.

Further, as an admitted carrier, Weston is a member of the Texas Property & Casualty Insurance Guaranty Association, providing policyholders additional protections.



*Weston is a windstorm & hail specialist, with a reputation for a highly technical and selective approach to underwriting risks. Weston’s discipline in risk selection helps to ensure our long-term commitment to Texas. Fewer than 1 in 5 TWIA policyholders will receive an offer of coverage from Weston.*

## Weston is Ready to Handle Your Claim

We know the reason you buy insurance is for claims service, so Weston’s gone to great lengths to establish its claims infrastructure. Claims can be reported 24 hours a day via phone, email, web, or fax. Weston has a Mobile Response Unit (see picture below) with satellite communications and generator power independent of local infrastructure to deploy after a storm. Weston has the ability to provide advance claim payments to personal lines policyholders via debit cards. We also have emergency services agreements with contractors in place to assist with your repairs. Finally, with our 400 contractually dedicated field adjusters ready to respond after a storm, we are ready to be there when you need us.



## Be Hurricane Ready

Weston has a wealth of windstorm preparation and loss mitigation resources available on our website. Please visit [www.weston-ins.com](http://www.weston-ins.com) and click the “Resources” tab. There you’ll find Weston’s hurricane preparedness checklist as well as links to the hurricane preparedness websites maintained by the National Hurricane Center and the Texas Department of State Health Services.

### Weston Insurance

Phone: 800.262.1780

Fax: 888.862.7390

[www.weston-ins.com](http://www.weston-ins.com)



# WESTON - TWIA PERSONAL LINES COVERAGE COMPARISON

Coverage Description	T.W.I.A. Dwelling	Same or Different?	Weston Dwelling
<b>Basic Coverages</b>			
Coverage Type	Wind Hail Only	Same	Wind Hail Only
Building Coverage	80% coinsurance option	Different	80%, 90%, 100% coinsurance options
Maximum Limit	\$1,773,000 combined with Contents	Different	No Maximum
Loss Settlement	Replacement Cost	Same	Replacement Cost
Other Structures Coverage	Value included in Max Limits	Same	Value included in Max Limits
Building Coverage	10% of Coverage A	Same	10% of Coverage A
Loss Settlement	Replacement Cost	Same	Replacement Cost
Building Coverage	Cloth awnings, greenhouses, and metal screen enclosures are excluded from coverage	Same	Cloth awnings, greenhouses, and metal screen enclosures are excluded from coverage
Contents Coverage	Any dollar amount subject to maximum limit	Different	increments of 5% of Coverage A up to a maximum of 75% of Coverage A *No Maximum for Contents ONLY*
Maximum Limit	\$1,773,000 combined with Building	Different	No Maximum
Loss Settlement	ACV (Replacement cost available)	Same	ACV (Replacement cost available)
Personal Property Off Premises	Covered (limited to 10% of Coverage C limit)	Same	Covered (limited to 10% of Coverage C limit)
Additional Living Expenses ("ALE")	Available by endorsement	Same	Available by endorsement
Coverage Limit for ALE	20% of Coverage A	Same	20% of Coverage A
Time Limit for ALE	Not specified	Same	Not specified
Liability & Medical Payments	Not available	Same	Not available
<b>Extra Coverage/Special Limits</b>			
Increased Cost of Construction	5%, 10%, 15% or 25% of Coverage A	Same	5%, 10%, 15% or 25% of Coverage A
Fungi, Wet or Dry Rot, Yeast or Bacteria	Not covered	Same	Not covered
Debris Removal	Covered	Same	Covered
Tree Removal	Covered	Same	Covered
Reasonable Repairs	Covered	Same	Covered
Improvements, Alterations and Additions	Covered	Same	Covered
Business Personal Property	Covered	Same	Covered
Business Income	Not covered	Same	Not covered
Consequential Loss	Covered up to \$500	Same	Covered up to \$500
Wind-Driven Rain	Available by endorsement	Same	Available by endorsement
<b>Special Limit of Liability</b>			
Money, Currency or Bullion	Not covered	Same	Not covered
Securities, Deeds, or Evidences of Debt	Not covered	Same	Not covered
<b>Miscellaneous</b>			
Minimum Premium	\$100	Different	\$250
Deductible Options	\$100, \$250, 1%, 1.5%, 2%, 2.5%, 3%, 4% or 5% (\$100 minimum)	Same	\$100, \$250, 1%, 1.5%, 2%, 2.5%, 3%, 4% or 5% (\$100 minimum)
Builders Risk	Available	Same	Available
Building Code Credits	10% to 33% based on location and building code standards	Same	10% to 33% based on location and building code standards
WPI-8 Waiver Program	Available	Same	Available
Territory - non-Harris County	Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio, Willacy	Same	Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio, Willacy
Territory - Harris County	Specified Areas only	Different	All of Harris County
Cancellation - Return of premium	Pro rata calculation based on the number of days the policy was in effect, subject to a minimum charge of the greater of (a) \$100 or (b) 90 days of premium.	Different	Refund premium is calculated using a formula that charges policyholders approximately 15% less than TWIA for each day the policy was in effect outside of hurricane season and approximately 15% more than TWIA for each day the policy was in effect during hurricane season, subject to a minimum charge of \$100. This different approach is to account for the fact that there is a greater risk of claims during the hurricane season. The result is that in some cases policyholders will receive larger refunds than TWIA's and in others the refunds will be smaller than TWIA's. However, in those cases where Weston charges more than TWIA, the additional cost to a policyholder will never be more than 15% over TWIA's charge.



# WESTON - TWIA COMMERCIAL LINES COVERAGE COMPARISON

Coverage Description	T.W.I.A. Commercial	Same or Different?	Weston Commercial
Basic Coverages			
Coverage Type	Wind Hail Only	Same	Wind Hail Only
Building Coverage	80%, 100% coinsurance options depending on construction type	Different	50%, 80%, 90%, 100% coinsurance options depending on construction type
Maximum Limit	\$4,424,000 combined with Contents	Different	No Maximum
Loss Settlement	ACV (Replacement cost available)	Same	ACV (Replacement cost available)
Contents Coverage	Any dollar amount subject to maximum limit	Different	Any dollar amount
Maximum Limit	\$4,424,000 combined with Contents	Different	No Maximum
Loss Settlement	ACV (Replacement cost available)	Same	ACV (Replacement cost available)
Liability & Medical Payments	Not available	Same	Not available
Extra Coverage/Special Limits			
Increased Cost of Construction	5%, 10%, 15% or 25% of Coverage A	Same	5%, 10%, 15% or 25% of Coverage A
Fungi, Wet or Dry Rot, Yeast or Bacteria	Not covered	Same	Not covered
Debris Removal	Covered	Same	Covered
Tree Removal	Covered	Same	Covered
Reasonable Repairs	Covered	Same	Covered
Business Income	Available by endorsement	Same	Available by endorsement
Wind-Driven Rain	Not covered	Same	Not covered
Special Limit of Liability			
Manuscripts, bullion, records and books of records (except for their physical value in blank)	Not covered	Same	Not covered
Accounts, currency, deeds, evidences of debt, money or securities	Not covered	Same	Not covered
Miscellaneous			
Minimum Premium	\$100	Different	\$250
Deductible Options	1%, 2% or 5% (\$1,000 minimum)	Different	1%, 2%, 3% or 5% (\$1,000 minimum)
Builders Risk	Available	Same	Available for TWIA Eligible properties
Territory - non-Harris County	Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio, Willacy	Same	Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio, Willacy
Territory - Harris County	Specified Areas only	Different	All of Harris County
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