

Notice of Contract Changes

TWIA Commercial Policy Revisions

We are making some changes to your coverage and conditions. This Notice applies to all commercial policies with an effective date of July 1, 2020, or after. The changes are outlined below in the column labeled "Change." If you have any questions, call us at (800) 788-8247.

Coverage descriptions focus only on significant changes to wording. Read your policy for exact terms and conditions.

Policy Section	Change	Comments
Cover page	<p><u>Flood Insurance: You may also need to consider the purchase of flood insurance. Your insurance policy does not include coverage for damage resulting from a flood even if hurricane winds and rain caused the flood to occur. Without separate flood insurance coverage, you may have uncovered losses caused by a flood. Please discuss the need to purchase separate flood insurance coverage with your insurance agent or insurance company, or visit www.floodsmart.gov. THIS POLICY DOES NOT PROVIDE FLOOD OR WAVE WASH COVERAGE. CONSULT YOUR AGENT FOR AVAILABILITY OF FLOOD COVERAGE.</u></p>	We added language to be clear that TWIA's Commercial Policy doesn't cover flood damage.
Where you can get information or file a complaint	<p><u>If you have a question or a problem with a claim or your premium, contact your insurance company first. You can also get information or file a complaint with the Texas Department of Insurance.</u></p> <p>Texas Windstorm Insurance Association</p> <p><u>To get information or file a complaint with your insurance company:</u></p> <p><u>Call: TWIA at 1-800-788-8247</u> <u>Toll-free: 1-800-788-8247</u> <u>Email: Compliance@twia.org</u> <u>Mail: Attn: Compliance Department</u> <u>P.O. Box 99090</u> <u>Austin, TX 78709-9090</u></p> <p>The Texas Department of Insurance</p> <p><u>To get help with an insurance question, learn about your rights, or file a complaint with the state:</u></p> <p><u>Call: 1-800-252-3439</u> <u>Online: www.tdi.texas.gov</u> <u>Email: ConsumerProtection@tdi.texas.gov</u> <u>Mail: MC 111-1A, P.O. Box 149091 Austin, TX 78714-9091</u></p> <p>To compare policies and prices</p>	We replaced the notice of toll-free telephone numbers and procedures to get information and file a complaint.

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	<p><u>Visit HelpInsure.com to compare prices and coverages on home and auto insurance policies. The website is a service of the Texas Department of Insurance and the Office of Public Insurance Counsel.</u></p> <p><u>Donde puede obtener información o presentar una queja</u></p> <p><u>Si tiene una pregunta o un problema con una reclamación o con su prima de seguro, comuníquese primero con su compañía de seguros. Usted también puede obtener información o presentar una queja ante el Departamento de Seguros de Texas (Texas Department of Insurance, por su nombre en inglés).</u></p> <p><u>Texas Windstorm Insurance Association</u></p> <p><u>Para obtener información o para presentar una queja ante su compañía de seguros:</u></p> <p style="padding-left: 40px;"><u>Llame a: TWIA al 1-800-788-8247</u></p> <p style="padding-left: 40px;"><u>Teléfono gratuito: 1-800-788-8247</u></p> <p style="padding-left: 40px;"><u>Correo electrónico: Compliance@twia.org</u></p> <p style="padding-left: 40px;"><u>Dirección postal:</u></p> <p style="padding-left: 80px;"><u>Attn: Compliance Department</u></p> <p style="padding-left: 80px;"><u>P.O. Box 99090</u></p> <p style="padding-left: 80px;"><u>Austin, TX 78709-9090</u></p> <p><u>El Departamento de Seguros de Texas</u></p> <p><u>Para obtener ayuda con una pregunta relacionada con los seguros, para conocer sus derechos o para presentar una queja ante el estado:</u></p> <p style="padding-left: 40px;"><u>Llame: 1-800-252-3439</u></p> <p style="padding-left: 40px;"><u>En línea: www.tdi.texas.gov</u></p> <p style="padding-left: 40px;"><u>Correo electrónico:</u></p> <p style="padding-left: 40px;"><u>ConsumerProtection@tdi.texas.gov</u></p> <p style="padding-left: 40px;"><u>Dirección postal: MC 111-1A, P.O. Box 149091, Austin, TX 78714-9091</u></p> <p><u>Para comparar pólizas y precios</u></p> <p><u>Visite HelpInsure.com para comparar precios y coberturas en pólizas de seguro para el hogar y automóvil. El sitio web es un servicio del Departamento de Seguros de Texas y de la Oficina del Asesor Público de Seguros (Office of Public Insurance Counsel, por su nombre en inglés).</u></p>	
Notice about HelpInsure.com	<u>To compare policies and prices</u>	We added a notice about HelpInsure.com.

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	<p>Visit HelpInsure.com to compare prices and coverages on home and auto insurance policies. The website is a service of the Texas Department of Insurance and the Office of Public Insurance Counsel.</p> <p><u>Aviso del sitio web de seguros</u></p> <p><u>Para comparar pólizas y precios</u></p> <p>Visite HelpInsure.com para comparar precios y coberturas en pólizas de seguro para el hogar y automóvil. El sitio web es un servicio del Departamento de Seguros de Texas y de la Oficina del Asesor Público de Seguros (Office of Public Insurance Counsel, por su nombre en inglés).</p>	
Important notice about supplemental claim payments	<p>If you think our estimate of your covered damage is not enough, you can ask for a supplemental (additional) claim payment.</p> <p><u>The first deadline to request a supplemental claim payment is 60 days after the date you receive our letter that tells you how much we will pay. If your policy does not provide replacement cost coverage, this is your only chance to request a supplemental claim payment. The deadline may be extended in some situations by the Commissioner of Insurance and/or TWIA.</u></p> <p><u>If your policy provides replacement cost coverage, you have more time to ask for a supplemental claim payment.</u></p> <ul style="list-style-type: none"> • Your deadline to complete your repairs and request your replacement cost payment is 545 days after you receive our Notice of Acceptance or Partial Acceptance letter that tells you how much we will pay. • You can ask for a supplemental claim payment even if you have not started or completed your repairs. • Within 30 days of receiving your replacement cost payment request, TWIA will either accept your request in full, accept your request in part, or reject your request. • After you receive our letter that says how much we will pay for replacement cost, you have 30 days to tell us if you think the amount we have agreed to pay is not enough. You can then: <ul style="list-style-type: none"> ○ Ask for a supplemental replacement cost payment; or ○ Request appraisal of your replacement cost. 	We added a notice about the supplemental (additional) claim payment process and replacement cost payments.

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	<ul style="list-style-type: none"> • If you ask for a supplemental replacement cost payment before the deadline, you can still go forward with appraisal of your replacement cost later if you think the amount we have agreed to pay is not enough. • We cannot make the replacement cost payment until the repairs have been made. <p>You can only have one appraisal. If you have already been through appraisal before making your request for the replacement cost payment, you cannot have another appraisal.</p> <p>If you are not sure about a deadline, please contact us as soon as possible. We can help you understand any deadlines that may apply to your claim. To request a supplemental payment contact us at (800) 788-8247, at Claims Center at www.twia.org/claimscenter, or email claims@twia.org. Please include your claim number with your email.</p> <p>If you can, tell us why our estimate of your covered damages was not enough. Please send detailed estimates, pictures, contracts with those doing repairs, or any other information you think might help.</p> <ul style="list-style-type: none"> ○ Why it helps: We can decide and issue any payments quickly when we know the repair costs. <p>Read more about supplemental claim payments and appraisal in Condition 11 of this policy on page 8.</p>	
Important notice about disputing claim payment amounts	<p>You may have more time to demand appraisal of how much we will pay you for "replacement cost." You may demand appraisal of "replacement cost" without regard to whether all repairs related to the claim are complete. You must demand appraisal no later than the 30th day after the date you receive notice of our decision regarding your request for replacement cost payment.</p>	We added a notice about when you can dispute your replacement cost payment.
Important notice about insurance deductible payments	<p>Texas law requires a person insured under a property insurance policy to pay any deductible applicable to a claim made under the policy. It is a violation of Texas law for a seller of goods or services who reasonably expects to be paid wholly or partly from the proceeds of a property insurance claim to knowingly allow the insured person to fail to pay, or assist the insured person's failure to pay, the applicable insurance deductible.</p>	We added a notice about insurance deductible payments.
Definitions		

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	<p><u>"Actual cash value"</u> means the reasonable and necessary amount that you are likely to incur to repair or replace the damaged part of covered property, at the time of loss or damage, with material of like kind and quality and for the same use, subject to a deduction for deterioration and depreciation. "Actual cash value" applies to valuation of damage regardless of whether the property has sustained partial loss or total loss. The "actual cash value" of lost or damaged property may be significantly less than its replacement cost. We will not pay to repair or replace undamaged property due to mismatch of color, discontinued, outdated or obsolete material.</p> <p><u>"Cost to repair or replace"</u> means the reasonable and necessary amount that you are likely to incur to repair or replace the damaged part of covered property, at the time of loss or damage, with material of like kind and quality and for the same use, without a deduction for deterioration and depreciation. We will not pay to repair or replace undamaged property due to mismatch of color, discontinued, outdated, or obsolete material.</p>	<p>We added the "actual cash value" definition to the policy.</p> <p>We added the "cost to repair or replace" definition to the policy.</p>
Deductible	<p>We will not pay for loss or damage to any item in any one occurrence until the amount of loss or damage exceeds the Deductible amount shown in the Declarations for that item. We will then pay the amount of loss or damage for that item in excess of the Deductible amount, up to the applicable limit of liability, after any deduction required by the Coinsurance Condition.</p>	<p>We removed the reference to a deduction required by the coinsurance condition.</p>
Conditions	<p>4. Duties After Loss.</p> <p>a. Your Duties After Loss.</p> <p>(5) You must keep an accurate record of repair expenses <u>and proof of payment of any applicable Deductible.</u></p>	<p>We added a duty to keep proof that you paid your deductible.</p>
Conditions	<p>6. Loss Settlement. Covered property losses are settled as follows:</p> <p>b. Our liability and payment for covered losses will not exceed the smallest of the following:</p>	<p>We removed the reference to replacement cost coverage.</p>

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	<p>(1) The <u>"actual cash value"</u> of the damaged property <u>at the time of loss</u>, determined <u>with proper deduction for depreciation</u>;</p> <p>(2) The <u>"cost to repair or replace"</u> the damaged property <u>with material of like kind and quality</u>; or</p> <p>(3) The specified limit of liability of the policy.</p> <p>c. We will not pay you more than your financial interest in the covered property.</p> <p>d. If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.</p>	<p>Replacement cost coverage is now available through the Endorsement No. (TWIA) 164 – Replacement Cost Coverage – Coverage A (Building) and Coverage B (Business Personal Property).</p>
Conditions	<p>7. Coinurance. If a coinsurance percentage is shown in the Declarations, the following condition applies:</p> <p>We will not pay the full amount of any loss if the actual cash value of covered property at the time of loss times the coinsurance percentage shown for it in the Declarations is greater than the limit of liability for the property.</p> <p>Instead, we will determine the most we will pay using the following steps:</p> <p>a. Multiply the actual cash value of covered property at the time of loss by the coinsurance percentage;</p> <p>b. Divide the limit of liability of the property by the figure determined in step a.;</p> <p>c. Multiply the total amount of loss, before the application of any deductible, by the figure determined in step b.; and</p> <p>d. Subtract the deductible from the figure determined in step c.</p> <p>We will pay the amount determined in step d. or the limit of liability, whichever is less. For the remainder, you will either have</p>	<p>We removed the coinsurance provisions.</p>

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	<p>to rely on other insurance or absorb the loss yourself.</p> <p>In applying this coinsurance clause we will disregard the value of foundations of buildings which are below the surface of the lowest basement floor or, where there is no basement, which are below the surface of the ground.</p> <p>We will not consider the cost of removal of debris in the determination of actual cash value when applying the coinsurance clause.</p> <p>We will not require a special inventory or appraisal of undamaged property if your total claim for loss is:</p> <ul style="list-style-type: none"> a. Less than \$10,000; and b. Less than 5% of the limit of liability on described property. <p>This provision does not waive any of the requirements of the coinsurance clause.</p> <p><u>Example No. 1</u></p> <p>(Underinsurance):</p> <p>When:</p> <p>The actual cash value of the property is \$250,000 The coinsurance percentage for it is 80%</p> <p>The limit of liability for it is \$100,000 The deductible is \$1000</p> <p>The amount of loss is \$40,000</p> <p>Step (1) $\\$250,000 \times 80\% = \\$200,000$</p> <p>(the minimum amount of insurance to meet your coinsurance requirements)</p> <p>Step (2) $\\$100,000 \div \\$200,000 = .50$ Step (3)</p> <p>$\\$40,000 \times .50 =$</p> <p>\$20,000 Step (4) \$20,000 - \$1000 =</p>	

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	<p>\$19,000</p> <p>We will pay no more than \$19,000. The remaining \$21,000 is not covered.</p> <p>Example No. 2 (Adequate insurance) When:</p> <p>The actual cash value of the property is \$250,000</p> <p>The coinsurance percentage for it is 80%</p> <p>The limit of liability for it is \$200,000</p> <p>The deductible is \$2000</p> <p>The amount of loss is \$40,000</p> <p>Step (1) $\\$250,000 \times 80\% = \\$200,000$</p> <p>(the minimum amount of insurance to meet your coinsurance requirements)</p> <p>Step (2) $\\$200,000 \div \\$200,000 = 1.00$</p> <p>Step (3) $\\$40,000 \times 1.00 = \\$40,000$</p> <p>Step (4) $\\$40,000 - \\$2000 = \\$38,000$</p> <p>We will pay \$38,000 of the loss. No penalty applies.</p>	
Conditions	<p>7. <u>Coordination of Coverage. Our liability and payment for covered losses under Condition 6. is subject to the following:</u></p> <ol style="list-style-type: none"> <u>Our liability and payment for your use interest as tenant in improvements and betterments will be reduced by the amount the lessor or others are obligated to pay for repairs or replacement of the tenant improvements and betterments.</u> <u>If two or more of this policy's coverages apply to the same loss or damage, payment for the loss under one coverage will reduce any amount you are entitled to recover under another coverage</u> <u>Pro Rata Distribution. If one limit of liability applies to two or more separate coverage items A. (building) and B. (business personal property), coverage will apply to each item in the same proportion that the value of each</u> 	We added the coordination of coverage condition.

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	<u>such item bears to the total limit for that item of insurance.</u>	
Conditions	<p>10. <u>Limited Judicial Remedies.</u></p> <p>f. <u>Appraisal Process.</u></p> <p>(2) The two appraisers will then determine the amount of loss, stating separately for the portion of the claim for which we have accepted coverage in full or in part:</p> <ul style="list-style-type: none"> i. The <u>"actual cash value"</u> of the damaged property at the time of loss, determined with proper deduction for depreciation; and ii. The <u>"cost to repair or replace"</u> the damaged property with material of like kind and quality. <p>(3) If you or we request that they do so, the appraisers will also determine:</p> <ul style="list-style-type: none"> i.the full replacement cost of the building at the time of loss for purposes of the Loss Settlement Condition; and ii.the value of the covered property at the time of loss for purposes of the Coinsurance Condition. <p>(4) If you or we request that they do so, the appraisers will also determine the amount that you necessarily spent to repair or replace the damaged property.</p>	We revised the appraisal process condition.
Conditions	<p>11. <u>Disputes About the Amount of Your Covered Loss Disputes Concerning the Amount of Loss Exclusive Remedy.</u></p> <p>a. <u>If you disagree with the amount paid on your claim for your covered loss if you dispute the amount we will pay for a claim, your exclusive remedy under this policy is appraisal.:</u></p>	We added the supplemental claim payment process to the condition.

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	<p>(1) You may request supplemental (additional) payments on covered or accepted items. Your deadline to ask for a supplemental (additional) payment is the same as your deadline for appraisal.</p> <p>(2) If we are unable to agree on a supplemental (additional) payment, you may demand appraisal.</p> <p>(3) Appraisal is your exclusive remedy or only way to resolve a disagreement about the amount we will pay for your covered damages.</p>	
Conditions	<p>13. Commissioner Extension of Deadlines. The commissioner of insurance, on a showing of good cause, may by rule extend any deadline established under policy Condition 4, 5,6, 11 and 12, including endorsements, and set the number of days by which the deadline is extended by periods not to exceed 120 days in the aggregate with reference to claims filed during a particular catastrophe year.</p>	We revised the condition allowing the Commissioner to extend deadlines.
Conditions	<p>20. Assignment of your rights and duties under this policy will not be valid unless we give our consent. may not be transferred without our prior written consent except as follows:</p> <p>a. If you die, your rights and duties will be transferred to your legal representative subject to our right to verify your legal representative's authority to act in your behalf.</p> <p>b. If you sell the real property insured by this policy, you may assign your rights and duties under this policy to the new owner. However:</p> <p>(1) The new owner may not change any of the terms of this policy without our prior written consent, and</p> <p>(2) You, the new owner, or your agent shown in the Declarations must notify us in writing of the change in ownership within 30 days after the real estate closing.</p>	We revised the assignment of your rights and duties condition.

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Conditions	<p><u>21. Death.</u> If you die, we insure:</p> <ul style="list-style-type: none"> a. Your spouse, if a resident of the same household at the time of death; or b. The legal representative of the decedent's estate only with respect to the described location. <p><u>Coverage will be provided until the end of the policy period in which you die.</u></p>	We added the death condition.
Conditions	<p>21. Pro-Rata Distribution. If one limit of liability applies to two or more separate coverage items A. (building) and B. (business personal property), coverage will apply to each item in the same proportion that the value of each such item bears to the total limit for that item of insurance.</p> <p>This provision does not apply to items to which 100% coinsurance applies.</p>	We removed the pro rata distribution condition.
Conditions	<p><u>22. Valuation.</u> We will determine the value of covered property in the event of loss or damage as follows:</p> <ul style="list-style-type: none"> a. At actual cash value as of the time of loss or damage, except as provided in b. and c. below. b. Tenant's Improvements and Betterments at: <ul style="list-style-type: none"> (1) Actual cash value of the lost or damaged property if you make repairs promptly. (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows: <ul style="list-style-type: none"> (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease. If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure. (3) Nothing if others pay for repairs or replacement. 	We removed the valuation condition.