



May 13, 2021

Regulatory Policy Division
Property & Casualty Filings Intake
Texas Department of Insurance
Mail Code 104-3B
P.O. Box 149104
Austin, Texas 78714-9104

Submitted via SERFF

Re: New TWIA "Endorsement No. (TWIA) 419 Other Structures on the Described Location Increased Limits"

Dear Property & Casualty Filings Intake:

In accordance with Title 28 Texas Administrative Code 5.4911, Texas Windstorm Insurance Association ("TWIA") is submitting the new "Endorsement No. (TWIA) 419 Other Structures on the Described Location Increased Limits" for Commissioner approval. TWIA has created this endorsement in an effort to mitigate potential drawbacks of the current framework in place to cover appurtenant structures. Additionally, TWIA is in the process of implementing an upgraded policy administration system and intends to implement this endorsement as a part of the release of the upgraded system. As the system is currently expected to be released at the beginning of April 2022, TWIA requests that this new endorsement be approved with effective dates of April 1, 2022 for new business and June 1, 2022 for renewals to accommodate TWIA's renewal process whereby renewal offers are sent out 60 days in advance of the policy renewal date.

Attached to this cover letter please find: (1) an explanatory memorandum explaining the creation of this endorsement; and (2) the new endorsement. TWIA also conducted an actuarial/rate analysis corresponding to the new endorsement that will be filed separately (TWIA-132768503).

Should you have questions or require anything further, please feel free to contact me at 737-800-9935.

Sincerely,

A handwritten signature in cursive script that reads "Cindy Watkins".

Cindy Watkins
Manager, Legal & Compliance



MEMORANDUM

DATE: May 14, 2021

TO: Property & Casualty Filings Intake, Texas Department of Insurance

FROM: Cindy Watkins, Manager, Legal & Compliance

RE: New TWIA “Endorsement No. (TWIA) 419 Other Structures on the Described Location Increased Limits”

In accordance with Title 28 Texas Administrative Code 5.4911, Texas Windstorm Insurance Association (“TWIA”) is submitting the new “Endorsement No. (TWIA) 419 Other Structures on the Described Location Increased Limits” for Commissioner approval. TWIA has created this endorsement in an effort to mitigate potential drawbacks of the current framework used to cover appurtenant structures.

TWIA currently offers coverage against windstorm and hail losses for appurtenant structures in the “Covered Property, Coverage A (Dwelling)” section in the TWIA Dwelling Policy (Provision 5). The policy limits the liability for other structures to 10% of the Coverage A (Dwelling) limit of liability and specifies that this is not additional insurance, nor does it increase the Coverage A (Dwelling) limit of liability. Related limitations on coverage are spelled out in the “Property Not Covered” section of the TWIA Dwelling Policy. This current framework has several potential drawbacks, including the risk of a policyholder being underinsured in the event of a total loss and difficulty in specifically valuing each “other structure.”

In order to mitigate these issues, TWIA is proposing a new, optional, endorsement for additional premium to provide separate and additional coverage for other structures as an alternative to the current policy provision. Please note, Provision 5 will remain in place when the optional endorsement is not selected. When the optional endorsement is selected by an agent at application, the endorsement will enable the agent to select an additional amount of coverage for other structures in the aggregate, in increments of ten percentage points, up to fifty percent of the total limit for Coverage A. As is the case today, if policyholders would like to secure a specific amount of coverage for another structure, they may still do so by writing the structure on its own policy.

TWIA believes providing this option will expand agents’ and policyholders’ ability to customize coverage to better fit their individual insurance needs. In addition, the endorsement brings visibility to this



coverage for other structures that may mitigate potential confusion and frustration that arises when policyholders under the current framework encounter a large loss.

Attached please find a clean copy of the newly created endorsement.

TEXAS WINDSTORM INSURANCE ASSOCIATION
Windstorm and Hail

Endorsement No. (TWIA) 419

Other Structures on the Described Location

Increased Limits

For an additional premium, COVERAGE A (Dwelling), 5. is replaced by the following and 6. is deleted:

5. Other structures on the described location, set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line or similar connection.

The total limit of liability for other structures is the limit of liability shown on the Declarations. This is additional insurance and does not reduce the Coverage A (Dwelling) limit of liability.

This endorsement does not change the deductible amount. The deductible amount listed on the Declarations applies to covered losses under Coverage A and is inclusive of losses covered by this endorsement.

We do not cover other structures used for business purposes.

The coverage provided by this endorsement is subject to all other terms, conditions, exclusions, and definitions of the policy to which this endorsement is attached.