



MEMORANDUM

DATE: April 30, 2021

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

FROM: Cindy Watkins, Manager, Legal & Compliance

RE: New TWIA “Endorsement No. (TWIA) 331 – Extension of Coverage – Consequential Loss”

In accordance with Title 28 Texas Administrative Code 5.4911, Texas Windstorm Insurance Association (“TWIA”) is submitting the new “Endorsement No. (TWIA) 331 – Extension of Coverage – Consequential Loss” for Commissioner approval. TWIA has created this endorsement, along with two additional new endorsements being filed in conjunction with this endorsement, in an effort to reduce potential confusion associated with the current framework in place to cover indirect losses by splitting out and reorganizing the provisions in the existing TWIA 310, 320, and 330 endorsements. Please note, there are no changes in the rates and premiums associated with the indirect loss coverages offered by TWIA resulting from the creation of the new endorsements.

TWIA currently offers coverage for indirect losses through the 3 endorsements mentioned above. The combinations of coverage offered under the current framework is listed in the table below.

Existing Endorsement Number	TWIA 310	TWIA 320	TWIA 330
Existing Provisions	<ul style="list-style-type: none"> - Consequential Loss (w/food spoilage) - Additional Living Expense 	<ul style="list-style-type: none"> - Consequential Loss (w/food spoilage) - Additional Living Expense - Wind-Driven Rain 	<ul style="list-style-type: none"> - Consequential Loss

The existing structure of these provisions has caused some confusion for policyholders, agents, and claims staff. In order to mitigate these issues, TWIA is splitting out these provisions so there is one



provision per form. This simplifies and clarifies the coverages offered. The proposed framework is as follows.

Proposed Endorsement Number	TWIA 311	TWIA 321	TWIA 331
Existing Provisions	- Additional Living Expense	- Wind-Driven Rain	- Consequential Loss

For the new “Endorsement No. (TWIA) 331 – Extension of Coverage – Consequential Loss,” TWIA simply split out the consequential loss provisions from the existing TWIA 310, 320, and 330 endorsements and repurposed them as a stand-alone endorsement. Please note, the new endorsement includes the expanded consequential loss provision from the TWIA 310 and 320 endorsements that provides coverage for food spoilage rather than the provision from the TWIA 330 endorsement. Our intention in electing the language from 310/320 is to provide broader coverage than the existing 330 language, not to restrict coverage to the insured in any way. We are not aware of scenarios covered by the existing 330 provision that would not be covered by the proposed “broader” language. The only new language added is the disclaimer at the end of the endorsement that serves to better clarify the coverage provided.

Attached please find the existing TWIA 310 endorsement, the existing TWIA 320 endorsement, the existing TWIA 330 endorsement, and a clean copy of the newly created endorsement.

TEXAS WINDSTORM INSURANCE ASSOCIATION
Windstorm and Hail

Extensions of Coverage

In consideration of an included additional premium, this policy is extended to provide the following coverages.

A. Consequential Loss. Applicable to Primary or Secondary Residences – Dwellings

We cover:

1. property contained in the dwelling or other structure on the described location against loss due to change in temperature as a direct result of physical damage to the dwelling, or any equipment contained in the dwelling, caused by windstorm or hail. The deductible does not apply to this coverage.
2. property contained in the dwelling or other structure on the described location against loss due to changes in temperature as a direct result of physical damage to any power, heating or cooling equipment (including connections and supply pipes) not contained in or on the dwelling, caused by windstorm or hail.

The total limit of liability for the coverage described in A.2. above is \$500.

This is not additional insurance and does not increase the limit of liability for Coverage B (Personal Property).

B. Additional Living Expense. Applicable only to Primary Residences – Dwellings

If a covered loss to your Primary Residence caused by windstorm or hail makes your Primary Residence wholly or partially untenantable, we cover additional living expense, meaning any necessary and reasonable increase in living expense you incur so that your household in your Primary Residence can maintain its normal standard of living.

We do not cover additional living expense that you incur as a result of evacuation or displacement from the described location due to voluntary or mandatory evacuation, order of civil authority restricting ingress, egress or access, loss or disconnection of utilities, damage or closure of roads, ferries, bridges or infrastructure, or loss that is excluded in the Exclusions of this policy, except to the extent such expenses were incurred because covered damage to your Primary Residence caused by windstorm or hail made your Primary Residence wholly or partially untenantable.

The total limit of liability for all additional living expense is 20% of the limit of liability applicable to Coverage A (Dwelling). If your policy was issued for tenant personal property of a dwelling and does not include a limit of liability applicable to the dwelling, the total limit of liability for all additional living expense is 20% of the limit of liability applicable to Coverage B (Personal Property). This is additional insurance and does not reduce the limit of liability applicable to Coverage A (Dwelling), but the total limit of liability for the Coverage A (Dwelling) limit and the additional living expense limit cannot exceed the maximum limit of liability permitted by law. The deductible does not apply to additional living expense coverage.

Payment will be for the reasonable time required to repair or replace the damage caused by windstorm or hail to your Primary Residence. If you permanently relocate, payment will be for the reasonable time required for your household to become settled. The periods of time for additional living expense are not limited by expiration of this policy.

Primary Residence means a dwelling where you normally live as your principal residence as of the date of loss and during the majority of the policy period, and that is stipulated as your "Primary Dwelling" on the Residential Declarations Page of this policy

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

TEXAS WINDSTORM INSURANCE ASSOCIATION
Windstorm and Hail

Extensions of Coverage

In consideration of an included additional premium, this policy is extended to provide the following coverages.

A. Consequential Loss. Applicable to Primary or Secondary Residences – Dwellings

We cover:

1. property contained in the dwelling or other structure on the described location against loss due to change in temperature as a direct result of physical damage to the dwelling, or any equipment contained in the dwelling, caused by windstorm or hail. The deductible does not apply to this coverage.
2. property contained in the dwelling or other structure on the described location against loss due to changes in temperature as a direct result of physical damage to any power, heating or cooling equipment (including connections and supply pipes) not contained in or on the dwelling, caused by windstorm or hail.

The total limit of liability for the coverage described in A.2. above is \$500.

This is not additional insurance and does not increase the limit of liability for Coverage B (Personal Property).

B. Additional Living Expense. Applicable only to Primary Residences – Dwellings

If a covered loss to your Primary Residence caused by windstorm or hail makes your Primary Residence wholly or partially untenantable, we cover additional living expense, meaning any necessary and reasonable increase in living expense you incur so that your household in your Primary Residence can maintain its normal standard of living.

We do not cover expenses that you incur as a result of evacuation or displacement from your Primary Residence due to voluntary or mandatory evacuation, order of civil authority restricting ingress, egress or access, loss or disconnection of utilities, damage or closure of roads, ferries, bridges or infrastructure, or loss that is excluded in the Exclusions of this policy, except to the extent such expenses were incurred because covered damage to your Primary Residence caused by windstorm or hail made your Primary Residence wholly or partially untenantable.

The total limit of liability for all additional living expense is 20% of the limit of liability applicable to Coverage A (Dwelling). This is additional insurance and does not reduce the limit of liability applicable to Coverage A (Dwelling), but the total limit of liability for the Coverage A (Dwelling) limit and the additional living expense limit cannot exceed the maximum limit of liability permitted by law. The deductible does not apply to additional living expense coverage.

Payment will be for the reasonable time required to repair or replace the damage caused by windstorm or hail to your Primary Residence. If you permanently relocate, payment will be for the reasonable time required for your household to become settled. The periods of time for additional living expense are not limited by expiration of this policy.

C. Wind-Driven Rain Coverage. Applicable to Primary or Secondary Residences

We cover loss to the dwelling and personal property caused by wind-driven rain whether or not an opening is made in the dwelling by the direct force of wind or hail.

Primary Residence means a dwelling where you normally live as your principal residence as of the date of loss and during the majority of the policy period, and that is stipulated as your “Primary Dwelling” on the Residential Declarations Page of this policy.

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

TEXAS WINDSTORM INSURANCE ASSOCIATION
Windstorm and Hail

Extensions of Coverage

In consideration of an included additional premium, this policy is extended to provide the following coverage:

A. Consequential Loss.

We cover personal property against loss due to utility failure if such failure is a result of physical damage caused by windstorm or hail to power, heating or cooling equipment situated on the premises where the covered property is located.

This is not additional insurance and does not increase the limit of liability for Coverage B (Personal Property).