

**Texas**

**Catastrophe Event**

**Statistical Plan**

**for**

**Personal and Commercial Risks**

# Texas Catastrophe Event Statistical Plan for Personal and Commercial Risks

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# Texas Catastrophe Event Statistical Plan for Personal and Commercial Risks

## 1. Scope of the Plan

This plan applies to reports required to be filed with the Texas Department of Insurance following specified catastrophe events that occur on or after **January 1, 2020**. This plan applies to certain companies writing the following lines of insurance:

<b>Authorized Insurance Companies</b>	
<b>Line No.</b>	<b>Line of Insurance</b>
1	Fire
2.1	Allied Lines
2.2	Multiple Peril Crop
2.3	Federal Flood
2.4	Private Crop
2.5	Private Flood
3	Farmowners Multiple Peril
4	Homeowners Multiple Peril
5.1	Commercial Multiple Peril (non-liability portion)
8	Ocean Marine
9	Inland Marine
12	Earthquake
21.1	Private Passenger Automobile Physical Damage
21.2	Commercial Automobile Physical Damage
22	Aircraft
27	Boiler and Machinery
34	Aggregate Write-ins

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<b>Eligible Surplus Lines Companies</b>	
<b>Line No.</b>	<b>Line of Insurance</b>
1	Fire
2 / 2.1	Allied Lines
2.2*	Multiple Peril Crop
2.4*	Private Crop
2.5*	Private Flood
3	Farmowners Multiple Peril
5 / 5.1	Commercial Multiple Peril (non-liability portion)
8	Ocean Marine
9	Inland Marine
12	Earthquake
22	Aircraft
27	Boiler and Machinery
34	Aggregate Write-ins

\*Not applicable to alien surplus lines companies.

This plan applies to companies, including the Texas Windstorm Insurance Association (TWIA) and the Texas Fair Access to Insurance Requirements Plan Association (FAIR Plan), writing business on a direct basis. Except for business assumed from TWIA under an assumption reinsurance by novation agreement as authorized by Texas Insurance Code § 2210.702, this plan does not apply to assumed reinsurance business.

### 2. Reporting Frequency and Due Dates

Companies are not required to report data under this plan until TDI has activated its catastrophe data call for a specified catastrophe event. At the time TDI activates reporting for an event, TDI will notify companies of the name of the event and the reporting frequency and due dates through a bulletin on TDI's website at [www.tdi.texas.gov](http://www.tdi.texas.gov). However, TDI will not require companies to report more frequently than monthly, and TDI will give companies at least 15 days after the end of a reporting period to submit data.

TDI will notify companies when reporting is no longer required.

### 3. Cumulative Experience Reporting

Each submission must contain the **cumulative experience** of the company for the event through the specified reporting date. All companies must continue to report experience

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until TDI discontinues reporting for the specified event. Companies must continue to report if all reported claims have been closed.

### 4. Companies Required to Report

The catastrophe data call only applies to certain authorized and surplus lines companies writing property or automobile insurance in Texas. Whether a company is required to report data for a catastrophe in a given year depends on the amount of Texas direct written premium the company reported in the prior calendar year. For authorized companies and foreign surplus lines companies, premium means direct written premium the company reported on its Annual Statement, Exhibit of Premiums and Losses (Statutory Page 14), Texas. For alien surplus lines companies, premium means premium as compiled and published by the Surplus Lines Stamping Office of Texas.

Companies that are not authorized to write business in Texas or not eligible to do business in Texas on a surplus lines basis must not report data, even if the company has claims in Texas resulting from the catastrophe event.

#### A. Licensed Insurance Companies.

Licensed companies must report according to the following table:

Annual Statement Line of Insurance	Reporting Threshold	Must Report Data for These Types of Insurance
1. Fire	Direct written premium of <b>\$5,000,000 or greater</b> for all listed lines combined	Residential property – RCV Residential property – ACV Commercial property Business interruption Federal flood Private flood
2.1. Allied Lines		
2.3. Federal Flood		
2.5. Private Flood		
3. Farmowners		
4. Homeowners		
5.1. Commercial Multiple Peril (non-liability)		

Annual Statement Line of Insurance	Reporting Threshold	Must Report Data for These Types of Insurance
21.1. Private Passenger Auto Physical Damage	Direct written premium of	Personal auto physical damage

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21.2. Commercial Auto Physical Damage	<b>\$5,000,000 or greater</b> for both lines combined	Commercial auto physical damage
2.2. Multiple Peril Crop	Direct written premium of <b>\$5,000,000 or greater</b> for all listed lines combined	All other lines of insurance
2.4. Private Crop		
8. Ocean Marine		
9. Inland Marine		
12. Earthquake		
22. Aircraft		
27. Boiler and Machinery		
34. Aggregate Write-ins		

### B. Surplus Lines Companies.

Surplus lines companies must report according to the following table.

Annual Statement Line of Insurance	Reporting Threshold	Must Report Data for These Types of Insurance
1. Fire	Direct written premium of <b>\$5,000,000 or greater</b> for all listed lines combined	Commercial property Business interruption Private flood
2.1 Allied Lines		
2.5 Private Flood*		
3. Farmowners		
5.1 Commercial Multiple Peril (non-liability)		
21.2 Commercial Auto Physical Damage	Direct written premium of <b>\$5,000,000 or greater</b>	Commercial auto physical damage

\*These lines are not applicable to alien surplus lines insurers.

Annual Statement Line of Insurance	Reporting Threshold	Must Report Data for These Types of Insurance
2.2 Multiple Peril Crop*	Direct written premium of	All other lines of insurance
2.4 Private Crop*		
8. Ocean Marine		

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9. Inland Marine	<b>\$5,000,000 or greater</b> for all listed lines combined	
12. Earthquake		
22. Aircraft		
27. Boiler and Machinery		
34. Aggregate Write-ins		

\*These lines are not applicable to alien surplus lines insurers.

### 5. Company-Level Reporting

Insurers must report their data by company. Insurers cannot report data on a group or "all companies combined" basis. Each submission must include the total experience for the company, including experience for all programs, lines of business, and managing general agents (MGAs).

Except as discussed under "Exception," insurance agencies, MGAs, and Lloyds' names cannot submit data to TDI. Insurance companies must report data for business written by all agents, agencies, MGAs, or names. If an insurance company writes business through a nonaffiliated company—such as a county mutual—using an MGA, then the experience for that MGA must be included in the data submitted by the nonaffiliated company or county mutual.

**Exception:** An insurer may appoint an MGA or agent, or contract with a third party, to report the data on behalf of the company. The submission provided by the MGA, agent, or third party must contain the applicable claims and losses for all the business the company writes. The company is responsible for ensuring that the data submitted by the agent, MGA, or third party is complete and provided on time.

### 6. Geographic Reporting

Companies are required to report data by ZIP code. When TDI activates reporting under this plan for a specified catastrophe event, TDI or its designated statistical agent will provide a list of ZIP codes companies must submit data for. Companies must only report data for ZIP codes listed for the catastrophe event. If the company does not know the ZIP code but knows the claim resulted from the event, the company should report the claim as ZIP code "unknown."

For automobile insurance, if the company does not know the ZIP code of the claim location, then the company must report the ZIP code where the vehicle is principally



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garaged. If the vehicle is principally garaged outside the defined area for the catastrophe event and the insurer knows the claim resulted from the catastrophe event, then report the claim as ZIP code "unknown."

For federal flood insurance, if the Federal Emergency Management Agency (FEMA) does not permit the insurer to report the ZIP code location because there are too few claims in the ZIP code, then the company should report the total claims for all such ZIP codes as ZIP code "unknown." If any category of claims must be reported as ZIP code "unknown," then all categories of claims and losses must be reported as ZIP code "unknown." For example, if there are 15 reported claims in ZIP code 78701 and four claims closed with payment in that ZIP code, and FEMA does not allow the insurer to report ZIP code data if there are fewer than five claims, then the company should report the four claims closed with payment **and** the 15 reported claims as ZIP code "unknown." The company must also report all paid and incurred losses associated with the 15 reported claims as ZIP code "unknown."

### 7. Lines of Insurance Companies Must Report

Licensed insurance companies will be required to report data for the following lines of insurance. Section 4 (Companies Required to Report) provides information on how a company determines the lines of insurance it must submit data for.

<b>Lines of Insurance Required for Licensed Insurance Companies</b>	
1. Residential property – ACV policies	6. Commercial automobile physical damage
2. Residential property – RCV policies	7. Federal flood insurance
3. Commercial property (other than business interruption)	8. Private flood insurance
4. Business interruption	9. All other lines of insurance <sup>1</sup>
5. Personal automobile physical damage	

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<sup>1</sup>Excluding workers' compensation, credit, fidelity, surety, warranty, and any type of liability insurance (for example, medical malpractice, general liability, products liability, and automobile liability).

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Eligible surplus lines companies will be required to report data for the following lines of insurance. Section 4 (Companies Required to Report) provides information on how a company determines the lines of insurance it must submit data for.

<b>Lines of Insurance Required for Surplus Lines Companies</b>	
3. Commercial property (other than business interruption)	8. Private flood insurance
4. Business interruption	9. All other lines of insurance <sup>1</sup>
6. Commercial automobile physical damage	

### **A. Residential Property – ACV policies.**

Report claims and losses for the following types of policies as "Residential Property – ACV policies."

- i. A homeowner policy, mobile homeowner policy, or residential dwelling policy that provides coverage to the building (or the building and its contents), where the loss settlement clause for the building **or** the roof is on an actual cash value basis. Included in the definition of "actual cash value basis" are policies (including policies with endorsements) that provide a schedule of payments that decrease as the building or roof ages.
- ii. A renters' or condominium unit owners' policy that provides actual cash value coverage for the contents.

Report the claims and losses as "Residential Property – ACV policies" even if the insurer adjusted a part of the claim under a replacement cost loss settlement clause.

### **B. Residential Property – RCV policies.**

Report claims and losses for the following types of policies as "Residential Property – RCV policies."

- i. A homeowners policy, mobile homeowners policy, or residential dwelling policy that provides coverage to the building (or the building and its contents), where the loss settlement clause for the building and the roof is on a replacement cost value basis.

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- ii. A renters or condominium unit owners policy that provides replacement cost coverage for the contents.

Report the claims and losses as "Residential Property – RCV policies" even if the insurer adjusted a part of the claim under an actual cash value loss settlement clause.

**Homeowners** means insurance coverage against loss to real property or tangible personal property at a fixed location provided through a homeowners insurance policy. Homeowners includes all business, other than mobile homeowners, renters, and condominium unit owners, reported on line 4 (homeowners multiple peril).

**Mobile homeowners** means insurance coverage against loss to real property or tangible personal property at a fixed location provided through a mobile homeowners insurance policy. Report all mobile homeowners policies as residential property whether the mobile home is insured using a property insurance policy form or an automobile insurance policy form.

**Residential dwelling** means insurance coverage against a loss to real property or tangible personal property at a fixed location provided through a residential fire and allied lines insurance policy. Residential dwelling includes all residential property business reported under lines 1 (Fire) and 2.1 (Allied Lines).

### **C. Commercial Property (other than business interruption).**

**Commercial property** (other than business interruption) means commercial property insurance, other than business interruption, reported under any of the following annual statement lines of insurance:

- 1.0 (Fire);
- 2.1 (Allied Lines);
- 3.0 (Farmowners); or
- 5.1 (Commercial Multiple Peril (Non-Liability Portion)).

Commercial property (other than business interruption) includes farmowners and businessowners insurance. It includes all business, other than a business interruption, reported under the Commercial Property Experience Report, Businessowners Report, Farm and Ranch Report, or the Farmowners Report of TDI's Texas Commercial Lines Statistical Plan. It also includes business reported under the Commercial Fire and Allied Lines module, the Businessowners Module, or the Farmowners-Ranchowners Module of ISO's CSP+.

### **D. Business Interruption (or time element).**

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**Business interruption** means claims and losses under a commercial property policy for loss of income, operating expenses, and extra expenses while a business is restoring its operations.

### **E. Personal Automobile Physical Damage.**

**Personal automobile physical damage** means insurance coverage against physical loss to an insured **vehicle** or trailer provided through a personal automobile policy. Do not report data for private passenger type vehicles written on a commercial automobile policy as personal automobile. Report this business as commercial automobile. Do not report data for mobile homes written on a private passenger automobile policy as personal automobile. Report this business as residential property—ACV policies or residential property—RCV policies, as applicable.

**Vehicle** means any vehicle insured through a personal automobile policy, including a car, motorcycle, recreational vehicle, golf cart, dune buggy, antique vehicle, or an all-terrain vehicle. This includes business, other than mobile homes, reported as either "group 1" or "group 2" under the Texas Private Passenger Automobile Statistical Plan.

### **F. Commercial Automobile Physical Damage.**

**Commercial automobile physical damage** means insurance coverage against physical loss to an insured vehicle or trailer provided through a commercial automobile policy. This includes private passenger type automobiles insured under a commercial automobile policy.

### **G. Federal Flood.**

**Federal flood insurance** means insurance coverage against a loss to real property or tangible personal property at a fixed location provided through a federal flood policy and reported under Annual Statement line 2.3 (Federal Flood).

### **H. Private Flood.**

**Private flood insurance** means insurance coverage against a loss to real property or tangible personal property at a fixed location provided through a private flood policy, including a flood endorsement, and reported under Annual Statement line 2.4 (Private Flood).

### **I. All other Lines.**

**All other lines of insurance** means all other claims experience the company can attribute to the catastrophe event for business written under any of the following annual statement lines:

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2.2 (Multi-Peril Crop),  
2.3 (Private Crop),  
8.0 (Ocean Marine),  
9.0 (Inland Marine),  
12 (Earthquake),  
22 (Aircraft),  
27 (Boiler and Machinery), and  
34 (Aggregate Write-Ins).

Do **not** report any liability, workers' compensation, credit insurance (single or dual interest), or experience for lender-placed insurance, even if the company can attribute the claims to the catastrophe event.

### **8. Submissions and Reporting Format**

All submissions must be sent to TDI's designated statistical agent for collecting data under this plan. If TDI does not have a designated statistical agent to handle reporting under this plan, all submissions must be sent to TDI. Companies may report data in one of two reporting formats:

#### **A. Excel Template.**

Companies may report data using TDI's Excel reporting template, available on TDI's website, [www.tdi.texas.gov](http://www.tdi.texas.gov), or the website of TDI's designated statistical agent. TDI, or TDI's designated statistical agent, will update this reporting template for each specified catastrophe event to populate it with the applicable ZIP codes.

#### **B. Alternative Format.**

Companies may report data using any alternative reporting format established or approved by TDI or TDI's designated statistical agent.

### **9. Companies with No Claims Experience**

Companies required to report under section 4 (Companies Required to Report) that do not have any reported claims resulting from the specified catastrophe event are required to submit a reporting form and indicate in the general information section that the company has no experience to report. The company is not required to report any further for that catastrophe **unless** the company receives at least one claim resulting from the

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event. After the company has received at least one reported claim resulting from the event, it must continue to report as indicated in section 2 (Frequency of Reporting).

### **10. Transmittal Information**

Each submission must include a transmittal form and contain information relating to the submission, including:

- the name of the person responsible for the submission;
- the email address of the person responsible for the submission;
- the Company ID for which the data is reported (see section 11);
- the event for which the company is reporting data;
- the reporting date of the submission (see section 11); and
- whether the submission is a correction to a previously filed report.

### **11. Data Companies Must Report**

Insurers must report the following data elements:

#### **A. Company ID.**

Each company must report a unique company identifier. Submissions that include invalid company identifiers will be rejected. Companies must report their data by company. Company identifiers are determined as follows:

- i. **Licensed insurance companies.** Licensed insurance companies, other than certain farm mutual companies, must use their five-digit NAIC company code. This is the NAIC company number used for Annual Statement reporting purposes. Certain farm mutual companies that do not have a five-digit NAIC company code must use their **TDI company number**. Companies can find their TDI company number by using TDI's [online company search](#).
- ii. **Foreign or domestic surplus lines companies.** Surplus lines companies domiciled in the United States must use their five-digit NAIC company code. This is the NAIC company number used for Annual Statement reporting purposes.
- iii. **Alien surplus lines companies.** Surplus lines companies domiciled outside the United States must use their **TDI company number**. See section A.i

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(Licensed insurance companies) for instructions on how to find your TDI company number.

Do not use the company's Federal Employer Identification Number (FEIN).

### **B. Reporting Date.**

Companies must evaluate the claims and losses by the reporting date. Reporting dates will be at the end of a given month. Companies can find the required reporting dates in TDI's notice that activates TDI's Catastrophe Data Call. Provide the reporting date for which the company is submitting the data. Report this date using a YYYYMM format. For example, if the company is reporting data through the end of September 2019, report "201909."

### **C. ZIP Code.**

Companies must report the five-digit ZIP code. Only report data for ZIP codes that TDI lists in its activation notice or ZIP code "unknown." Include all claims and losses for the applicable line of business and ZIP code. For a given reporting date, do not report multiple ZIP code and line of business combinations. Read the section titled "Geographic Reporting" for additional instructions.

### **D. Number of Claims Reported.**

Report the cumulative number of claims reported as of the reporting date for the corresponding lines of insurance and ZIP codes. Companies must report the number of claims reported for each applicable ZIP code and line of insurance. Read section 12 (**Definition of a Claim**) for additional instructions.

### **E. Number of Claims Closed with Payment.**

Report the cumulative number of claims closed or settled with a payment to the insured as of the reporting date for the corresponding lines of insurance and ZIP codes. Companies must report the number of claims closed with payment for each applicable ZIP code and line of insurance. Read section 12 (**Definition of a Claim**) for additional instructions.

### **F. Number of Claims Closed Without Payment.**

Report the cumulative number of claims closed or settled without a payment to the insured as of the reporting date for the corresponding lines of insurance and ZIP codes. Companies must report the number of claims closed with payment for each applicable ZIP code and line of insurance. Read section 12 (**Definition of a Claim**) for additional instructions.

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### **G. Amount of Direct Losses Paid.**

Report the cumulative amount of direct losses paid as of the reporting date for the corresponding lines of insurance and ZIP codes. Companies must report the direct losses paid for each applicable ZIP code and line of business. Report losses only, do not report any amounts for loss adjustment expenses. Only report losses paid for direct business written. Do not include losses paid on reinsurance assumed. Do not reduce paid losses for recoveries from ceded reinsurance. Do not reduce paid losses for recoveries from salvage or subrogation.

### **H. Amount of Direct Case-Incurred Losses.**

Report the cumulative amount of case-incurred losses as of the reporting date for direct business written for the corresponding lines of insurance and ZIP codes. Companies must report the case-incurred losses for each applicable ZIP code and line of business. Report losses only, do not report any amounts for loss adjustment expenses. Determine case-incurred losses as the total amount of losses paid as of the reporting date plus the total amount of individual claim reserves (case reserves) as of the reporting date. When determining direct case-incurred losses, only include individual claim reserves, do not include IBNR reserves, bulk reserves, or any other type of actuarially determined reserves. Only report losses incurred for direct business written. Do not include incurred losses on reinsurance assumed. Do not reduce incurred losses by actual or expected recoveries on ceded reinsurance. Do not reduce incurred losses for recoveries from salvage or subrogation.

### **I. Average Number of Days to Close a Claim.**

Companies are only required to report this data element for the following lines of insurance:

- i. Residential property insurance – ACV policies.
- ii. Residential property insurance – RCV policies.

Report the average number of days it took to close a claim. Calculate this as a simple average of the difference (in days) between the date the claim was last closed and the date the claim was reported. Only include claims closed as of the evaluation date in the calculation. If reasonably practicable, exclude any dates where the claim was reopened **solely** for administrative reasons. If reasonably practicable, in cases where claims were reopened at some point in time, exclude days where the claim was closed.

### **J. Estimated Ultimate Direct Incurred Loss.**

Only report this figure for all ZIP codes and all lines of insurance combined. This number should reflect the company's estimate, as of the reporting date, of the



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ultimate losses the company expects to pay, before any reinsurance ceded or assumed, for the catastrophe in the area described by the reporting ZIP codes. Determine the estimated ultimate direct incurred losses as follows:

- i. The sum of the amount of direct case-incurred losses (data element **H**) over all ZIP codes and lines of insurance, plus;
- ii. The estimated or actual amount of direct IBNR, bulk, or other actuarially-determined reserves for the business reported in section J.i. Calculate the estimated or actual IBNR, bulk, or other actuarially-determined reserves on a direct basis. Do not include in these reserves expected unpaid losses on assumed reinsurance. Do not reduce these reserves for expected recoveries from ceded reinsurance.

TDI understands that companies may not determine IBNR, bulk, or other actuarially determined reserves at a sufficient level of detail to report actual reserves for section J.ii. In this case, it is acceptable to use estimated reserves for section J.ii based on a reasonable estimation or reserve allocation method.

### **K. Estimated Ultimate Net Incurred Loss.**

Only report this figure for all ZIP codes and all lines of insurance combined. This number should reflect the company's estimate as of the reporting date of the ultimate losses the company expects to pay, after all ceded reinsurance, for the catastrophe in the area described by the reporting ZIP codes. Determine the estimated ultimate net incurred losses as follows:

- i. The estimated ultimate direct incurred loss (data element **J**), plus
- ii. The estimate or actual amount of losses on assumed reinsurance, including losses assumed from affiliates, minus
- iii. The estimated or actual recoveries from reinsurers on ceded reinsurance for claims included in sections K.i. and K.ii., including amounts ceded to affiliates. For federal flood insurance, assume 100 percent of the losses are ceded.

TDI understands that companies may not be able to determine actual or expected reinsurance recoveries at a sufficient level of detail to report actual reinsurance recoveries for sections K.ii and K.iii. In this case, it is acceptable to use estimates of actual or expected reinsurance recoveries in sections K.ii and K.iii based on a reasonable estimation or allocation method.

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### **12. Definition of a Claim**

#### **A. General Definition of a Claim.**

For **residential property – ACV** and **residential property – RCV**, report each claim as an occurrence for a given dwelling. Do not report a separate claim for each coverage for which the company paid (or is expected to pay) a loss for a given property. For example, damage to the building resulted in \$20,000 in insured losses. The company also paid \$2,500 for additional living expenses, \$5,000 for damage to contents, and \$1,000 for damage to an outbuilding. The company should report this as one claim.

For **personal automobile physical damage**, report each claim as an individual vehicle. If a personal automobile policy involves damage to more than one vehicle, report a separate claim for each vehicle.

For **lines other than personal automobile and residential property**, insurers should use their own internal definition for what constitutes a single claim. However, the company must use a consistent definition throughout all reporting dates for a specified catastrophe.

#### **B. Definition of a Closed Claim.**

Companies should use their own internal definition of when a claim is considered "**closed**." But a single claim involving multiple coverages should not be considered closed until all coverages on the claim are closed. Exclude from the definition of closed claims those claims that were once closed, later reopened, but were still open as of the reporting date. Include in the definition of closed claims those claims that were once closed, later reopened, but closed as of the reporting date.

If reasonably practicable, companies should count a claim as closed if the claim is only open for administrative reasons.