

**Informal Working Draft and Request for Informal Comments
TWIA Claim Settlement Guidelines**

28 TAC §§5.4271-5.4283

Informal comments due May 23, 2016

Posting date: May 12, 2016

TDI seeks public comment on an informal working draft of new Texas Windstorm Insurance Association (TWIA) rules, 28 TAC §§5.4271-5.4283 (relating to Consumer Assistance; Claim Processes). The draft implements HB 3, 82nd Legislature, First Called Session (2011), by prescribing claim settlement guidelines that TWIA must use in settling residential slab claims. Insurance Code §2210.578 requires the commissioner to appoint a panel of experts to advise TWIA and recommend methods or models for determining the extent to which a loss to insurable property was incurred as a result of wind, waves, tidal surges, or rising waters not caused by waves or surges. HB 3 also requires the commissioner, after considering recommendations made by the expert panel, to publish guidelines to be used by TWIA to settle claims.

The expert panel submitted a final report, including recommendations, to TDI on April 18, 2016. The informal working draft is based on the expert panel's report and provides the claim settlement guidelines TWIA must use in settling residential slab claims. The informal working draft requires TWIA to use both a probabilistic methodology and an observational approach when settling a claim of wind damage to a residential property where only the foundation or a portion of the foundation remains after a significant storm. TWIA must conduct the comprehensive wind-damage evaluation process that enables TWIA to determine the value of a wind-damage claim when little or nothing of the structure remains.

TDI is especially interested in comments concerning the threshold for an applicable event, described in the draft §5.4271(b) as:

- (1) resulting from an organized weather system with a defined surface circulation and maximum sustained winds of not less than 39 miles per hour;
- (2) that the National Hurricane Center of the United States National Weather Service names as a tropical storm or a hurricane; and
- (3) that the association expects will result in (more than **X residential slab claims** OR **X dollar amount of loss** from residential slab claims) (*emphasis added*).

The rule would require that a threshold of either a specific total dollar loss or a specific total number of claims be reached before TWIA applies the claim settlement guidelines after a defined storm. TDI requests comments about which threshold requirement TWIA should use, and what specific total dollar loss or specific total number of claims would provide the best threshold.

TDI invites your input on the informal draft of TWIA claim settlement guidelines. The posting is not a formal publication for rulemaking. Submit your comments to Marilyn Hamilton, director, Property and Casualty Lines Office, Regulatory Policy Division, at Marilyn.Hamilton@tdi.texas.gov. The deadline to submit comments is 5 p.m., Central time, May 23, 2016.

There will be another opportunity to submit comments when the formal rule proposal is published in the *Texas Register*.

[\[link to informal working draft.\]](#)

[\[link to expert panel report.\]](#)

[\[link to expert panel illustrative spreadsheet.\]](#)