

11-0830

Exhibit List

Order for Approval of TWIA Policy Forms, Endorsements and Manual Rules

EXHIBIT A

INSURANCE POLICIES

- (1) T.W.I.A. Dwelling Policy – Windstorm and Hail
- (2) T.W.I.A. Commercial Policy – Windstorm and Hail

EXHIBIT B

TWIA DWELLING POLICY ENDORSEMENTS

- (1) TWIA-365 – Replacement Cost Coverage Endorsement – Personal Property
- (2) TWIA-400 – Actual Cash Value – Roofs (One or Two Family Dwellings)
- (3) TWIA-410 – Conversion To Farm And Ranch Dwelling Policy
- (4) TWIA-411 – Conversion To TWIA Manufactured Home Policy
- (5) TWIA-570 – Manufactured Home Percentage Deductible Clause (Inland of the Intra-Coastal Canal)
- (6) TWIA-575 – Manufactured Home Percentage Deductible Clause (Seaward of the Intra-Coastal Canal)

EXHIBIT C

TWIA COMMERCIAL POLICY ENDORSEMENTS

- (7) TWIA-17 – Business Income Endorsement And Extra Expense Coverage
- (8) TWIA-164 – Replacement Cost Endorsement (Without Deduction for Depreciation)
- (9) TWIA-165 – Replacement Cost Endorsement (Not Applicable to Roofs and Other Property Referenced in Part 2)

EXHIBIT D

TWIA MANUAL RULES

11-0830

Exhibit A

11-0830

Texas Windstorm Insurance Association

5700 South MoPac Expressway, Building E, Suite 530, Austin, Texas 78749

P.O. Box 99090, Austin, Texas 78709-9090

512-899-4900 / Fax 512-899-4950

**T.W.I.A. DWELLING POLICY
WINDSTORM AND HAIL**

THIS POLICY JACKET WITH THE COMMON DECLARATIONS PAGE, COVERAGE PARTS, AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY.

THIS POLICY DOES NOT PROVIDE FLOOD OR WAVE WASH COVERAGE. CONSULT YOUR AGENT FOR AVAILABILITY OF FLOOD COVERAGE.

Ed Date 11/27/2011

11-0830
AVISO IMPORTANTE

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call Texas Windstorm Insurance Association's toll-free telephone number for information or to make a complaint at

1-800-788-8247

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at

1-800-252-3439

You may write the Texas Department of Insurance

P.O. Box 149104
Austin, TX 78714-9104
FAX # (512) 475-1771
Web: <http://www.tdi.state.us>
E-mail: ConsumerProtection@tdi.state.tx.us

To obtain price and policy form comparisons and other information relating to residential property insurance and personal automobile insurance, you may visit the Texas Department of Insurance/Office of Public Insurance Counsel website:

www.helpinsure.com

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the agent or the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

OMBUDSMAN FOR POLICYHOLDERS:

The Texas Department of Insurance has established the Coastal Outreach and Assistance Services Team (COAST) Program to assist consumers with understanding the TWIA claim process. To obtain assistance from the COAST Program, please refer to the COAST Program website at www.tdi.texas.gov/Consumer/COAST; email ConsumerProtection@tdi.state.tx.us; call toll-free 1-855-352-6278; or write to COAST Program – MC 111-1A, Texas Department of Insurance, P.O. Box 149104, Austin, TX 78714-9104.

Para obtener informacion o para someter una queja:

Usted pueda llamar al numero de telefono gratis de Texas Windstorm Insurance Association para information o para someter una queja al

1-800-788-8247

Pueda comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al

1-800-252-3439

Pueda escribir al Departamento de Seguros de Texas

P.O. Box 149104
Austin, TX 78714-9104
FAX # (512) 475-1771
Web: <http://www.tdi.state.us>
E-mail: ConsumerProtection@tdi.state.tx.us

Para obtener formas de comparación de precios y póliza y otra información acerca del seguro de propiedad residencial y del seguro de automóvil, visite el sitio web del Departamento de Seguros de Texas y la Oficina del Asesor Público de Seguros:

www.helpinsure.com

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente o la compania primero. Si no se resuelve la disputa, pueda entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

DEFENSOR DEL PUEBLO PARA LOS ASEGURADOS:

El Departamento de Seguros de Texas ha establecido el Programa de Alcance Comunitario y Servicios de Asistencia para el Área Costera (Coastal Outreach and Assistance Services Team (COAST) Program, por su nombre y siglas en inglés) para ayudar a los consumidores a entender el proceso de las reclamaciones de TWIA. Para obtener ayuda del Programa COAST, visite el sitio Web del Programa COAST en www.tdi.texas.gov/Consumer/COAST; por medio de correo electrónico a ConsumerProtection@tdi.state.tx.us; o llame gratis al 1-855-352-6278; o escriba al Programa COAST – MC 111-1A, Texas Department of Insurance, P.O. Box 149104, Austin, TX 78714-9104.

11-0830

TEXAS WINDSTORM INSURANCE ASSOCIATION

IMPORTANT NOTICE REGARDING RESOLUTION OF DISPUTES

YOUR ACCESS TO JUDICIAL REVIEW OF OUR DECISIONS UNDER THIS POLICY IS LIMITED BY STATUTE. DISPUTES UNDER THIS POLICY MUST BE RESOLVED THROUGH DISPUTE RESOLUTION PROCEDURES STIPULATED IN THE POLICY CONDITIONS AND THE TEXAS WINDSTORM INSURANCE ASSOCIATION ACT, CHAPTER 2210, TEXAS INSURANCE CODE.

DISPUTES REGARDING ACCEPTED CLAIMS:

If we accept coverage for the claim in full or part, and you dispute the amount of loss, you must demand appraisal no later than the 60th day after the date you receive notice of our decision regarding your claim, or request a 30-day extension not later than the 75th day after you receive notice of our decision regarding your claim. Otherwise, you waive the right to contest our determination of the amount of loss that we will pay.

An appraisal decision is binding on you and us as to the amount of loss we will pay for a fully accepted claim or the accepted portion of a partially accepted claim. You may file a lawsuit not later than two years after the date of the appraisal decision to vacate an appraisal decision and begin a new appraisal process. Otherwise, you may not bring a lawsuit against us with reference to a claim for which we have accepted coverage in full.

The processes, deadlines, and binding effect of appraisal are further described in policy Condition 11.

DISPUTES REGARDING DENIED CLAIMS:

If we deny coverage for the claim in full or part, and you dispute that determination, you must provide us with notice, not later than two years after the date on which you receive notice of our decision regarding your claim, that you intend to bring a lawsuit concerning denial of the claim. Otherwise, you waive the right to contest our denial of the claim, and you are barred from bringing a lawsuit concerning denial of coverage.

We must request alternative dispute resolution (including mediation) not later than the 60th day after we receive your notice of intent to bring a lawsuit. Alternative dispute resolution must be completed not later than the 60th day after we request alternative dispute resolution, unless the period is extended by mutual agreement or by a rule of the commissioner of insurance. If alternative dispute resolution is not completed or you are not satisfied after alternative dispute resolution, you may bring a lawsuit in a district court not later than two years after the date on which you receive notice of our decision regarding your claim. The only issues you may raise in a lawsuit against us are (1) whether our denial of coverage was proper, and (2) the amount of damages permitted under the Texas Windstorm Insurance Association Act, Section 2210.576(b), Texas Insurance Code.

The requirements for notice of intent to bring a lawsuit, alternative dispute resolution, and filing a lawsuit against us are described in policy Condition 12.

OMBUDSMAN FOR POLICYHOLDERS:

The Texas Department of Insurance has established the Coastal Outreach and Assistance Services Team (COAST) Program to assist consumers with understanding the TWIA claim process. To obtain assistance from the COAST Program, please refer to the COAST Program website at www.tdi.texas.gov/Consumer/COAST; email ConsumerProtection@tdi.state.tx.us; call toll-free 1-855-352-6278; or write to COAST Program – MC 111-1A, Texas Department of Insurance, P.O. Box 149104, Austin, TX 78714-9104.

This notice is for information only and does not become a part or condition of the insurance policy.

TEXAS WINDSTORM INSURANCE ASSOCIATION
 DWELLING POLICY - WINDSTORM AND HAIL

AGREEMENT 1

DEFINITIONS 1

COVERAGES 1

 COVERED PROPERTY 1

 PROPERTY NOT COVERED 2

EXTENSIONS OF COVERAGE 2

 DEBRIS REMOVAL 2

 REASONABLE REPAIRS 2

 IMPROVEMENTS, ALTERATIONS AND ADDITIONS 3

 PROPERTY REMOVED 3

PERILS INSURED AGAINST 3

EXCLUSIONS 3

DEDUCTIBLE 4

CONDITIONS 5

 POLICY PERIOD 5

 INSURABLE INTEREST AND LIMIT OF LIABILITY 5

 FRAUDULENT MISREPRESENTATION 5

 DUTIES AFTER LOSS 5

 YOUR DUTIES AFTER LOSS 5

 OUR DUTIES AFTER LOSS 5

 LOSS PAYMENT 6

 LOSS SETTLEMENT 6

 COINSURANCE 7

 MORTGAGE CLAUSE (Without Contribution) 8

 OTHER INSURANCE 9

 LIMITED JUDICIAL REMEDIES 9

 DISPUTES CONCERNING THE AMOUNT OF LOSS – EXCLUSIVE REMEDY 9

 DISPUTES CONCERNING DENIED COVERAGE – EXCLUSIVE REMEDY 11

 COMMISSIONER EXTENSION OF DEADLINES 13

 APPEALS OTHER THAN CLAIMS DISPUTES 13

 SUBROGATION (TRANSFER OF RIGHTS OF RECOVERY
 AGAINST OTHERS TO US) 13

 ABANDONMENT OF PROPERTY 13

 LIBERALIZATION 13

 WAIVER OR CHANGE OF POLICY PROVISIONS 14

 CANCELLATION 14

 ASSIGNMENT 14

 RESIDENTIAL COMMUNITY PROPERTY 14

11-0830

Texas Windstorm Insurance Association - Dwelling Policy
Windstorm and Hail

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "we", "us", and "our" refer to the Texas Windstorm Insurance Association. "You" and "your" refer to the named insured shown in the Declarations.

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

In this policy:

"Business" includes trade, profession or occupation.

COVERAGES

COVERED PROPERTY

This insurance applies to the described location and coverages for which a limit of liability is shown in the Declarations.

COVERAGE A (Dwelling)

We cover:

1. The dwelling on the described location shown in the Declarations, used principally for dwelling purposes, including structures attached to the dwelling.
2. Materials and supplies located on or next to the described location used to construct, alter or repair the dwelling or other structures on the described location. The total limit of liability for this item is 10% of the Coverage A (Dwelling) limit of liability. This is not additional insurance

and does not increase the Coverage A (Dwelling) limit of liability.

3. If not otherwise covered in this policy, building equipment and outdoor equipment used for the service of and located on the described location.
4. Maintenance equipment and supplies, floor coverings, window shades, refrigerators and stoves that you own as a landlord, located on the described location.
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 10% of the Coverage A (Dwelling) limit of liability. This is not additional insurance and does not increase the Coverage A (Dwelling) limit of liability. We do not cover other structures used for business purposes.

6. Other structures specifically described in the Declarations. We do not cover other structures used for business purposes.

COVERAGE B (Personal Property)

We cover:

Personal property and business personal property owned or used by you or members of your family residing with you while it is on the described location. At your request, we will cover personal property owned by a guest or residence employee while the property is on the described location.

You may use up to 10% of the Coverage B (Personal Property) limit of liability for loss by windstorm or hail to personal property covered under Coverage B (Personal Property) while anywhere in the world. This coverage does not apply to business personal property or property of guests or residence employees. This is not additional insurance and does not increase the Coverage B (Personal Property) limit of liability.

At your request, you may use up to 10% of the Coverage B (Personal Property) limit of liability for loss by windstorm or hail to property of others while in your custody and located on the described

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

PROPERTY NOT COVERED

We do not cover:

1. Animals.
2. Money, currency or bullion.
3. Securities, deeds, or evidences of debt.
4. Records, books of records or manuscripts.
5. Motor or engine propelled vehicles or machines designed for movement on land, including attached machinery or equipment. However, we do cover such vehicles, while located in a fully enclosed building, which are not subject to motor vehicle registration and are:
 - a. Devices and equipment for assisting the handicapped.
 - b. Power mowers and other lawn and garden equipment not exceeding 18 horsepower.
 - c. Golf carts.
 - d. Vehicles or machines used for recreational purposes while located on the described location.
6. Aircraft, meaning any device used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo.
7. Watercraft, including outboard motors and furnishings or equipment. However, we do cover watercraft, including outboard motors and furnishings or equipment, while located on land in a fully enclosed building on the described location.
8. Unless specifically described in the Declarations:
 - a. Cloth awnings.
 - b. Greenhouses and their contents.
 - c. Buildings or structures located wholly or partially over water and their contents.
 - d. Radio and television towers.

e. Outside satellite dishes, masts and antennas, including lead-in wiring.

f. Windmills and wind chargers.

9. Wind turbines.

10. Breakaway walls, or personal property contained within a breakaway wall enclosure. Breakaway wall means a wall that is not a part of the structural support of the building and is intended through its design and construction to collapse under specific lateral loading forces, without causing damage to the elevated portion of the building or supporting foundation systems.

11. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due from the other insurance.

EXTENSIONS OF COVERAGE

1. Debris Removal.

We will pay your expense for the removal from the described location of:

- a. Debris of covered property if windstorm or hail causes the loss.
- b. A tree that has damaged covered property if windstorm or hail causes the tree to fall.

This does not increase the limit of liability that applies to the damaged property.

When insurance under another policy applies to the damaged property, we will pay only a proportion of debris removal expense, determined by dividing the limit of liability that applies to the damaged property on this policy by the total limit of liability that applies to the damaged property under both policies, and applying the resulting percentage to the debris removal expense.

2. Reasonable Repairs.

If windstorm or hail causes the loss, we will pay the reasonable cost you incur for necessary

11-0830

repairs made solely to protect covered property from further damage. This coverage does not increase the limit of liability that applies to the property being repaired.

3. Improvements, Alterations and Additions.

- a. If you are a tenant of the described location, the Coverage B (Personal Property) limit of liability applies to a loss caused by windstorm or hail to improvements, alterations and additions, made or acquired at your expense, to that part of the described location used only by you.
- b. If you are a condominium owner at the described location, the Coverage B (Personal Property) limit of liability applies to a loss caused by windstorm or hail to alterations, fixtures, installations and additions which are part of the building and contained within the unfinished interior surfaces of the perimeter walls, floors and ceilings of the condominium unit, and the exterior surfaces of balconies and terraces of the condominium unit. Coverage B (Personal Property) does not include property in or on the condominium unit which is defined in the condominium's declarations or by-laws as a common element.

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

4. Property Removed.

We will pay for expense and damage incurred in the removal of covered property from the described location endangered by windstorm or hail. This coverage exists on a pro-rata basis for 30 days at each location to which such property is removed for preservation. This is not additional insurance and does not increase the Coverage B (Personal Property) limit of liability.

PERILS INSURED AGAINST

We cover direct physical loss to the covered property caused by windstorm or hail unless the loss is excluded in the Exclusions.

EXCLUSIONS

The following exclusions apply to loss to covered property:

1. Flood.

We do not cover under any and all circumstances loss or damage caused by or resulting from flood, surface water, waves, storm surge, tides, tidal water, tidal waves, tsunami, seiche, overflow of streams or other bodies of water, or spray from any of these, all whether driven by wind or not.

2. Governmental Action.

We do not cover loss caused by the destruction of property by order of governmental authority.

3. War.

We do not cover loss resulting directly or indirectly from war. This includes undeclared war, civil war, insurrection, rebellion, revolution, warlike act by military personnel, destruction or seizure or use for military purpose, and any consequence of these. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

4. Nuclear Hazard.

We do not cover loss resulting directly or indirectly from nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused.

5. Power Failure.

We do not cover loss resulting directly or indirectly from power failure, unless such failure results from direct physical damage to power, heating or cooling equipment located on the described location caused by windstorm or hail.

6. Rain.

We do not cover loss or damage caused by or resulting from rain, whether driven by wind or not, unless direct force of wind or hail makes an opening in a roof or wall and rain enters through this opening and causes the damage.

7. Electricity.

We do not cover loss to electrical devices or wiring caused by electricity resulting from artificial causes.

8. Ordinance or Law.

We do not cover loss or damage caused directly or indirectly by the enforcement of any ordinance or law:

- a. Regulating the construction or repair of any property; or
- b. Requiring the demolition of any property, including the cost of removing its debris.

9. Mold, Fungi, or Other Microorganisms.

We do not cover loss or damage caused by or resulting from fungi or mold and other microorganisms, except as provided in 9.b.

- a. "Fungi or mold and other microorganisms" when used in the policy or in this exclusion means the presence, growth, proliferation, spread or any activity of fungi or mold and other microorganisms.

This exclusion also applies to the cost:

- (1) To remove fungi or mold and other microorganisms from covered property covered under this Texas Windstorm Insurance Association policy.
 - (2) To tear out and replace any part of the building or other covered property as needed to gain access to the fungi or mold and other microorganisms; and
 - (3) Of testing of air or property to confirm the absence, presence or level of fungi or mold and other microorganisms;
- b. This exclusion applies unless the fungi or mold and other microorganisms are located upon the portion of covered property which must be repaired or replaced because of sudden and accidental direct physical damage resulting from wind or hail which would otherwise be covered under this policy. For purposes of this exclusion, sudden and accidental shall include a loss event that is hidden or concealed for a period of time until it is detectable. A hidden loss must be reported to us no later

than 30 days after the date it was detected or should have been detected.

- c. However, the exception to the exclusion described in "b." above does not include:

- (1) the cost to treat, contain, remove or dispose of the fungi or mold and other microorganisms beyond that which is required to repair or replace the covered property physically damaged by water;
- (2) the cost of any testing of air or property to confirm the absence, presence or level of fungi, mold and other microorganisms whether performed prior to, during or after the removal, repair, restoration or replacement;
- (3) the cost of any decontamination of the covered property covered under this Texas Windstorm Insurance Association policy;
- (4) any increase in loss under this Texas Windstorm Insurance Association policy related to loss of use, debris removal, additional living expense, or diminution in value resulting from c. (1), (2), and (3).

10. Asbestos.

We do not cover any loss or damage caused by or resulting from asbestos. We do cover direct physical loss caused by windstorm or hail to covered property containing asbestos materials; however, we do not cover the additional cost or expense to test for, monitor, clean up, remove, contain, treat, abate or assess the effects of asbestos or asbestos-containing materials.

DEDUCTIBLE

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.

CONDITIONS

1. **Policy Period.** This policy applies only to loss which occurs during the policy period shown in the Declarations.
2. **Insurable Interest and Limit of Liability.** Even if more than one person has an insurable interest in the property covered, we will not be liable in any loss:
 - a. For an amount greater than the interest of a person insured under this policy; or
 - b. For more than the applicable limit of liability.
3. **Fraudulent Misrepresentation.**
 - a. This policy is void as to an insured, if the insured has fraudulently misrepresented in proof of loss or death a fact material to the question of our liability under the policy, and the insured's misrepresentation misled and caused us to waive or lose a valid defense to the policy.
 - b. This policy is void as to an insured, if the insured has fraudulently misrepresented in the application for the policy any fact material to the risk, and the insured's misrepresentation contributed to the contingency or event on which the policy became due and payable.
4. **Duties After Loss.**
 - a. **Your Duties After Loss.**
 - (1) In case of a loss to covered property caused by windstorm or hail, you must file a claim with us not later than one year after the date on which the damage to property that is the basis of the claim occurs. The commissioner of insurance, on a showing of good cause by a person insured by us, may extend the one-year period to file a claim for a period not to exceed 180 days. You may also submit with your claim any bids, estimates, reports, photographs, invoices, bills, receipts, inventories, comments, documents, records and other information.
 - (2) You must provide us with the information we request under Condition 4.b.(1).
 - (3) You must protect the property from further damage.
 - (4) You must make reasonable, necessary and temporary repairs to protect the property.
 - (5) You must keep an accurate record of repair expenses. Upon completion of repairs or replacement, you may submit records, including invoices, bills, statements, and receipts to us for a claim under replacement cost coverage, Condition 6.c.(4).
 - (6) You must provide us access to the damaged property as often as we reasonably require.
 - b. **Our Duties After Loss.**
 - (1) Not later than the 30th day after the date the claim is filed, we may request in writing information that is necessary to determine whether to accept or reject the claim.
 - (2) Not later than the 60th day after the date we receive a claim or the 60th day after the date we receive information requested under Condition 4.b.(1), whichever is later, we shall provide you, in writing, notice of the amount of the loss we will pay, if any, and notice that:
 - (i) we have accepted coverage for the claim in full;
 - (ii) we have accepted coverage for the claim in part and have denied coverage for the claim in part; or
 - (iii) we have denied coverage for the claim in full.
 - (3) We must, on request, provide you reasonable access to all information relevant to the determination by us concerning the claim. You may copy the information at your own cost or may request that we provide a copy of all or part of the information to you.

We may charge you the actual cost incurred by us in providing a copy of the information requested, excluding any amount for labor involved in making any information or copy of information available to you.

5. Loss Payment.

- a. If we notify you under Condition 4.b.(2) that we will pay your claim, or part of your claim, we must make payment not later than the 10th day after we notify you.
- b. If payment of your claim or part of your claim requires the performance of an act by you, we must make payment not later than the 10th day after the date the act is performed.

6. Loss Settlement. Covered property losses are settled as follows:

- a. We will use any guidelines published by the commissioner of insurance under Insurance Code Sec. 2210.578(f) to evaluate and settle claims involving the extent to which a loss to insured property was incurred as a result of wind, waves, tidal surges, or rising waters not caused by waves or surges.
- b. Our liability and payment for covered losses to personal property, carpeting, outdoor antennas, awnings, fences, and structures other than buildings will not exceed the smallest of the following:
 - (1) The actual cash value of the damaged property at the time of loss, determined with proper deduction for depreciation;
 - (2) The cost to repair or replace the damaged property with material of like kind and quality; or
 - (3) The specified limit of liability of the policy.
- c. Our liability and payment for covered losses to dwelling and other building(s) under Coverage A (Dwelling) will be subject to the following:

(1) If, at the time of loss, the Coverage A (Dwelling) limit of liability is:

- (a) 80% or more of the full replacement cost of the dwelling, or
- (b) Equal to the maximum amount of insurance otherwise available through us.

We will pay the repair or replacement cost of the damaged building(s), without deduction for depreciation.

(2) If, at the time of loss, the Coverage A (Dwelling) limit of liability is:

- (a) Less than 80% of the full replacement cost of the dwelling, and
- (b) Less than the maximum amount of insurance available through us,

We will pay no more than the replacement cost of the damaged building(s) at the time of loss, less depreciation.

(3) In determining the amount of insurance required to equal 80% of the full replacement cost of the dwelling, we do not include the value of excavations, underground pipes, underground wiring and foundations which are below the surface of the ground.

(4) We will pay only the actual cash value of the damaged building(s) until repair or replacement is completed. Repair or replacement must be completed within 545 days of the date we notify you of the amount we will pay under Condition 4.b.(2). Upon completion and documentation of repairs or replacement, we will pay the additional amount claimed under replacement cost coverage, but our payment will not exceed the smallest of the following:

- (a) The limit of liability under this policy applicable to the damaged or destroyed building(s);

- (b) The cost to repair or replace that part of the building(s) damaged, with material of like kind and quality and for the same use and occupancy on the same premises; or
- (c) The amount actually and necessarily spent to repair or replace the damaged building(s), as documented by records, including invoices, bills, statements, and receipts, submitted to us under Condition 4.a.(5).
- d. If you dispute the additional amount we will pay for the repair or replacement of the damaged building(s) under Condition 6.c.(4), you may request that this amount be determined by appraisal under Condition 11. You must demand an appraisal not later than the 60th day after the date you submit records, including invoices, bills, statements, and receipts, to us under Condition 4.a.(5) for the repair or replacement of the damaged building(s).

7. Coinsurance.

- a. If a coinsurance percentage is shown in the Declarations, 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 insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the actual cash value of covered property at the time of loss by the coinsurance percentage;
- (2) Divide the limit of insurance of the property by the figure determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in step (2); and

- (4) Subtract the deductible from the figure determined in step (3).

We will pay the amount determined in step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

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. We will not consider the cost of removal of debris in the determination of actual cash value when applying the coinsurance clause.

We will not require a special inventory or appraisal of undamaged property if your total claim for loss is:

- (1) Less than \$10,000 and
- (2) Less than 5% of the limit of insurance on the described property.

This provision does not waive any of the requirements of the coinsurance clause.

- b. This coinsurance clause does not apply to the dwelling or personal property if the limit of liability is equal to or greater than the total amount of fire insurance in effect at the time of the loss.

Coinsurance Examples

Example No. 1 (Underinsurance):

When:

The actual cash value of the property is \$125,000

The coinsurance percentage for it is 80%

The limit of liability is \$80,000

The deductible is \$800

The amount of loss is \$25,000

Step (1) $\$125,000 \times 80\% = \$100,000$

(the minimum amount of insurance to meet your coinsurance requirement)

Step (2) $\$80,000 \div \$100,000 = .80$

Step (3) $\$25,000 \times .80 = \$20,000$

Step (4) $\$20,000 - \$800 = \$19,200$

We will pay no more than \$19,200. The remaining \$5,800 is not covered.

Example No. 2 (adequate insurance)

When:

The actual cash value of the property is \$125,000

The coinsurance percentage for it is 80%

The limit of liability is \$100,000

The deductible is \$1,000

The amount of loss is \$25,000

Step (1) $\$125,000 \times 80\% = \$100,000$

(the minimum amount of insurance to meet your coinsurance requirement)

Step (2) $\$100,000 \div \$100,000 = 1.00$

Step (3) $\$25,000 \times 1.00 = \$25,000$

Step (4) $\$25,000 - \$1,000 = \$24,000$

We will pay \$24,000 of the loss. No penalty applies.

8. Mortgage Clause (Without Contribution).

- a. The word "mortgagee" includes trustee.
- b. We will pay for any covered loss of or damage to buildings or structures to the mortgagee shown in the Declarations as interests appear.
- c. The mortgagee has the right to receive loss payment even if the mortgagee has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgagee has the right to receive loss payment if the mortgagee:
 - (1) At our request, pays any premiums due under this policy, if you have failed to do so.
 - (2) submits to us any information we requested from you under Condition

4.b.(1) promptly after receiving notice from us of your failure to do so.

- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgagee.

All of the terms of this policy will then apply directly to the mortgagee. Failure of the mortgagee to comply with d.(1), d.(2) or d.(3) above shall void this policy as to the interest of the mortgagee.

- e. If we pay the mortgagee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

(1) The mortgagee's rights under the mortgage will be transferred to us to the extent of the amount we pay.

(2) The mortgagee's right to recover the full amount of the mortgagee's claim will not be impaired.

At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If this policy is canceled, we will give the mortgagee specifically named in the Declarations written notice of cancellation.

If we cancel the policy, we will give the mortgagee the same number of days' notice of cancellation we give you.

If you cancel the policy, we will give the mortgagee notice of cancellation to be effective on the date stated in the notice. The effective date of cancellation cannot be before the 10th day after we mail notice.

We will not give notice of cancellation to any successor or assignee of the mortgagee named in this policy.

- g. If the property described under Coverage A (Dwelling) is foreclosed upon under the deed of trust, the mortgagee may cancel

11-0830

this policy of insurance and will be entitled to any unearned premiums from this policy.

The mortgagee must credit any unearned premium against any deficiency owed by the borrower and return any unearned premium not so credited to the borrower.

9. Other Insurance.

- a. If property covered by this policy is also covered by other insurance, we will pay only the proportion of a loss caused by windstorm or hail under this policy that the limit of liability applying under this policy bears to the total amount of insurance covering the property.
- b. If glass or an item of personal property is insured specifically under any other policy, then this policy applies as excess insurance over the specific insurance.
- c. If a loss covered by this policy is also covered by other insurance in the name of a condominium association, the insurance provided in this policy will be excess over the amount collectible under the other insurance.

10. Limited Judicial Remedies.

Your access to judicial review of our decisions under this policy is limited by statute.

- a. You may not bring a private lawsuit against us, our agent or representative under Chapters 541 (concerning unfair methods of competition and unfair or deceptive acts or practices) or 542 (concerning processing and settlement of claims), Texas Insurance Code. Subchapter L-1, Chapter 2210, Texas Insurance Code provides the exclusive remedies for claims against us, our agent or our representative.
- b. You may not bring a class action suit against us.
- c. We and our agents or representatives may not be held liable for damages under Chapter 17, Texas Business and Commerce Code (concerning deceptive trade

practices), or under any provisions of any law providing for additional damages, punitive damages, or a penalty, except as otherwise specified by the Texas Windstorm Insurance Association Act, Chapter 2210, Texas Insurance Code.

- d. You may not bring a lawsuit against us with reference to a claim for which we have accepted coverage in full, except as provided by Condition 11.
 - e. You may not bring a lawsuit against us with reference to the amount of loss we will pay for a claim in full or in part, except as provided by Condition 11.
 - f. You may not bring a lawsuit against us with reference to a claim for which we have denied coverage in full or in part, except as provided by Condition 12.
11. Disputes Concerning the Amount of Loss - Exclusive Remedy.
- a. If you dispute the amount we will pay for a claim, your exclusive remedy under this policy is appraisal.
 - b. If you choose to demand appraisal, you must do so no later than the 60th day after the date you receive notice from us that we accept coverage for a claim in full or in part as provided by Condition 4.b.(2).
 - c. You may request in writing that the 60-day period to demand appraisal be extended:
 - (1) not later than the 75th day after the date you receive written notice from us that we accept coverage for a claim in full or in part; and
 - (2) we may grant an additional 30-day period in which you may demand appraisal, on a showing of good cause.
 - d. You may request from us a detailed summary of the manner in which we determined the amount of the loss we will pay.

- e. If you do not demand appraisal before the 61st day after we notify you that we accept coverage for a claim in full or in part, or before the 31st day after we grant an extension for good cause, you waive your right to contest our determination of the amount of loss we will pay for that claim.
- f. Appraisal Process.
- (1) If you demand appraisal of the amount we will pay for a claim, you and we will each select a competent and independent appraiser. You shall notify us of your appraiser's identity. We shall notify you of our appraiser's identity within 10 days after we receive notice of your appraiser's identity. The two appraisers will choose a competent and independent umpire. If they cannot agree upon an umpire within 15 days, the commissioner of insurance shall select an umpire from a roster of qualified umpires maintained by the Texas Department of Insurance.
 - (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:
 - (i) The actual cash value of the damaged property at the time of loss, determined with proper deduction for depreciation; and
 - (ii) The cost to repair or replace the damaged property with material of like kind and quality.
 - (3) If you or we request that they do so, the appraisers will also determine:
 - (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.
- (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.
- (5) If you or we request that they do so, the appraisers will also determine the amount of loss for any extensions of coverage for which we have accepted coverage in full or in part.
- (6) If the appraisers fail to agree, they will submit their differences to the umpire. An itemized decision agreed to by any two of these three and filed with us will determine the amount of the loss.
- (7) You and we are responsible in equal shares for paying the costs incurred or charged in connection with the appraisal, including expenses of the appraisers and umpire. If we pay more than our share of the costs of appraisal, our liability and payment for covered losses shall be reduced by the amount we pay in excess of our share.
- g. The appraisal decision is binding upon you and us and is not otherwise reviewable or appealable, unless:
- (1) the appraisal decision was obtained by corruption, fraud, or other undue means;
 - (2) your or our rights were prejudiced by:
 - (i) evident partiality by an appraisal umpire;
 - (ii) corruption by an appraiser or umpire; or
 - (iii) misconduct or willful misbehavior of an appraiser or umpire; or

- (3) an appraiser or umpire:
 - (i) exceeded the appraiser's or umpire's powers;
 - (ii) refused to postpone the appraisal after a showing of sufficient cause for the postponement;
 - (iii) refused to consider evidence material to the claim; or
 - (iv) conducted the appraisal in a manner that substantially prejudiced your or our rights.
 - h. If you or we believe the appraisal decision is appealable as a result of any reason listed in Condition 11.g., you or we may file a lawsuit to vacate the appraisal decision in a district court in the county in which the loss that is the subject of the appraisal occurred. A lawsuit under this paragraph must be filed not later than two years after the date of an appraisal decision. If the court vacates the appraisal decision, you and we must begin the appraisal process again.
12. Disputes Concerning Denied Coverage –Exclusive Remedy.
- a. If you dispute our decision to deny coverage for a claim in full or in part, prior to bringing a lawsuit against us, you must provide notice to us of your intent to bring a lawsuit. You may use a form supplied by us.
 - b. If you do not provide notice of intent to bring a lawsuit against us within two years after the date you receive notice from us that we denied a claim in full or in part as provided by Condition 4.b.(2), you waive your right to contest our partial or full denial of coverage and you are barred from bringing a lawsuit against us concerning the denial of that claim.
 - c. As a prerequisite for filing a lawsuit against us, we may require you to submit the dispute to alternative dispute resolution by mediation or moderated settlement

conference, as provided by Chapter 154, Texas Civil Practice and Remedies Code. If we require an alternative dispute resolution:

- (1) we must request the alternative dispute resolution in writing not later than the 60th day after the date we receive your notice of intent to bring a lawsuit against us; and
 - (2) except as provided by Condition 12.c.(3), the alternative dispute resolution must be completed not later than the 60th day after the date we request the alternative dispute resolution in writing.
 - (3) The 60-day period for completion of the alternative dispute resolution can be extended by:
 - (i) your and our mutual consent; or
 - (ii) rule adopted by the commissioner of insurance.
- d. Mediation.
- (1) If we request alternative dispute resolution by mediation and you and we are unable to agree on a mediator, the commissioner of insurance shall select a mediator from a roster of qualified mediators maintained by the Texas Department of Insurance.
 - (2) If we request alternative dispute resolution by mediation, you and we will be equally responsible for the expenses of mediation.
- e. Lawsuit Against Us.
- (1) You may bring a lawsuit against us concerning the denial of a claim only if you have notified us of your intent to bring a lawsuit as required by Condition 12.a.

- (2) As provided by Condition 12.c., we have 60 days from the receipt of your notice of intent to bring a lawsuit against us to request that you submit your dispute with us to alternative dispute resolution. You may not bring a lawsuit against us prior to the expiration of that 60-day period, unless we waive our right to request alternative dispute resolution of that claim dispute in writing.
- (3) If we request alternative dispute resolution as provided by 12.c., you may bring a lawsuit against us if:
- (i) the alternative dispute resolution was not completed within 60 days from the date we made the request, and no extension was granted under Condition 12.c.(3);
 - (ii) the alternative dispute resolution was not completed prior to the expiration of an authorized extension of the 60-day period, as provided by Condition 12.c.; or
 - (iii) you are not satisfied after completion of the alternative dispute resolution.
- (4) You must bring any lawsuit against us concerning the denial of a claim not later than two years after the date on which you receive written notification from us that we have denied a claim in full or in part as provided by Condition 4.b.(2).
- (5) You must bring any lawsuit against us concerning the denial of a claim in a district court in the county in which the loss that is the subject of the coverage denial occurred.
- (6) If you bring a lawsuit against us concerning the denial of a claim prior to providing notice as required under Condition 12.a., the court shall abate the lawsuit until you provide the notice to us and, if requested by us, the dispute has been submitted to alternative dispute resolution.
- (7) Limitation on Scope of Lawsuit. You may only bring a lawsuit against us concerning the denial of a claim to determine:
- (i) whether our denial of coverage was proper; and
 - (ii) the amount of damage to which you are entitled to recover, if any.
- (8) Limitation on Damages Concerning Denied Coverage.
- (i) You may recover only:
 - (A) the covered loss payable under the terms of this policy, less any amount already paid by us for any portion of a covered loss;
 - (B) prejudgment interest, at the rate provided in Subchapter B, Chapter 304, Texas Finance Code, from the first day after the date specified by Condition 5., by which we were or would have been required to pay an accepted claim in full or in part; and
 - (C) court costs and reasonable and necessary attorney's fees.
 - (ii) Nothing in the Texas Windstorm Insurance Association Act, Chapter 2210, Texas Insurance Code, including the limitation on damages described by Condition 12.e.(8)(i), may be construed to limit the consequential damages, or amount of consequential damages, that you may recover

under common law in a lawsuit against us.

(iii) You may recover damages in an amount not to exceed two times the damages associated with a covered loss payable under the terms of the policy and any consequential damages recoverable under common law, if you show by clear and convincing evidence that we mishandled your claim to your detriment by intentionally:

- (A) failing to meet the deadlines or timelines established in the Texas Windstorm Insurance Association Act under Subchapter L-1, Chapter 2210, Texas Insurance Code, without good cause, including the applicable deadline established for payment of an accepted claim or the accepted portion of a claim;
- (B) disregarding applicable guidelines published by the commissioner of insurance under Section 2210.578(f), Texas Insurance Code;
- (C) failing to provide written notice that we have accepted or rejected a claim as provided for under Condition 4.b.(2);
- (D) rejecting a claim without conducting a reasonable investigation with respect to the claim; or
- (E) denying coverage for a claim in full or in part, if our liability has become reasonably clear as a result of our investigation with respect to the portion of the claim that was denied.

For purposes of Condition 12.e.(8)(iii), "intentionally" means actual awareness of the facts surrounding the act or practice listed under Condition 12.e.(8)(iii), coupled with the specific intent that you suffer harm or damages as a result of the act or practice. Specific intent may be inferred from objective manifestations that we acted intentionally or from facts that show that we acted with flagrant disregard of the duty to avoid the acts or practices listed under Condition 12.e.(8)(iii).

- 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, 11 and 12 by periods not to exceed 120 days in the aggregate with reference to claims filed during a particular catastrophe year.
- 14. Appeals Other Than Claims Disputes. A person insured under this policy, or their representative, who is aggrieved by an act, ruling or decision by us, may appeal to the commissioner of insurance not later than the 30th day after the date of that act, ruling or decision. This policy condition does not apply to a person who is required to resolve a dispute under Conditions 11 or 12 or a binding arbitration endorsement to this policy.
- 15. Subrogation (Transfer of Rights of Recovery Against Others to Us). If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing, prior to a loss to your covered property.
- 16. Abandonment of Property. There can be no abandonment of property to us.
- 17. Liberalization. If the commissioner of insurance adopts a revision which would broaden or extend the coverage under this policy without

additional premium within 45 days prior to or during the policy period, the broadened or extended coverage will immediately apply to this policy.

the refund is not included with the notice, it will be returned on demand. The refund will be pro rata.

18. **Waiver or Change of Policy Provisions.** This policy contains all the agreements between you and us concerning the insurance afforded. You are authorized to make changes in the terms of this policy with our consent; however, this policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy. Your agent is not our authorized representative.

20. **Assignment.** Your rights and duties under this policy may not be transferred without our prior written consent except as follows:

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.

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:

(1) The new owner may not change any of the terms of this policy without our prior written consent, and

(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.

19. **Cancellation.**

a. You may cancel this policy at any time by notifying us in writing of the date cancellation is to take effect. We will send you any refund due when the policy is returned to us. The refund will be pro rata, subject to a policy minimum retained premium in an amount equal to 90 days or \$100 whichever is applicable. Payment of the minimum retained premium shall not create or extend coverage beyond the cancellation date that you requested. The minimum retained premium is fully earned on the effective date of the policy and you shall owe to us any unpaid balance of the minimum retained premium.

b. We may cancel this policy by mailing or delivering to you notice in writing of the date cancellation takes effect. The effective date of cancellation cannot be before the 14th day after we mail or deliver the notice. Our notice of cancellation will state the reason for cancellation and will state that if

21. **Residential Community Property.** This policy, subject to all other terms and conditions, when covering residential community property, as defined by state law, shall remain in full force and effect as to the interest of each spouse covered, irrespective of divorce or change of ownership between the spouses until the expiration of the policy or until canceled in accordance with the terms and conditions of this policy.

In Witness Whereof, this Association has executed and attested these presents; but this policy shall not be valid unless countersigned by an authorized representative of this Association.

Secretary, Board of Directors

Chairman, Board of Directors

11-0830

Texas Windstorm Insurance Association

5700 South MoPac Expressway, Building E, Suite 530, Austin, Texas 78749

P.O. Box 99090, Austin, Texas 78709-9090

512-899-4900 / Fax 512-899-4950

**T.W.I.A. COMMERCIAL POLICY
WINDSTORM AND HAIL**

THIS POLICY JACKET WITH THE COMMON DECLARATIONS PAGE, COVERAGE PARTS, AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY.

THIS POLICY DOES NOT PROVIDE FLOOD OR WAVE WASH COVERAGE. CONSULT YOUR AGENT FOR AVAILABILITY OF FLOOD COVERAGE.

11-0830

AVISO IMPORTANTE

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call Texas Windstorm Insurance Association's toll-free telephone number for information or to make a complaint at

1-800-788-8247

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at

1-800-252-3439

You may write the Texas Department of Insurance

P.O. Box 149104
Austin, TX 78714-9104
FAX # (512) 475-1771

Web: <http://www.tdi.state.us>

E-mail: ConsumerProtection@tdi.state.tx.us

To obtain price and policy form comparisons and other information relating to residential property insurance and personal automobile insurance, you may visit the Texas Department of Insurance/Office of Public Insurance Counsel website:

www.helpinsure.com

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the agent or the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

OMBUDSMAN FOR POLICYHOLDERS:

The Texas Department of Insurance has established the Coastal Outreach and Assistance Services Team (COAST) Program to assist consumers with understanding the TWIA claim process. To obtain assistance from the COAST Program, please refer to the COAST Program website at www.tdi.texas.gov/Consumer/COAST; email ConsumerProtection@tdi.state.tx.us; call toll-free 1-855-352-6278; or write to COAST Program – MC 111-1A, Texas Department of Insurance, P.O. Box 149104, Austin, TX 78714-9104.

Para obtener informacion o para someter una queja:

Usted pueda llamar al numero de telefono gratis de Texas Windstorm Insurance Association para information o para someter una queja al

1-800-788-8247

Pueda comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al

1-800-252-3439

Pueda escribir al Departamento de Seguros de Texas

P.O. Box 149104
Austin, TX 78714-9104
FAX # (512) 475-1771

Web: <http://www.tdi.state.us>

E-mail: ConsumerProtection@tdi.state.tx.us

Para obtener formas de comparación de precios y póliza y otra información acerca del seguro de propiedad residencial y del seguro de automóvil, visite el sitio web del Departamento de Seguros de Texas y la Oficina del Asesor Público de Seguros:

www.helpinsure.com

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente o la compañía primero. Si no se resuelve la disputa, pueda entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

DEFENSOR DEL PUEBLO PARA LOS ASEGURADOS:

El Departamento de Seguros de Texas ha establecido el Programa de Alcance Comunitario y Servicios de Asistencia para el Área Costera (Coastal Outreach and Assistance Services Team (COAST) Program, por su nombre y siglas en inglés) para ayudar a los consumidores a entender el proceso de las reclamaciones de TWIA. Para obtener ayuda del Programa COAST, visite el sitio Web del Programa COAST en www.tdi.texas.gov/Consumer/COAST; por medio de correo electrónico a ConsumerProtection@tdi.state.tx.us; o llame gratis al 1-855-352-6278; o escriba al Programa COAST – MC 111-1A, Texas Department of Insurance, P.O. Box 149104, Austin, TX 78714-9104.

11-0830

TEXAS WINDSTORM INSURANCE ASSOCIATION

IMPORTANT NOTICE REGARDING RESOLUTION OF DISPUTES

YOUR ACCESS TO JUDICIAL REVIEW OF OUR DECISIONS UNDER THIS POLICY IS LIMITED BY STATUTE. DISPUTES UNDER THIS POLICY MUST BE RESOLVED THROUGH DISPUTE RESOLUTION PROCEDURES STIPULATED IN THE POLICY CONDITIONS AND THE TEXAS WINDSTORM INSURANCE ASSOCIATION ACT, CHAPTER 2210, TEXAS INSURANCE CODE.

DISPUTES REGARDING ACCEPTED CLAIMS:

If we accept coverage for the claim in full or part, and you dispute the amount of loss, you must demand appraisal no later than the 60th day after the date you receive notice of our decision regarding your claim, or request a 30-day extension not later than the 75th day after you receive notice of our decision regarding your claim. Otherwise, you waive the right to contest our determination of the amount of loss that we will pay.

An appraisal decision is binding on you and us as to the amount of loss we will pay for a fully accepted claim or the accepted portion of a partially accepted claim. You may file a lawsuit not later than two years after the date of the appraisal decision to vacate an appraisal decision and begin a new appraisal process. Otherwise, you may not bring a lawsuit against us with reference to a claim for which we have accepted coverage in full.

The processes, deadlines, and binding effect of appraisal are further described in policy Condition 11.

DISPUTES REGARDING DENIED CLAIMS:

If we deny coverage for the claim in full or part, and you dispute that determination, you must provide us with notice, not later than two years after the date on which you receive notice of our decision regarding your claim, that you intend to bring a lawsuit concerning denial of the claim. Otherwise, you waive the right to contest our denial of the claim, and you are barred from bringing a lawsuit concerning denial of coverage.

We must request alternative dispute resolution (including mediation) not later than the 60th day after we receive your notice of intent to bring a lawsuit. Alternative dispute resolution must be completed not later than the 60th day after we request alternative dispute resolution, unless the period is extended by mutual agreement or by a rule of the commissioner of insurance. If alternative dispute resolution is not completed or you are not satisfied after alternative dispute resolution, you may bring a lawsuit in a district court not later than two years after the date on which you receive notice of our decision regarding your claim. The only issues you may raise in a lawsuit against us are (1) whether our denial of coverage was proper, and (2) the amount of damages permitted under the Texas Windstorm Insurance Association Act, Section 2210.576(b), Texas Insurance Code.

The requirements for notice of intent to bring a lawsuit, alternative dispute resolution, and filing a lawsuit against us are described in policy Condition 12.

OMBUDSMAN FOR POLICYHOLDERS:

The Texas Department of Insurance has established the Coastal Outreach and Assistance Services Team (COAST) Program to assist consumers with understanding the TWIA claim process. To obtain assistance from the COAST Program, please refer to the COAST Program website at www.tdi.texas.gov/Consumer/COAST; email ConsumerProtection@tdi.state.tx.us; call toll-free 1-855-352-6278; or write to COAST Program – MC 111-1A, Texas Department of Insurance, P.O. Box 149104, Austin, TX 78714-9104.

This notice is for information only and does not become a part or condition of the insurance policy.

**TEXAS WINDSTORM INSURANCE ASSOCIATION
COMMERCIAL POLICY
WINDSTORM AND HAIL**

AGREEMENT.....	1
COVERAGES	1
COVERED PROPERTY	1
PROPERTY NOT COVERED	2
EXTENSIONS OF COVERAGE	2
DEBRIS REMOVAL	2
PRESERVATION OF PROPERTY	3
REASONABLE REPAIRS	3
COVERED CAUSES OF LOSS	3
EXCLUSIONS	3
DEDUCTIBLE	4
CONDITIONS.....	4
POLICY PERIOD	4
INSURABLE INTEREST AND LIMIT OF LIABILITY.....	4
FRAUDULENT MISREPRESENTATION	5
DUTIES AFTER LOSS	5
YOUR DUTIES AFTER LOSS	5
OUR DUTIES AFTER LOSS	5
LOSS PAYMENT	5
LOSS SETTLEMENT	6
COINSURANCE	6
MORTGAGE CLAUSE (Without Contribution)	7
OTHER INSURANCE	7
LIMITED JUDICIAL REMEDIES.....	7
DISPUTES CONCERNING THE AMOUNT OF LOSS – EXCLUSIVE REMEDY	8
DISPUTES CONCERNING DENIED COVERAGE – EXCLUSIVE REMEDY.....	9
COMMISSIONER EXTENSION OF DEADLINES	12
APPEALS OTHER THAN CLAIMS DISPUTES	12
SUBROGATION (TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US).....	12
ABANDONMENT OF PROPERTY	12
LIBERALIZATION.....	12
WAIVER OR CHANGE OF POLICY PROVISIONS	12
CANCELLATION	12
ASSIGNMENT	12
PRO RATA DISTRIBUTION.....	12
VALUATION.....	13

11-0830

**Texas Windstorm Insurance Association - Commercial Policy
Windstorm and Hail**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "we", "us", and "our" refer to the Texas Windstorm Insurance Association. "You" and "your" refer to the named insured shown in the Declarations.

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

COVERAGES

COVERED PROPERTY

Covered property, as used in this policy, means the following types of property for which a limit of liability is shown in the Declarations.

COVERAGE A (Building)

We cover:

1. Building or structure, meaning everything which is legally part of the building or structure described in the Declarations. However, we do not cover machinery which is not used solely in the service of the building.
2. Personal property owned by you that is used for the service of and located on the described location, including:
 - a. Fire extinguishing equipment;
 - b. Maintenance equipment and supplies;
 - c. Floor coverings;
 - d. Window shades;
 - e. Furnishings of corridors and stairs; and
 - f. Appliances used for refrigerating, ventilating, cooking, dishwashing or laundry.

However, you are covered for these items as building landlord, but not if you are a tenant or occupant.

3. Materials and supplies located on or next to the described location used to construct, alter or

repair the building or other structures on the described location. The total limit of liability for this coverage is 10% of the Coverage A (Building) limit of liability. This is not additional insurance and does not increase the Coverage A (Building) limit of liability.

4. At your option, 10% of the limit of liability applying to your boarding, rooming, fraternity or sorority houses or apartment buildings (containing 8 or less separate apartments) may be extended as excess insurance to:
 - a. Fences
 - b. Drives
 - c. Walks
 - d. Outdoor Fixtures
 - e. Garages, employee's quarters and other outbuildings used in connection with any such building.

This extension does not apply to structures over or partially over water. This is not additional insurance and does not increase the limit of liability.

COVERAGE B (Business Personal Property)

We cover:

Business personal property located in or on the building described in the Declarations, or in the open on the described location, or in a vehicle or railroad car located within 100 feet of the described building, consisting of the following unless otherwise specified in the Declarations:

1. Furniture and fixtures;
2. Machinery and Equipment;
3. Stock, meaning merchandise held in storage or for sale, raw materials, and goods in process or finished, including supplies used in their packing or shipping;
4. All other personal property owned by you;
5. Personal property of others for which you are legally liable, that is:
 - a. Sold but not delivered;
 - b. Held in trust, on consignment, for storage, or;
 - c. Held for repairs.

6. Personal property of your officers, partners or employees, if not otherwise insured. Loss or damage to the covered property will be adjusted and made payable to you.
7. Labor, materials or services furnished or arranged by you on personal property of others;
8. Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - a. Made a part of the building or structure you occupy but do not own; and
 - b. You acquired or made at your expense but cannot legally remove.
9. Your interest as unit owner in improvements and betterments made to a condominium. Improvements and betterments are fixtures, alterations, installations or additions which are part of:
 - a. The building and contained within the unfinished interior surfaces of the perimeter walls, floors, and ceilings; and
 - b. The exterior surfaces of balconies and terraces.

However, we do not cover property in or on the described location which is defined in the condominium's declarations or by-laws as a common element.

PROPERTY NOT COVERED

1. Unless specifically described in the Declarations, we do not cover:
 - a. Animals;
 - b. Motor or engine propelled vehicles or machines designed for movement on land, including attached machinery or equipment. However, we do cover such vehicles which are not subject to motor vehicle registration, while located in a fully enclosed building, and are:
 - (1) Devices and equipment for assisting the handicapped;
 - (2) Lawn and garden equipment not exceeding 18 horsepower;
 - (3) Golf carts;
 - (4) Vehicles or machines used for recreational purposes while located on the described location;
 - (5) Fork Lifts.

- c. Aircraft meaning any device used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo.
- d. Watercraft, including outboard motors and furnishings or equipment. However, we do cover watercraft, including outboard motors and furnishings or equipment, while located on land, in a fully enclosed building, on the described location.
- e. Wharves, docks, piers, boathouses, bulkheads or other structures located over or partially over water and the property in or on it;
- f. Radio or television towers, antennas and satellite signal receiving equipment, windmills, wind chargers, and outside erected signs;
- g. Metal smokestacks, except when securely fastened to walls of a masonry building;
- h. Greenhouses and cloth awnings;
- i. Manuscripts, bullion, records and books of records (except for their physical value in blank);
- j. Customers goods in laundries, cleaning, or pressing establishments.

2. We do not cover:

- a. Accounts, currency, deeds, or other evidences of debt, money, or securities.
- b. Wind turbines
- c. Breakaway walls, or business personal property contained within a breakaway wall enclosure. Breakaway wall means a wall that is not a part of the structural support of the building and is intended through its design and construction to collapse under specific lateral loading forces, without causing damage to the elevated portion of the building or supporting foundation systems.
- d. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due from the other insurance.

EXTENSIONS OF COVERAGE

1. Debris Removal.

We will pay your expenses to remove debris of covered property caused by or resulting from windstorm or hail that occurs during the policy

period. However, we will not pay more than the amount of insurance, nor such proportion of such expense as the amount of insurance bears to the total amount of all insurance, whether such insurance includes this clause or not. This does not increase the limit of liability that applies to the damaged property.

2. Preservation of Property.

If it is necessary to move covered property from the described premises to preserve it from loss or damage by windstorm or hail, we will pay for the expense and any direct physical loss or damage to that property:

- a. While it is being moved or while temporarily stored at another location; and
- b. Only if the loss or damage occurs within 30 days after the property is first moved.

This does not increase the limit of liability that applies to the damaged property.

3. Reasonable Repairs.

If property is damaged by windstorm or hail, we will pay the reasonable cost you incur for necessary repairs made solely to protect covered property from future damage. This coverage does not increase the limit of liability that applies to the property being repaired.

COVERED CAUSES OF LOSS

We insure for direct physical loss to the covered property caused by windstorm or hail unless the loss is excluded in the Exclusions.

EXCLUSIONS

The following exclusions apply to loss to covered property:

1. Flood.

We will not pay under any and all circumstances for loss or damage caused by or resulting from flood, surface water, waves, storm surge, tides, tidal water, tidal waves, tsunami, seiche, overflow of streams or other bodies of water, or spray from any of these, all whether driven by wind or not.

2. Governmental Action.

We will not pay for loss or damage caused by or resulting from seizure or destruction of property by order of governmental authority.

3. War.

We will not pay for loss or damage caused by or resulting from:

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

4. Nuclear Hazard.

We will not pay for loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Power Failure.

We will not pay for loss or damage resulting from the failure of power or other utility service supplied to the described premises, if the failure occurs away from the described premises. However, we will pay for loss resulting from physical damage to power, heating or cooling equipment located on the described premises if caused by windstorm or hail.

6. Rain.

We will not pay for loss or damage caused by or resulting from rain, whether driven by wind or not unless wind or hail first makes an opening in the walls or roof of the described building. Then we will only pay for loss to the interior of the building, or the insured property within, caused immediately by rain entering through such openings.

7. Electricity.

We will not pay for loss or damage to electrical devices or wiring caused by electricity resulting from artificial causes.

8. Ordinance or Law.

We will not pay for loss or damage caused directly or indirectly by the enforcement of any ordinance or law:

- a. Regulating the construction or repair of any property; or
- b. Requiring the demolition of any property, including the cost of removing its debris.

9. Business Income/Extra Expense.

We will not pay for loss resulting from the interruption of business or manufacture.

10. Mold, Fungi, or Other Microorganisms.

We will not pay for loss or damage caused by or resulting from fungi or mold and other microorganisms, except as provided in 10.b.

- a. "Fungi or mold and other microorganisms" when used in the policy or in this exclusion means the presence, growth, proliferation, spread or any activity of fungi or mold and other microorganisms.

This exclusion also applies to the cost:

- (1) To remove fungi or mold and other microorganisms from covered property covered under this Texas Windstorm Insurance Association policy.
- (2) To tear out and replace any part of the building or other covered property as needed to gain access to the fungi or mold and other microorganisms; and
- (3) Of testing of air or property to confirm the absence, presence or level of fungi or mold and other microorganisms;

- b. This exclusion applies unless the fungi or mold and other microorganisms are located upon the portion of covered property which must be repaired or replaced because of sudden and accidental direct physical damage resulting from wind or hail which would otherwise be covered under this policy. For purposes of this exclusion, sudden and accidental shall include a loss event that is hidden or concealed for a period of time until it is detectable. A hidden loss must be reported to us no later than 30 days after the date it was detected or should have been detected.

- c. However, the exception to the exclusion described in "b." above does not include:
 - (1) the cost to treat, contain, remove or dispose of the fungi or mold and other microorganisms beyond that which is required to repair or replace

the covered property physically damaged by water;

- (2) the cost of any testing of air or property to confirm the absence, presence or level of fungi, mold and other microorganisms whether performed prior to, during or after the removal, repair, restoration or replacement;

- (3) the cost of any decontamination of the covered property covered under this Texas Windstorm Insurance Association policy;

- (4) any increase in loss under this Texas Windstorm Insurance Association policy related to loss of use, debris removal, additional living expense, or diminution in value resulting from c. (1), (2), and (3).

11. Asbestos.

We will not pay for any loss or damage caused by or resulting from asbestos. We do pay for direct physical loss caused by windstorm or hail to covered property containing asbestos materials; however, we will not pay for the additional cost or expense to test for, monitor, clean up, remove, contain, treat, abate or assess the effects of asbestos or asbestos-containing materials.

DEDUCTIBLE

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.

CONDITIONS

- 1. Policy Period. This policy applies only to loss which occurs during the policy period shown in the Declarations.
- 2. Insurable Interest and Limit of Liability. Even if more than one person has an insurable interest in

11-0830

the property covered, we will not be liable in any loss:

- a. for an amount greater than the interest of a person insured under this policy; or
- b. for more than the applicable limit of liability.

3. Fraudulent Misrepresentation.

- a. This policy is void as to an insured, if the insured has fraudulently misrepresented in proof of loss or death a fact material to the question of our liability under the policy, and the insured's misrepresentation misled and caused us to waive or lose a valid defense to the policy.
- b. This policy is void as to an insured, if the insured has fraudulently misrepresented in the application for the policy any fact material to the risk, and the insured's misrepresentation contributed to the contingency or event on which the policy became due and payable.

4. Duties After Loss.

a. Your Duties After Loss.

- (1) In case of a loss to covered property caused by windstorm or hail, you must file a claim with us not later than one year after the date on which the damage to property that is the basis of the claim occurs. The commissioner of insurance, on a showing of good cause by a person insured by us, may extend the one-year period to file a claim for a period not to exceed 180 days. You may also submit with your claim any bids, estimates, reports, photographs, invoices, bills, receipts, inventories, comments, documents, records and other information.
- (2) You must provide us with the information we request under Condition 4.b.(1).
- (3) You must protect the property from further damage.
- (4) You must make reasonable, necessary and temporary repairs to protect the property.
- (5) You must keep an accurate record of repair expenses. Upon completion of

repairs or replacement, you may submit records, including invoices, bills, statements, and receipts to us for a claim under replacement cost coverage, Condition 6.c.(4).

- (6) You must provide us access to the damaged property as often as we reasonably require.

b. Our Duties After Loss.

- (1) Not later than the 30th day after the date the claim is filed, we may request in writing information that is necessary to determine whether to accept or reject the claim.
- (2) Not later than the 60th day after the date we receive a claim or the 60th day after the date we receive information requested under Condition 4.b.(1), whichever is later, we shall provide you, in writing, notice of the amount of the loss we will pay, if any, and notice that:
 - (i) we have accepted coverage for the claim in full;
 - (ii) we have accepted coverage for the claim in part and have denied coverage for the claim in part; or
 - (iii) we have denied coverage for the claim in full.
- (3) We must, on request, provide you reasonable access to all information relevant to the determination by us concerning the claim. You may copy the information at your own cost or may request that we provide a copy of all or part of the information to you. We may charge you the actual cost incurred by us in providing a copy of the information requested, excluding any amount for labor involved in making any information or copy of information available to you.

5. Loss Payment.

- a. If we notify you under Condition 4.b.(2) that we will pay your claim, or part of your claim, we must make payment not later than the 10th day after we notify you.
- b. If payment of your claim or part of your claim requires the performance of an act by you, we must make payment not later than the 10th day after the date the act is performed.

6. Loss Settlement. Covered property losses are settled as follows:

- a. We will use any guidelines published by the commissioner of insurance under Insurance Code Sec. 2210.578(f) to evaluate and settle claims involving the extent to which a loss to insured property was incurred as a result of wind, waves, tidal surges, or rising waters not caused by waves or surges.
- b. Our liability and payment for covered losses will not exceed the smallest of the following:
 - (1) The actual cash value of the damaged property at the time of loss, determined with proper deduction for depreciation;
 - (2) The cost to repair or replace the damaged property with material of like kind and quality; or
 - (3) The specified limit of liability of the policy.
- c. We will not pay you more than your financial interest in the covered property.
- 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.

7. Coinsurance. If a coinsurance percentage is shown in the Declarations, the following condition applies:

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.

Instead, we will determine the most we will pay using the following steps:

- a. Multiply the actual cash value of covered property at the time of loss by the coinsurance percentage;
- b. Divide the limit of liability of the property by the figure determined in step a.;
- c. Multiply the total amount of loss, before the application of any deductible, by the figure determined in step b.; and
- d. Subtract the deductible from the figure determined in step c.

We will pay the amount determined in step d. or the limit of liability, whichever is less. For the

remainder, you will either have to rely on other insurance or absorb the loss yourself.

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.

We will not consider the cost of removal of debris in the determination of actual cash value when applying the coinsurance clause.

We will not require a special inventory or appraisal of undamaged property if your total claim for loss is:

- a. Less than \$10,000; and
- b. Less than 5% of the limit of liability on described property.

This provision does not waive any of the requirements of the coinsurance clause.

Example No. 1 (Underinsurance):

When:

The actual cash value of the property is \$250,000

The coinsurance percentage for it is 80%

The limit of liability for it is \$100,000

The deductible is \$1000

The amount of loss is \$40,000

Step (1) $\$250,000 \times 80\% = \$200,000$

(the minimum amount of insurance to meet your coinsurance requirements)

Step (2) $\$100,000 \div \$200,000 = .50$

Step (3) $\$40,000 \times .50 = \$20,000$

Step (4) $\$20,000 - \$1000 = \$19,000$

We will pay no more than \$19,000. The remaining \$21,000 is not covered.

Example No. 2 (Adequate insurance)

When:

The actual cash value of the property is \$250,000

The coinsurance percentage for it is 80%

The limit of liability for it is \$200,000

The deductible is \$2000

The amount of loss is \$40,000

Step (1) $\$250,000 \times 80\% = \$200,000$

(the minimum amount of insurance to meet your coinsurance requirements)

Step (2) $\$200,000 \div \$200,000 = 1.00$

Step (3) \$ 40,000 x 1.00 = \$40,000

Step (4) \$ 40,000 - \$2000 = \$38,000

We will pay \$38,000 of the loss. No penalty applies.

8. Mortgage Clause (Without Contribution).

- a. The word "mortgagee" includes trustee.
- b. We will pay for any covered loss of or damage to buildings or structures to the mortgagee shown in the Declarations as interests appear.
- c. The mortgagee has the right to receive loss payment even if the mortgagee has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgagee has the right to receive loss payment if the mortgagee:

(1) At our request, pays any premiums due under this policy, if you have failed to do so.

(2) submits to us any information we requested from you under Condition 4.b.(1) promptly after receiving notice from us of your failure to do so.

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgagee.

All of the terms of this policy will then apply directly to the mortgagee. Failure of the mortgagee to comply with d.(1), d.(2) or d.(3) above shall void this policy as to the interest of the mortgagee.

- e. If we pay the mortgagee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

(1) The mortgagee's rights under the mortgage will be transferred to us to the extent of the amount we pay;

(2) The mortgagee's right to recover the full amount of the mortgagee's claim will not be impaired.

At our option, we may pay to the mortgagee the whole principal on the mortgage plus any

accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If this policy is canceled, we will give the mortgagee specifically named in the Declarations written notice of cancellation.

If we cancel the policy, we will give the mortgagee the same number of days' notice of cancellation we give you.

If you cancel the policy, we will give the mortgagee notice of cancellation to be effective on the date stated in the notice. The effective date of cancellation cannot be before the 10th day after we mail notice.

We will not give notice of cancellation to any successor or assignee of the mortgagee named in this policy.

- g. If the property described is a dwelling and is foreclosed upon under the deed of trust, the mortgagee may cancel this policy of insurance and will be entitled to any unearned premiums from this policy.

The mortgagee must credit any unearned premium against any deficiency owed by the borrower and return any unearned premium not so credited to the borrower.

9. Other Insurance.

- a. If property covered by this policy is also covered by other insurance, we will pay only the proportion of a loss caused by windstorm or hail under this policy that the limit of liability applying under this policy bears to the total amount of insurance covering the property.

- b. If glass or an item of personal property is insured specifically under any other policy, then this policy applies as excess insurance over the specific insurance.

- c. If a loss covered by this policy is also covered by other insurance in the name of a condominium association, the insurance provided in this policy will be excess over the amount collectible under the other insurance.

10. Limited Judicial Remedies.

Your access to judicial review of our decisions under this policy is limited by statute.

- a. You may not bring a private lawsuit against us, our agent or representative under Chapters

541 (concerning unfair methods of competition and unfair or deceptive acts or practices) or 542 (concerning processing and settlement of claims), Texas Insurance Code. Subchapter L-1, Chapter 2210, Texas Insurance Code provides the exclusive remedies for claims against us, our agent or our representative.

- b. You may not bring a class action suit against us.
 - c. We and our agents or representatives may not be held liable for damages under Chapter 17, Texas Business and Commerce Code (concerning deceptive trade practices), or under any provisions of any law providing for additional damages, punitive damages, or a penalty, except as otherwise specified by the Texas Windstorm Insurance Association Act, Chapter 2210, Texas Insurance Code.
 - d. You may not bring a lawsuit against us with reference to a claim for which we have accepted coverage in full, except as provided by Condition 11.
 - e. You may not bring a lawsuit against us with reference to the amount of loss we will pay for a claim in full or in part, except as provided by Condition 11.
 - f. You may not bring a lawsuit against us with reference to a claim for which we have denied coverage in full or in part, except as provided by Condition 12.
11. Disputes Concerning the Amount of Loss - Exclusive Remedy.
- a. If you dispute the amount we will pay for a claim, your exclusive remedy under this policy is appraisal.
 - b. If you choose to demand appraisal, you must do so no later than the 60th day after the date you receive notice from us that we accept coverage for a claim in full or in part as provided by Condition 4.b.(2).
 - c. You may request in writing that the 60-day period to demand appraisal be extended:
 - (1) not later than the 75th day after the date you receive written notice from us that we accept coverage for a claim in full or in part; and
 - (2) we may grant an additional 30-day period in which you may demand appraisal, on a showing of good cause.
- d. You may request from us a detailed summary of the manner in which we determined the amount of the loss we will pay.
 - e. If you do not demand appraisal before the 61st day after we notify you that we accept coverage for a claim in full or in part, or before the 31st day after we grant an extension for good cause, you waive your right to contest our determination of the amount of loss we will pay for that claim.
 - f. Appraisal Process.
 - (1) If you demand appraisal of the amount we will pay for a claim, you and we will each select a competent and independent appraiser. You shall notify us of your appraiser's identity. We shall notify you of our appraiser's identity within 10 days after we receive notice of your appraiser's identity. The two appraisers will choose a competent and independent umpire. If they cannot agree upon an umpire within 15 days, the commissioner of insurance shall select an umpire from a roster of qualified umpires maintained by the Texas Department of Insurance.
 - (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:
 - (i) The actual cash value of the damaged property at the time of loss, determined with proper deduction for depreciation; and

- (ii) The cost to repair or replace the damaged property with material of like kind and quality.
 - (3) If you or we request that they do so, the appraisers will also determine:
 - (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.
 - (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.
 - (5) If you or we request that they do so, the appraisers will also determine the amount of loss for any extensions of coverage for which we have accepted coverage in full or in part.
 - (6) If the appraisers fail to agree, they will submit their differences to the umpire. An itemized decision agreed to by any two of these three and filed with us will determine the amount of the loss.
 - (7) You and we are responsible in equal shares for paying the costs incurred or charged in connection with the appraisal, including expenses of the appraisers and umpire. If we pay more than our share of the costs of appraisal, our liability and payment for covered losses shall be reduced by the amount we pay in excess of our share.
- g. The appraisal decision is binding upon you and us and is not otherwise reviewable or appealable, unless:
- (1) the appraisal decision was obtained by corruption, fraud, or other undue means;
 - (2) your or our rights were prejudiced by:
 - (i) evident partiality by an appraisal umpire;
 - (ii) corruption by an appraiser or umpire; or
 - (iii) misconduct or willful misbehavior of an appraiser or umpire; or
- (3) an appraiser or umpire:
- (i) exceeded the appraiser's or umpire's powers;
 - (ii) refused to postpone the appraisal after a showing of sufficient cause for the postponement;
 - (iii) refused to consider evidence material to the claim; or
 - (iv) conducted the appraisal in a manner that substantially prejudiced your or our rights.
- h. If you or we believe the appraisal decision is appealable as a result of any reason listed in Condition 11.g., you or we may file a lawsuit to vacate the appraisal decision in a district court in the county in which the loss that is the subject of the appraisal occurred. A lawsuit under this paragraph must be filed not later than two years after the date of an appraisal decision. If the court vacates the appraisal decision, you and we must begin the appraisal process again.
12. Disputes Concerning Denied Coverage – Exclusive Remedy.
- a. If you dispute our decision to deny coverage for a claim in full or in part, prior to bringing a lawsuit against us, you must provide notice to us of your intent to bring a lawsuit. You may use a form supplied by us.
 - b. If you do not provide notice of intent to bring a lawsuit against us within two years after the date you receive notice from us that we denied a claim in full or in part as provided by Condition 4.b.(2), you waive your right to

contest our partial or full denial of coverage and you are barred from bringing a lawsuit against us concerning the denial of that claim.

c. As a prerequisite for filing a lawsuit against us, we may require you to submit the dispute to alternative dispute resolution by mediation or moderated settlement conference, as provided by Chapter 154, Texas Civil Practice and Remedies Code. If we require an alternative dispute resolution:

- (1) we must request the alternative dispute resolution in writing not later than the 60th day after the date we receive your notice of intent to bring a lawsuit against us; and
- (2) except as provided by Condition 12.c.(3), the alternative dispute resolution must be completed not later than the 60th day after the date we request the alternative dispute resolution in writing.
- (3) The 60-day period for completion of the alternative dispute resolution can be extended by:
 - (i) your and our mutual consent; or
 - (ii) rule adopted by the commissioner of insurance.

d. Mediation.

- (1) If we request alternative dispute resolution by mediation and you and we are unable to agree on a mediator, the commissioner of insurance shall select a mediator from a roster of qualified mediators maintained by the Texas Department of Insurance.
- (2) If we request alternative dispute resolution by mediation, you and we will be equally responsible for the expenses of mediation.

e. Lawsuit Against Us.

- (1) You may bring a lawsuit against us concerning the denial of a claim only if you have notified us of your intent to

bring a lawsuit as required by Condition 12.a.

(2) As provided by Condition 12.c., we have 60 days from the receipt of your notice of intent to bring a lawsuit against us to request that you submit your dispute with us to alternative dispute resolution. You may not bring a lawsuit against us prior to the expiration of that 60-day period, unless we waive our right to request alternative dispute resolution of that claim dispute in writing.

(3) If we request alternative dispute resolution as provided by 12.c., you may bring a lawsuit against us if:

(i) the alternative dispute resolution was not completed within 60 days from the date we made the request, and no extension was granted under Condition 12.c.(3);

(ii) the alternative dispute resolution was not completed prior to the expiration of an authorized extension of the 60-day period, as provided by Condition 12.c.; or

(iii) you are not satisfied after completion of the alternative dispute resolution.

(4) You must bring any lawsuit against us concerning the denial of a claim not later than two years after the date on which you receive written notification from us that we have denied a claim in full or in part as provided by Condition 4.b.(2).

(5) You must bring any lawsuit against us concerning the denial of a claim in a district court in the county in which the loss that is the subject of the coverage denial occurred.

(6) If you bring a lawsuit against us concerning the denial of a claim prior to providing notice as required under Condition 12.a., the court shall abate the

lawsuit until you provide the notice to us and, if requested by us, the dispute has been submitted to alternative dispute resolution.

(7) Limitation on Scope of Lawsuit. You may only bring a lawsuit against us concerning the denial of a claim to determine:

- (i) whether our denial of coverage was proper; and
- (ii) the amount of damage to which you are entitled to recover, if any.

(8) Limitation on Damages Concerning Denied Coverage.

(i) You may recover only:

(A) the covered loss payable under the terms of this policy, less any amount already paid by us for any portion of a covered loss;

(B) prejudgment interest, at the rate provided in Subchapter B, Chapter 304, Texas Finance Code, from the first day after the date specified by Condition 5., by which we were or would have been required to pay an accepted claim in full or in part; and

(C) court costs and reasonable and necessary attorney's fees.

(ii) Nothing in the Texas Windstorm Insurance Association Act, Chapter 2210, Texas Insurance Code, including the limitation on damages described by Condition 12.e.(8)(i), may be construed to limit the consequential damages, or amount of consequential damages, that you may recover under common law in a lawsuit against us.

(iii) You may recover damages in an amount not to exceed two times the damages associated with a covered

loss payable under the terms of the policy and any consequential damages recoverable under common law, if you show by clear and convincing evidence that we mishandled your claim to your detriment by intentionally:

(A) failing to meet the deadlines or timelines established in the Texas Windstorm Insurance Association Act under Subchapter L-1, Chapter 2210, Texas Insurance Code, without good cause, including the applicable deadline established for payment of an accepted claim or the accepted portion of a claim;

(B) disregarding applicable guidelines published by the commissioner of insurance under Section 2210.578(f), Texas Insurance Code;

(C) failing to provide written notice that we have accepted or rejected a claim as provided for under Condition 4.b.(2);

(D) rejecting a claim without conducting a reasonable investigation with respect to the claim; or

(E) denying coverage for a claim in full or in part, if our liability has become reasonably clear as a result of our investigation with respect to the portion of the claim that was denied.

For purposes of Condition 12.e.(8)(iii), "intentionally" means actual awareness of the facts surrounding the act or practice listed under Condition 12.e.(8)(iii), coupled with the specific intent that you suffer harm or damages as a result of the act or practice. Specific intent

may be inferred from objective manifestations that we acted intentionally or from facts that show that we acted with flagrant disregard of the duty to avoid the acts or practices listed under Condition 12.e.(8)(iii).

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, 11 and 12 by periods not to exceed 120 days in the aggregate with reference to claims filed during a particular catastrophe year.
 14. Appeals Other Than Claims Disputes. A person insured under this policy, or their representative, who is aggrieved by an act, ruling or decision by us, may appeal to the commissioner of insurance not later than the 30th day after the date of that act, ruling or decision. This policy condition does not apply to a person who is required to resolve a dispute under Conditions 11 or 12 or a binding arbitration endorsement to this policy.
 15. Subrogation (Transfer of Rights of Recovery Against Others to Us). If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing, prior to a loss to your covered property.
 16. Abandonment of Property. There can be no abandonment of property to us.
 17. Liberalization. If the Commissioner of Insurance adopts a revision which would broaden or extend the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened or extended coverage will immediately apply to this policy.
 18. Waiver or Change of Policy Provisions. This policy contains all the agreements between you and us concerning the insurance afforded. You are authorized to make changes in the terms of this policy with our consent; however, this policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy. Your agent is not our authorized representative.
 19. Cancellation.
- a. You may cancel this policy at any time by notifying us in writing of the date cancellation is to take effect. We will send you any refund due when the policy is returned to us. The refund will be pro rata, subject to a policy minimum retained premium in an amount equal to 90 days or \$100 whichever is applicable. Payment of the minimum retained premium shall not create or extend coverage beyond the cancellation date that you requested. The minimum retained premium is fully earned on the effective date of the policy and you shall owe to us any unpaid balance of the minimum retained premium.
 - b. We may cancel this policy by mailing or delivering to you notice in writing of the date cancellation takes effect. The effective date of cancellation cannot be before the 14th day after we mail or deliver the notice. Our notice of cancellation will state the reason for cancellation and will state that if the refund is not included with the notice, it will be returned on demand. The refund will be pro rata.
20. Assignment. Your rights and duties under this policy may not be transferred without our prior written consent except as provided as follows:
 - 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.
 - b. If you sell the real property insured by this policy, you may assign your rights and duties under the policy to the new owner. However:
 - (1) the new owner may not change any of the terms of this policy without our prior written consent; and
 - (2) you, the new owner, or the agent shown in the Declarations must notify us in writing of the change of ownership within 30 days after the real estate closing.
 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.
This provision does not apply to items to which 100% coinsurance applies.

11-0830

22. Valuation. We will determine the value of covered property in the event of loss or damage as follows:

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:

(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:

(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.

c. Records and books of records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

(1) Blank materials for reproducing the records; and

(2) Labor to transcribe or copy the records when there is a duplicate.

In Witness Whereof, this Association has executed and attested these presents; but this policy shall not be valid unless countersigned by an authorized representative of this Association.

Secretary, Board of Directors

President, Board of Directors

11-0830

Exhibit B

11-0830

TEXAS WINDSTORM INSURANCE ASSOCIATION
Windstorm and Hail

Replacement Cost Coverage Endorsement
Personal Property

In consideration of an included additional premium, the policy is amended as follows:

material of like kind and quality within a reasonable time after the loss; or

- I. This endorsement does not apply to:
- A. property which by its inherent nature cannot be replaced;
 - B. property not maintained in good or workable condition;
 - C. property, which at the time of loss, is either obsolete or useless to you.

(3) The amount actually and necessarily spent to repair or replace the damaged personal property as documented by records, including invoices, bills, statements, and receipts, submitted to us under this endorsement.

II. Loss Settlement:

- A. For covered losses to personal property, we will pay you:
 - (1) the replacement cost of your damaged personal property up to \$1,500; and
 - (2) the actual cash value of your remaining damaged personal property

C. We will make any payment required by part II.B. not later than the 10th day after your completion and documentation of repairs or replacement.

D. If you dispute the additional amount we pay for the repair or replacement of the damaged personal property under part II.C. of this endorsement, you may request that this amount be determined by appraisal under Condition 11 of the policy. You must demand an appraisal no later than the 60th day after the date we make payment under part II.C..

not later than the 10th day after we notify you that we will pay the claim.

- B. If you repair or replace the damaged personal property within 545 days of the date we notify you of the amount we will pay under Condition 4.b.(2) of the policy, you may make claim for reimbursement on a replacement cost basis for the replacement cost of your personal property exceeding \$1,500. Upon completion and documentation of repairs or replacement, we will pay the additional amount claimed under replacement cost coverage, but our liability and payment will not exceed the smallest of the following:

This Replacement Cost Coverage will not apply unless you have, at the inception date of this policy or at the time of loss, replacement cost coverage in effect on the same property and in the same amount or more, under a companion dwelling, homeowners, farm and ranch owners, or tenant policy to which a windstorm and hail exclusion agreement endorsement is also attached.

All other provisions of the policy, including any applicable deductible, not in conflict with this endorsement remain unchanged. However, if this policy provides replacement cost for the building in which your personal property is located, the exclusion of Replacement Cost Coverage of carpeting and cloth awnings is deleted.

- (1) The limit of liability under this policy applicable to the damaged personal property;
- (2) The cost to repair or replace the damaged personal property with

11-0830

TEXAS WINDSTORM INSURANCE ASSOCIATION
Windstorm and Hail

Actual Cash Value – Roofs
(One or Two Family Dwellings)

IMPORTANT NOTICE

This endorsement reduces the amount of the loss settlement for the roof covering of your dwelling if there is loss or damage to the roof covering caused by windstorm or hail.

THIS ENDORSEMENT IS NULL AND VOID IF ATTACHED TO ANY POLICY WITH A WINDSTORM OR HAIL DEDUCTIBLE AMOUNT GREATER THAN 1% OF THE COVERAGE A (DWELLING) LIMIT OF LIABILITY.

Attached to and forming part of Policy No. _____ of the Texas Windstorm Insurance Association issued at its Austin, Texas office.

Dated _____ Agents.

This endorsement applies to:

- Dwelling _____ Item No. _____
- Detached Garage _____ Item No. _____
- Other _____ Item No. _____
(Describe Building)

In consideration of a reduction of premium, **Condition No. 6.b., Loss Settlement**, is replaced by the following:

(3) The specified limit of liability of the policy.

Our liability and payment for covered losses to personal property, carpeting, outdoor antennas, awnings, fences, structures other than buildings, and roof covering will not exceed the smallest of the following:

Roof covering means:

- (1) The actual cash value of the damaged property at the time of loss determined with proper deduction for depreciation;
- (2) The cost to repair or replace the damaged property with material of like kind and quality; or

- 1. the roofing material exposed to the weather;
- 2. the underlayments applied for moisture protection;
- 3. all flashings required in the replacement of a roof covering.

Condition 6. c., Loss Settlement does not apply to roof covering.

All other terms and conditions of the policy remain unchanged.

Signature of the Named Insured

Date

11-0830

**TEXAS WINDSTORM INSURANCE ASSOCIATION
Windstorm and Hail**

CONVERSION TO FARM AND RANCH DWELLING POLICY

The attachment of this endorsement to the Texas Windstorm Insurance Association Dwelling Policy converts the policy to a Texas Windstorm Insurance Association Farm and Ranch Dwelling Policy.

The terms and conditions of the policy are amended as follows:

- I. Under the COVERAGES section of the policy, Coverage A (Dwelling) and Coverage B (Personal Property) are deleted and replaced by the following:

COVERAGE A (Dwelling)

We cover:

1. The dwelling on the described location shown in the Declarations, used principally for dwelling purposes, including structures attached to the dwelling.
2. Materials and supplies located on or next to the described location used to construct, alter or repair the dwelling. The total limit of liability for this item is 10% of the Coverage A (Dwelling) limit of liability. This is not additional insurance and does not increase the Coverage A (Dwelling) limit of liability.
3. If not otherwise covered in this policy, building equipment and outdoor equipment including water pumps, their motors and equipment and the buildings principally housing the pumps, used for the service of the dwelling.
4. Maintenance equipment, floor coverings, window shades, refrigerators and stoves that you own as a landlord, located on the described location.
5. Private structures used in connection with the dwelling and located on the described location.

The total limit of liability for private structures used in connection with the dwelling is 10% of the Coverage A (Dwelling) limit of liability. This is not additional insurance and does not increase the Coverage A (Dwelling) limit of liability. We do not cover other structures used for farm and ranch or business purposes.

COVERAGE B (Personal Property)**We cover:**

Personal property owned or used by you or members of your family residing with you while it is on the described location. At your request, we will cover personal property owned by a guest or residence employee while the property is on the described location.

You may use up to 10% of the Coverage B (Personal Property) limit of liability for loss by a windstorm or hail to personal property covered under Coverage B (Personal Property) while anywhere in the world. This coverage does not apply to property of guests or residence employees. This is not additional insurance and does not increase the Coverage B (Personal Property) limit of liability.

At your request, you may use up to 10% of the Coverage B (Personal Property) limit of liability for loss by windstorm and hail to property of others while in your custody and located on the described location. This is not additional insurance and does not increase the Coverage B (Personal Property) limit of liability.

- II. Under the COVERAGES section of the policy, Property Not Covered applies to this policy, and Property Not Covered is amended to add a new item 12:

PROPERTY NOT COVERED**We do not cover:**

12. Farm property:
- a. farm buildings or structures used for farm purposes;
 - b. building equipment or outdoor equipment used to service a farm building;
 - c. farm equipment and machinery;
 - d. growing crops; or
 - e. livestock or poultry.

All other terms and conditions of the policy apply.

11-0830

TEXAS WINDSTORM INSURANCE ASSOCIATION
Windstorm and Hail

CONVERSION TO TWIA MANUFACTURED HOME POLICY

The attachment of this endorsement to the Texas Windstorm Insurance Association Dwelling Policy converts the policy to a Texas Windstorm Insurance Association Manufactured Home Policy.

The terms and conditions of the policy are amended as follows:

- I. Under the COVERAGES section of the policy, COVERAGE A (Dwelling) and COVERAGE B (Personal Property) are deleted and replaced by the following:

COVERAGE A (Dwelling)

We cover:

The dwelling on the described location shown in the Declarations, used principally for dwelling purposes, including structures attached to the dwelling.

COVERAGE B (Personal Property)

We cover:

Personal property owned or used by you or members of your family residing with you while it is on the described location.

- II. Under the COVERAGES section of the policy, PROPERTY NOT COVERED applies to this policy, and item 8 is deleted and replaced by the following:

PROPERTY NOT COVERED

We do not cover:

8. The following property, all whether permanently attached to the dwelling or not:
- a. awnings and carports;
 - b. patio covers, screening and supports, enclosing or partially enclosing pools, patios, porches or other areas;
 - c. greenhouses, hot houses, slathouses, trellises, pergolas, cabanas, and their contents;
 - d. wharfs, docks, piers, boathouses, bulkheads or other buildings or structures located wholly or partially over water, and their contents;
 - e. outdoor radio or television antennas, or satellite signal receiving equipment including their lead-in wiring, dishes, masts or towers;
 - f. fences;
 - g. seawalls, property line and similar walls;
 - h. lawns, trees, shrubs, or plants;

- i. paint or waterproofing material applied to the exterior of the dwelling, structures attached to the dwelling, or other structures covered by this policy;
- j. wind turbines.

III. Under the COVERAGES section of the policy, PROPERTY NOT COVERED is amended to add new items 12 and 13:

PROPERTY NOT COVERED

We do not cover:

12. any loss in excess of \$250 aggregate for the following: coin collections, or other numismatic property and paraphernalia; passports; airline, railroad and other tickets; stamps or other philatelic property and paraphernalia; jewelry including, but without being limited to, watches, necklaces, bracelets, gems, precious and semi-precious stones, and articles of gold and platinum; art, including, but without being limited to, paintings, sculptures, drawings, etchings, ceramics and china; heirlooms; furs including any article containing fur which represents its principal value; or guns.

13. Unless specifically described in the Declarations: windmills and wind chargers.

IV. Under the EXTENSIONS OF COVERAGE section of the policy, Debris Removal item 1, Reasonable Repairs item 2, Improvements, Alterations and Additions item 3, and Property Removed item 4 are deleted from the policy.

V. Under the EXCLUSIONS section of the policy, the policy is amended to add new EXCLUSION items 11 and 12:

11. Sand, Dust or Snow.

We do not cover loss or damage caused by or resulting from sand, dust or snow, whether driven by wind or not.

12. Explosion or Fire.

We do not cover loss resulting directly or indirectly from explosion or fire, including explosion or fire ensuing from windstorm or hail.

VI. Under the CONDITIONS section of the policy, Loss Settlement item 6 is deleted and replaced by the following:

6. Loss Settlement. Covered property losses are settled as follows:

a. We will use any guidelines published by the commissioner of insurance under Insurance Code Sec. 2210.578(f) to evaluate and settle claims involving the extent to which a loss to insured property was incurred as a result of wind, waves, tidal surges, or rising waters not caused by waves or surges.

b. Our liability and payment for covered losses will not exceed the smallest of the following:

11-0830

- (1) The actual cash value of the damaged property at the time of loss, determined with proper deduction for depreciation;
 - (2) The cost to repair or replace the damaged property with material of like kind and quality; or
 - (3) The specified limit of liability of the policy.
- c. We will not pay you more than your financial interest in the covered property.
 - 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.

Endorsements 220, 310, 320, 330, 365, and 431 do not apply to this policy.

All other terms and conditions of the policy apply.

11-0830

**MANUFACTURED HOME PERCENTAGE DEDUCTIBLE CLAUSE
(Inland of the Intra-Coastal Canal)
(APPLICABLE ONLY TO WINDSTORM & HAIL)**

Attached to and forming a part of Policy No. _____ of the Texas
Windstorm Insurance Association of Austin, Texas issued at its Austin, Texas, office.

Dated _____ Agents

In consideration of the rate of premium at which this policy is written it is a condition of this contract that, in accordance with the stipulations hereinafter contained, a sum equal to 1% of the Amount of Insurance under this policy shall be deducted from amount of Loss or Damage to the insured property resulting from each windstorm and/or hailstorm.

The "Amount of Loss" as used in this clause shall be the amount of the loss apportioned to this company in accordance with the apportionment provisions in the contract to which this clause is attached. In no event shall the deductible amount under this policy be less than this company's proportion of \$250.

The provisions of this deductible clause shall apply separately to each item of insurance covering the manufactured home building or the personal property covered by the policy.

11-0830

**MANUFACTURED HOME PERCENTAGE DEDUCTIBLE CLAUSE
(Seaward of the Intra-Coastal Canal)
(APPLICABLE ONLY TO WINDSTORM & HAIL)**

Attached to and forming a part of Policy No. _____ of the Texas
Windstorm Insurance Association of Austin, Texas issued at its Austin, Texas office.

Dated _____ Agents

In consideration of the rate of premium at which this policy is written it is a condition of this contract that, in accordance with the stipulations hereinafter contained, a sum equal to 2% of the Amount of Insurance under this policy shall be deducted from amount of Loss or Damage to the insured property resulting from each windstorm and/or hailstorm.

The "Amount of Loss" as used in this clause shall be the amount of the loss apportioned to this company in accordance with the apportionment provisions in the contract to which this clause is attached. In no event shall the deductible amount under this policy be less than this company's proportion of \$250.

The provisions of this deductible clause shall apply separately to each item of insurance covering the manufactured home building or the personal property covered by the policy.

11-0830

Exhibit C

11-0830

TEXAS WINDSTORM INSURANCE ASSOCIATION

BUSINESS INCOME AND EXTRA EXPENSE COVERAGE ENDORSEMENT

SCHEDULE

Policy # _____

Named Insured and Business Name _____

Type of Operation(s) _____
(Apartments, Office, Mercantile, Church, Mfg./Production, and other)

Maximum Limit of Liability is \$100,000 per building per occurrence (\$10,000 Extra Expense coverage is in addition to the Limit of Liability provide by this Endorsement)

Daily Limit per Working Day per Building (\$50.00 per day min.) (\$1,000.00 per day max.)

Number of working days covered (60 days min.) (365 days max.)

The Daily Limit and number of working days covered is to be determined by the insured and their agent and submitted to TWIA with application for approval.

Policy/ Application Item #	Building(s) Working (complete addresses)	Limit of Liability per building	Daily Limit per building	No. Working days per week	Max No. days covered
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

For additional items, submit additional schedule

11-0830

TEXAS WINDSTORM INSURANCE ASSOCIATION
Windstorm and Hail (All Commercial)

BUSINESS INCOME AND EXTRA EXPENSE COVERAGE ENDORSEMENT

IMPORTANT NOTICE: PREMIUM IS FULLY EARNED WHEN WRITTEN, EXCEPT FOR CANCELLATION OF AN ENTIRE POLICY.

Attached to and forming part of Policy No. _____ of the Texas Windstorm Insurance Association issued at Austin, Texas.

Throughout this Endorsement the words "you" and "your" refer to the named insured shown on the declaration page. The words "we", "us" and "our" refer to the Texas Windstorm Insurance Association providing this insurance.

Date Printed _____ Agent _____

In consideration of an additional premium shown on the declaration page, this policy is extended to provide the following coverage:

A. COVERAGE

1. We will pay you the "daily limit" or a "prorata amount" of the "daily limit" specified in this endorsement if you sustain a loss of "business income" and/or "rental value" due to the necessary suspension of your "operations" during the "period of restoration," provided:

- a. The suspension is the result of direct physical loss caused by windstorm or hail to property at the "building(s)" described in this endorsement, or in the open or in a vehicle or railroad car within 100 feet of the building; and
- b. The loss occurs during the term of this policy.

2. We will pay:

- a. The "daily limit" shown in this endorsement for each "working day" during the suspension of your "operations;" or
- b. A "prorata amount" of the "daily limit" shown in this endorsement for each "working day" during a "partial suspension" of "operations" at the "building(s)" specified in this endorsement; and
- c. The reasonable expense incurred by you to reduce or prevent the suspension of "operations." The amount we pay for this expense is limited to the extent that any payment under paragraphs a. and b. is reduced.

3. Extra Expense.

We will pay necessary "extra expense" you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described "building(s)." The maximum amount that will be paid for "extra expense" coverage is \$10,000 and payment for "extra expense" does not affect the "daily limit" or the limit of liability specified in the attached schedule.

"Extra expense" means expense incurred:

- a. To avoid or minimize the suspension of "operations" and to continue "operations:"
 - (1) At the described "building(s);" or
 - (2) At a replacement location(s) or at temporary buildings, including:
 - (i) Relocation expenses; and
 - (ii) Costs to equip and operate the replacement or temporary location(s).
- b. To minimize the suspension of "operations" if you cannot continue normal "operations;"
- c. (1) To repair or replace any property, or
- (2) To research, replace or restore the lost information or damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable under this endorsement.

11-0830

We will pay for "extra expense" that occurs within 365 consecutive days after the date of direct physical loss due to windstorm or hail.

B. LOSS PAYABLE

The loss will be payable to you on a monthly basis or any other basis mutually agreed upon by you and us.

C. EXCLUSIONS

We will not pay for any loss or expense due to:

1. The suspension of "operations" that would not or could not have been continued if the direct physical loss had not occurred;
2. Your failure to use due diligence and dispatch and all reasonable means to resume "operations" at the "building(s)" shown in this endorsement; or
3. The suspension, lapse or cancellation of a contract following a loss extending beyond the time "operations" could have resumed if the contract had not lapsed, been suspended, or cancelled.

D. EXPIRATION

This coverage will cease on the earlier of the following:

1. When the property is restored and you are back in business; or
2. When the property should have been restored, with reasonable speed, to its condition prior to the loss; or
3. When the limit of business income coverage in this endorsement has been paid.

E. COINSURANCE

The coinsurance clause is not applicable to this coverage, but all other provisions of the policy remain in effect.

F. DEDUCTIBLE

Time Deductible.

We shall not be liable for any loss under this endorsement until 168 hours have expired after the direct physical loss caused by windstorm or hail to the property at the "building(s)" described in this policy. If there is a subsequent covered loss within the same policy period and the "period of restoration" for the prior loss is still in progress at the time of the subsequent loss, the time deductible will be waived for the new loss. If the "period of restoration" for the prior loss has ended before subsequent loss occurs, another deductible will be applied for the new loss.

G. CONDITIONS

The following conditions apply in addition to the policy conditions:

1. Payment Limits.

Payment for loss or expense under this endorsement is subject to the following:

- a. The most we will pay for any one "working day" is the amount shown as the "daily limit" on the schedule in this endorsement;
- b. Our total payment for any one loss for suspension of "operations" will not exceed the total limit of liability shown on the schedule in this endorsement.
- c. Loss or expense under this coverage from a loss that occurs during the time this coverage is in force may continue beyond the expiration of this endorsement. Our liability for that loss or expense is not limited by the expiration of this endorsement.

2. Reducing Your Loss

As soon as possible after a loss you must:

- a. Resume "operations," partially or completely;
- b. Make use of every available means including:
 - (1) Working extra time or overtime, either at the described "building" or at other building(s) you acquire to carry on the same operation;

- (2) The property or services of other concerns; and
- (3) Merchandise or other property, such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock you own, control or can obtain.

H. DEFINITIONS

1. **"Business Income"** - net income (net profit before income taxes) that would have been earned and continuing normal operating expenses incurred, including payroll.
2. **"Net profit"** - the difference between all income and all expenses.
3. **"Operations"** - means:
 - a. Your business activities occurring at the "building(s)" described in this policy;
 - b. The tenantability of the described building(s) if coverage for business income and/or "rental value" applies.
4. **"Period of restoration"** - means the period of time that:
 - a. Begins with the date of direct physical loss of or damage caused by windstorm or hail at the "building(s)" described in this policy; and
 - b. Ends on the date when the damaged property at the described "building(s)" is repaired or replaced or should have been repaired, with reasonable speed, to its prior condition.
5. **"Prorata amount" (other than production/manufacturing)** - means if the insured operations has a "partial suspension," only a portion of the "daily limit" for each "working day" during the "period of restoration" will be paid. This will be calculated by determining "net profit" made per "working day" during the "period of restoration" and deducting this amount from the "daily limit." The difference is the "prorata amount" that will be paid and this amount could vary from "working day" to "working day."
6. **"Prorata amount" (production/manufacturing)** - means if the insured operations has a "partial suspension," only a portion of the "daily limit" for each "working day" during the "period of restoration" will be paid. This will be calculated on a percentage of the loss of normal production of your finished product ready for packing, shipment or sale. The difference is the "prorata amount" that will be paid and this amount could vary from "working day" to "working day."
7. **"Prorata amount" (rental value)** - means if the insured has a "partial suspension" of rental income, only a portion of the "daily limit" during the "period of restoration" will be paid. This will be calculated by deducting the actual rental income received during the "period of restoration" from the "daily limit." Rent is normally paid by the month; therefore, the "daily limit" can be converted to a monthly limit by multiplying the "daily limit" amount times 30 days.

For example, the insured building is a 10 unit apartment complex with \$5,000 monthly rental income. The specified daily limit is \$100 or \$3,000 per month. The rental income after the loss is \$2,500 per month. Deduct \$2,500 from \$3,000 for a monthly net claim of \$500 or a daily claim of \$16.67 (\$500 divided by 30 days).
8. **"Building(s)"** - means the building(s) at the address(es) shown on the schedule to this endorsement. There can be multiple buildings at the same premises.
9. **"Working day"** - means a period of 24 consecutive hours beginning at 12:01 a. m. the day that your business would have normally been open.
10. **"Partial suspension"** - means a decrease in "operations" during part or all of a "working day."
11. **"Rental value"** - means the:
 - a. Total anticipated rental income from tenant occupancy of the "building(s)" described in the endorsement as furnished and equipped by you; and

11-0830

- b. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations; and
- c. Fair rental value of any portion of the described "building(s)" which is occupied by you.

This coverage is additional insurance. However, in no event will payment of a covered loss under this policy, including this endorsement, exceed the total maximum limit of liability established by law that can be insured by the Texas Windstorm Insurance Association. All terms, exclusions, and conditions of the policy to which this endorsement is attached apply to the coverage provided in this endorsement, except for the coinsurance clause.

11-0830

TEXAS WINDSTORM INSURANCE ASSOCIATION
Windstorm and Hail

REPLACEMENT COST ENDORSEMENT
(Without Deduction for Depreciation)

Attached to and forming part of Policy No. _____ of the Texas Windstorm Insurance Association issued at its Austin, Texas office.

Dated _____ Agents.

This endorsement applies only to Item(s) No(s) _____

1. We agree to pay replacement cost without deduction for depreciation except as otherwise provided.
2. We will not pay replacement cost on:
 - a. Stock, (raw, in process or finished) or merchandise, including materials and supplies in connection therewith;
 - b. Property of others;
 - c. Personal property usual to a residence;
 - d. Books of account, abstracts, manuscripts, drawings, card index systems and other records (including film, tape, disc, drum, cell and other magnetic recording or storage media);
 - e. Paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glassware and bric-a-brac or other articles of art, rarity or antiquity;
 - f. Outdoor equipment, except equipment used in the service of the building; or
 - g. Carpeting, cloth awnings, window or wall air conditioning units.

However, if we insure a church, school or hospital under this policy, we will pay replacement cost on Items a. through f.

3. We will pay the lesser of the following:
 - a. The amount of this policy;
 - b. The replacement cost of item(s), or any part thereof, with material of like kind and quality on the same premises and intended for the same occupancy and use;
 - c. The necessary amount actually spent to repair or replace the item(s) described in this endorsement on the same premises, and intended for the same occupancy and use.
4. You may choose first to make claim under the policy disregarding this endorsement. The Coinsurance Condition will apply to all claims under such item(s). You may make further claim for any additional liability under this endorsement subject to the terms, conditions and limitations of this endorsement.
5. Upon completion of repairs or replacement of the damaged item(s), you may make a claim under this endorsement by submitting records, including invoices, bills, statements, and receipts, to us for repairs or replacement of the damaged item(s). We will make any payment required by this endorsement not later than the 10th day after your completion and documentation of repairs or replacement.

11-0830

6. We will not pay for:
 - a. Any loss caused by the enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings, except as provided in this Policy.
 - b. Any loss under this endorsement until the damaged property is actually repaired or replaced on the same premises with due diligence and dispatch and documented by records, including invoices, bills, statements, and receipts submitted to us under part 5 of this endorsement. The repair or replacement must be completed within 545 days of the date we notify you of the amount we will pay under Condition 4.b.(2) of the policy.
7. If you dispute the additional amount we pay for the repair or replacement of the damaged item(s) under this endorsement, you may request that this amount be determined by appraisal under Condition 11 of the policy. You must demand an appraisal no later than the 60th day after the date we make payment under part 5 of this endorsement.
8. We will apply the provisions of this endorsement separately to each item.
9. All terms, exclusions, and conditions of the policy to which this endorsement is attached apply to the coverage provided in this endorsement, except as otherwise provided by this endorsement.

11-0830

TEXAS WINDSTORM INSURANCE ASSOCIATION
Windstorm and Hail

REPLACEMENT COST ENDORSEMENT
(Not Applicable to Roofs and Other Property Referenced in Part 2)

Attached to and forming part of Policy No. _____ of the Texas Windstorm Insurance Association issued at its Austin, Texas office.

Dated _____ Agents.

Insured _____

1. We agree to pay replacement cost without deduction for depreciation except as otherwise provided.
2. We will not pay repair or replacement cost on:
 - a. Stock, (raw, in process or finished) or merchandise, including materials and supplies in connection therewith;
 - b. Property of others;
 - c. Personal property usual to a residence;
 - d. Books of account, abstracts, manuscripts, drawings, card index systems and other records (including film, tape, disc, drum, cell and other magnetic recording or storage media);
 - e. Paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glassware and bric-a-brac or other articles of art, rarity or antiquity;
 - f. Outdoor equipment, except equipment used in the service of the building;
 - g. Carpeting, cloth awnings, window or wall air conditioning units; or
 - h. Roofs, materials required for replacement of a roof, and related building components (including underlayment, previous roof layers, decking, flashing, vents, and roof-mounted equipment or other structures).

However, if we insure a church, school or hospital under this policy, we will pay replacement cost on items a. through f.

3. Except for property described in part 2, we will pay the lesser of the following:
 - a. The amount of this policy;
 - b. The replacement cost of item(s), or any part thereof, with material of like kind and quality on the same premises and intended for the same occupancy and use;
 - c. The necessary amount actually spent to repair or replace the item(s) described in this endorsement on the same premises, and intended for the same occupancy and use.
4. You may choose first to make claim under the policy disregarding this endorsement. The Coinsurance Condition will apply to all claims under such item(s). You may make further claim for any additional liability under this endorsement subject to the terms, conditions and limitations of this endorsement.
5. Upon completion of repairs or replacement of the damaged item(s), you may make a claim under this endorsement by submitting records, including invoices, bills, statements, and receipts for repairs or replacement of the damaged item(s). We will make any payment required by this endorsement not later than the 10th day after your completion and documentation of repairs or replacement.
6. We will not pay for:
 - a. Any loss caused by the enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings, except as provided in this Policy.
 - b. Any loss under this endorsement until the damaged property is actually repaired or replaced on the same premises with due diligence and dispatch and documented by records, including invoices, bills, statements, and

11-0830

receipts submitted to us under part 5 of this endorsement. The repair or replacement must be completed within 545 days of the date we notify you of the amount we will pay under Condition 4.b.(2) of the policy.

7. If you dispute the additional amount we pay for the repair or replacement of the damaged item(s) under this endorsement, you may request that this amount be determined by appraisal under Condition 11 of the policy. You must demand an appraisal no later than the 60th day after the date we make payment under part 5 of this endorsement.
8. We will apply the provisions of this endorsement separately to each item.
9. All terms, exclusions, and conditions of the policy to which this endorsement is attached apply to the coverage provided in this endorsement, except as otherwise provided by this endorsement.

11-0830

Exhibit D

11-0830

Manual Rules

TEXAS WINDSTORM INSURANCE ASSOCIATION

Table of Contents

I.	General Rules	1
A.	Scope.....	1
B.	Eligibility.....	1
C.	Definitions.....	1
D.	Determination of Territory.....	3
E.	Rating Territories.....	3
F.	Insurable Property.....	4
G.	Policy Term.....	7
H.	Coinsurance.....	7
I.	New or Increased Coverage and Renewal Applications.....	10
J.	Deductibles.....	11
K.	Maximum Limits of Liability.....	13
L.	Cancellations.....	14
L.	Minimum Retained Premium.....	14
M.	Rules from Texas General Basis Schedules.....	14
II.	Policy Forms and Endorsements	15
A.	Policy Forms.....	15
B.	Endorsements.....	16
C.	Rules for Attachment of Certain Endorsements.....	19
III.	Rating Rules	31
A.	Commercial Risks.....	31
B.	Public Buildings.....	32
C.	Dwellings.....	32
IV.	Rate Tables	37
V.	Manufactured Housing (Mobile Homes)	41
VI.	Appendices	44

Appendix A - Special Index
Supplemental Special Index
General Index

11-0830

Appendix B
Roofing Installation Information and Certification
for Reduction in Residential Insurance Premiums

Appendix C
Applicable Rules from Texas General Basis Schedules

Appendix D
Rating Rules for All Farm and Ranch Property

(b)

Effective October 15, 2002

11-0830

**MANUAL
TEXAS WINDSTORM INSURANCE ASSOCIATION**

I. GENERAL RULES

A. SCOPE

The rules, rates, and premiums contained in this Manual shall govern the writing of the windstorm and hail insurance policies issued by the Texas Windstorm Insurance Association (Association).

B. ELIGIBILITY

1. Windstorm and hail insurance may be provided only on property located in the designated catastrophe areas as specified in Rule I-D of this Manual.
2. Association policy forms may be issued as follows:
 - a. Dwellings-- Texas Windstorm Insurance Association Dwelling Policy.
 - b. Commercial and Public Buildings, except Farm and Ranch Dwellings-- Texas Windstorm Insurance Association Commercial Policy.
 - c. Farm and Ranch Dwellings-- Texas Windstorm Insurance Association Dwelling Policy with Endorsement No. TWIA-410 attached for Conversion to Farm and Ranch Dwelling Policy.
 - d. Manufactured Housing (Mobile Homes)—Texas Windstorm Insurance Association Dwelling Policy with Endorsement No. TWIA-411 attached for Conversion to TWIA Manufactured Home Policy(See Section V of this Manual for rules and rates governing the writing of this policy).

C. DEFINITIONS

1. Dwellings:

- a. Any structure occupied as a dwelling, garage apartment (not more than two families), duplex dwelling, employee quarters, private garage, private barns, seasonal dwelling, private club house, private camp house, or miscellaneous outbuildings on dwelling premises.
 - b. Any individually owned townhouse unit insured in the name of the unit owner.
2. Commercial Risks: Any structure that is not occupied as a dwelling as defined in paragraph 1 on Dwellings, including:
- a. Buildings/Structures that are occupied for business, professional, or manufacturing purposes, including apartments.
 - b. Farm and Ranch: Buildings/structures located on the premises of a farm and ranch operation including a farm and ranch dwelling. A farm and ranch operation is the growing of crops, fruit, vegetables or other produce; the raising of poultry or livestock; dairying; general farming; timberland; grassland; or land turned back to pasture and not cultivated.
 - c. Apartment Risks: Buildings containing three or more separate units arranged as private residences and permanently equipped for housekeeping.
 - d. Residential Condominium Risks: Buildings arranged as private residences and permanently equipped for housekeeping, including outbuildings, in which each individual unit owner has an undivided interest. Condominiums must be registered in the county in which they are located.
 - e. Townhouse Risks: When written in the name of an association, buildings containing three or more units, each of which is owned by one or more individuals or a corporation, arranged as private residences and permanently equipped for housekeeping. Townhouses with less than three units are considered as dwellings.

NOTE: Buildings which contain individually owned townhouse units where each unit or two units are separated by a divisional firewall of at least 8 inches of masonry or 6 inches of reinforced concrete extending continuously from the foundation through all stories to and above the roof,

without openings, are not subject to rating as commercial risks but rather are treated as dwellings for rating purposes. (Where a roof is of semi-fire resistive construction, the wall need only be carried up tightly against the underside of the roof deck.)

- 3. Public Buildings: Buildings that are owned by and at least 75% occupied by municipal, district, county, state or federal authorities, or buildings not so owned but wholly and exclusively occupied by such authorities.

D. DETERMINATION OF TERRITORY (Catastrophe Areas)

The following areas are designated by the Commissioner of Insurance as catastrophe areas:

- 1. The counties of Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio, and Willacy.
- 2. Areas located east of the boundary line of State Highway 146 and:
 - a. within the city limits of Seabrook, (Harris County), Texas.
 - b. within the city limits of La Porte, (Harris County), Texas.
 - c. within the city limits of Shoreacres, (Harris County), Texas.
 - d. within the city limits of Pasadena, (Harris County), Texas.
- 3. The City of Morgan's Point (Harris County), Texas.

E. RATING TERRITORIES

The designated catastrophe areas are in the following rating territories:

<u>County</u>	<u>Territory</u>
Aransas	10
Brazoria	10
Calhoun	10
Cameron	10
Chambers	10
Galveston	8
Harris - Specified Areas	1

Jefferson	10
Kenedy	10
Kleberg	10
Matagorda	10
Nueces	9
Refugio	10
San Patricio	10
Willacy	10

F. INSURABLE PROPERTY

1. All structures that were constructed or repaired or to which additions are made prior to June 1, 1972.
2. All structures that were constructed or repaired or to which additions were made on and after June 1, 1972 but before January 1, 1988 and were certified as being in compliance with the building specifications of the plan of operation.

EXCEPTION:

Structures constructed, repaired or to which additions were made on or after June 1, 1972 but before January 1, 1988, that are located in an area covered at the time by a building code recognized by the Association shall be considered insurable property for windstorm and hail insurance from the Association without compliance with the building specifications of the plan of operation or inspection and approval by the Texas Department of Insurance. A structure constructed, repaired, or to which additions were made on or after June 1, 1972 but before January 1, 1988, that is located in an area not covered by a building code recognized by the Association shall be considered an insurable property for windstorm and hail insurance from the Association without compliance with the building specifications of the plan of operation or inspection and approval by the Texas Department of Insurance, if that structure has been previously insured by a licensed insurance company authorized to do business in this State and the risk is in essentially the same condition as when previously insured, except for normal wear and tear, and without any structural change other than a change made according to code. Evidence of previous insurance includes a copy of a previous policy, copies of canceled checks or agent's records that show payments for previous policies, and a copy of the title to structure or mortgage company records that show previous policies.

3. All structures constructed, repaired or to which additions were made on and after January 1, 1988 that have been certified by the Texas Department of Insurance as being in compliance with the

windstorm and hail insurance and shall be considered evidence of insurability of the structure by the Association.

"To the best belief and knowledge of the undersigned, the structure located at (Street Address), Morgan's Point, Texas, was constructed, repaired, or an addition was made on and after January 1, 1988, and before June 1, 1996, in accordance with building specifications and standards which comply with the Standard Building Code, (1973 Edition) or an equivalent recognized code; and the City of Morgan's Point, Texas, inspected the structure and enforced compliance to said code."

(Signature of Building Official)

(Title)

- c. For property located east of the boundary line of State Highway 146 and inside the city limits of the City of Shoreacres (Harris County) and for property located east of the boundary line of State Highway 146 and inside the city limits of the City of Pasadena (Harris County), all structures constructed, repaired, or to which additions were made on and after January 1, 1988, and before March 1, 1997, are approved as complying with the Association's Inland Building Code (1973 Edition, Standard Building Code) if the City of Shoreacres or the City of Pasadena has issued to the owner of the property the following statement signed by a city building official. This statement must be provided to the Association when application is made to the Association for windstorm and hail insurance and shall be considered evidence of insurability of the structure by the Association.

"To the best belief and knowledge of the undersigned, the structure, located at (Street address), (City or Town), Texas, was constructed, repaired, or an addition was made on and after January 1, 1988, and before March 1, 1997, in accordance with building specifications and standards which comply with the Standard Building Code (1973 Edition) or an equivalent recognized code; and the City of _____, Texas, inspected the structure and enforced compliance to said code."

(Signature of Building Official)

(Title)

5. The following property if certified by the Texas Department of Insurance as being in compliance with the building specifications of the plan of operation shall be considered insurable property:
 - a. A structure constructed, repaired, or to which additions were made on and after March 1, 1996, that is located east of the boundary line of State Highway 146 and inside the city limits of the City of Seabrook (Harris County) or that is located east of the boundary line of State Highway 146 and inside the city limits of the City of La Porte (Harris County).
 - b. A structure constructed, repaired, or to which additions were made on and after June 1, 1996, that is located in the City of Morgan's Point (Harris County).
 - c. A structure constructed, repaired, or to which additions were made on and after March 1, 1997, that is located east of the boundary line of State Highway 146 and inside the city limits of the City of Shoreacres (Harris County) or that is located east of the boundary line of State Highway 146 and inside the city limits of the City of Pasadena (Harris County).

A certificate of compliance (Form WPI-8) issued by the Texas Department of Insurance is evidence of insurability of the structure by the Association.

6. All structures which are located within those areas designated as units under the Federal Coastal Barrier Resources Act (Public Law 97-348) and for which construction has commenced on or after July 1, 1991, shall not be considered insurable property.

G. POLICY TERM

Policies to be issued for one year only.

EXCEPTION: Builders Risk Policies may be written for a broken term at pro rata of the annual premium subject to the minimum earned premium Rule I-M.

H. COINSURANCE

1. Coinsurance is required as follows:
 - a. Commercial and Public Buildings or business personal property. (Risks rated under Special Index (Appendix A-1),

Supplemental Special Index (Appendix A-2), or General Index (Appendix A-3)).

Tables 1, 2, 3, and 7 through 14: 80% or 100% coinsurance.

Tables HC, WR, and SWR-- Buildings Only: 50%, 80% or 100% coinsurance.

Tables HC, WR, and SWR-- Business Personal Property: 80% or 100% coinsurance.

Tables 5, 5A, and 5B: 80% coinsurance.

- b. Dwelling Buildings as defined in Rule I-C-1: 80% mandatory.
 - c. Dwelling Personal Property: coinsurance not applicable.
 - d. Builders Risk Form No. TWIA-21: coinsurance not applicable; use 100% coinsurance rates except if Tables 5, 5A, and 5B are applicable, use 80% coinsurance rate.
Builders Risk Form No. TWIA-18: 80% or 100% coinsurance.
2. Waiver of Coinsurance. Coinsurance may be waived when the value exceeds the maximum limit of liability or the amount of insurance exceeds the following minimum limits:
- a. Dwelling: \$100,000 for dwelling building
 - b. Commercial:
 - (1) Farm and Ranch Dwelling: \$100,000 for the dwelling building and \$100,000 for the personal property.
 - (2) Apartments: \$100,000 for the building and \$100,000 for the business personal property.
 - (3) Residential Condominium: \$100,000 for the building and \$100,000 for the business personal property.
 - (4) Townhouse: \$100,000 for the building and \$100,000 for the business personal property.
 - (5) All other Commercial: \$200,000 for the building and \$200,000 for the business personal property.

3. Determination of Premium. When the Association waives the coinsurance requirements, the premium charged is determined in accordance with the First Loss Scale Formula.

FIRST LOSS SCALE FORMULA

1.00% of Total Value =	32.50% of Total Premium	33 1/3% of Total Value =	80.000% of Total Premium
1.10%	33.00%	34%	80.220%
1.20%	33.50%	35%	80.550%
1.30%	34.00%	36%	80.880%
1.40%	34.50%	37%	81.210%
1.50%	35.00%	38%	81.540%
1.60%	35.50%	39%	81.870%
1.70%	36.00%	40%	82.200%
1.80%	36.50%	41%	82.530%
1.90%	37.00%	42%	82.800%
2.00%	37.50%	43%	83.000%
2.10%	37.75%	44%	83.300%
2.20%	38.00%	45%	83.600%
2.30%	38.25%	46%	83.900%
2.40%	38.50%	47%	84.210%
2.50%	38.75%	48%	84.460%
2.60%	39.00%	49%	84.700%
2.70%	39.25%	50%	85.000%
2.80%	39.50%	51%	85.200%
2.90%	39.75%	52%	85.400%
3.00%	40.00%	53%	85.600%
3.10%	40.50%	54%	85.800%
3.20%	41.00%	55%	86.000%
3.30%	41.50%	56%	86.200%
3.40%	42.00%	57%	86.400%
3.50%	42.50%	58%	86.600%
3.60%	43.00%	59%	86.800%
3.70%	43.50%	60%	87.000%
3.80%	44.00%	61%	87.200%
3.90%	44.50%	62%	87.400%
4.00%	45.00%	63%	87.600%
4.10%	45.50%	64%	87.800%
4.20%	46.00%	65%	88.000%
4.30%	46.50%	66%	88.200%
4.40%	47.00%	67%	88.400%
4.50%	47.50%	68%	88.600%
4.60%	48.00%	69%	88.800%
4.70%	48.50%	70%	89.000%
4.80%	49.00%	71%	89.200%
4.90%	49.50%	72%	89.400%
5%	50.000%	73%	89.600%
6%	52.000%	74%	89.800%
7%	54.000%	75%	90.000%
7.5%	55.000%	76%	90.400%
8%	56.000%	77%	90.800%
9%	58.000%	78%	91.200%
10%	60.000%	79%	91.600%
11%	61.000%	80%	92.000%
12%	62.000%	81%	92.400%

FIRST LOSS SCALES FORMULA (Continued)

13%	63.000%	82%	92.80%
14%	64.000%	83%	93.20%
15%	65.000%	84%	93.60%
16%	66.000%	85%	94.00%
17%	67.000%	86%	94.40%
18%	68.000%	87%	94.80%
19%	69.000%	88%	95.20%
20%	70.000%	89%	95.60%
21%	71.000%	90%	96.00%
22%	72.000%	91%	96.40%
23%	73.000%	92%	96.80%
24%	74.000%	93%	97.20%
25%	75.000%	94%	97.60%
26%	75.625%	95%	98.00%
27%	76.250%	96%	98.40%
28%	76.875%	97%	98.80%
29%	77.500%	98%	99.20%
30%	78.125%	99%	99.60%
31%	78.750%	100%	100.00%
32%	79.375%		

I. NEW OR INCREASED COVERAGE AND RENEWAL APPLICATIONS

New or increased coverage will be effective on the date received by the Association or effective on the date the application is mailed if sent by registered mail, certified mail, United States Postal Service Express Mail, or if sent by regular mail that is hand canceled by the United States Postal Service, or if sent by such other similar mailing procedure as approved by the Association's Board of Directors, prior to the time specified in this rule as an exception, unless the application for new or increased coverage stipulates a later date.

Renewal policies will be effective to provide continuous coverage if the request for renewal is received on or before the expiration of the existing policy.

EXCEPTION: No new or increased coverage applications will be accepted on the day (beginning at 12:01 A.M.) or after a windstorm designated as a hurricane by the United States Weather Bureau is in the Gulf of Mexico or within the boundaries of 80 Degrees West Longitude and 20 Degrees North Latitude, until the General Manager determines that the storm no longer threatens property within the designated catastrophe area of the Texas Windstorm Insurance Association. This exception does not apply to any new or increased coverage application that meets underwriting criteria that is submitted as follows: delivered in person to the Texas Windstorm Insurance Association's Austin office during its normal business hours prior to a windstorm designated as a hurricane by the United States Weather Bureau being in the Gulf of Mexico or within the boundaries of 80 degrees west longitude and 20 degrees north latitude; or mailed prior to the first day that a windstorm designated as a

hurricane by the United States Weather Bureau is in the Gulf of Mexico or within the boundaries of 80 degrees west longitude and 20 degrees north latitude by registered or certified mail or United States Postal Service Express Mail or regular mail that is hand-canceled by the United States Postal Service or such other mailing procedure as approved by the Board of Directors. Such applications will be accepted and become effective on the date delivered in person or mailed or a later date if stipulated on the applications. This exception also does not apply to any renewal policy affording windstorm coverage if the expiring policy was written by the Association and if the application for renewal was received by the Association on or before the expiration of the existing Association policy or if mailed by registered mail, certified mail, United States Postal Service express mail or regular mail that is hand canceled by the United States Postal Service, or if sent by such other similar mailing procedure as approved by the Association's Board of Directors prior to expiration of the existing Association policy

J. DEDUCTIBLES

1. Dwellings

a. The following deductible options may be used unless an optional large deductible is selected:

(1) \$100 Deductible

(2) \$250 Deductible

Dwelling extended coverage rates contemplate a deductible equal to 1% (but not less than \$100) of the amount of insurance applicable to each item. Refer to the Deductible Adjustment Percentages Schedule in the Dwelling Section of the Texas Personal Lines Manual to calculate rate for \$100 and \$250 deductible.

(3) 1% Deductible

b. Optional Large Deductible

An optional large deductible of 1½%, 2%, 2½%, 3%, 4%, or 5% may be provided for dwelling risks. Refer to the Optional Large Deductible Chart in the Dwelling Section of the Texas Personal Lines Manual for the appropriate premium credit.

(1) The minimum deductible amount may not be less than \$100.

- (2) The actual deductible amount in dollars must be shown on the declarations page of the policy.
- (3) The selection of a large deductible is at the option of the insured. The Association may not require the selection of a large deductible as a condition to issue the windstorm and hail policy.

2. Commercial Risks and Public Buildings

- a. The following deductible credit percentages apply for a 1%, 2%, or 5% per item per occurrence deductible:

Amount of Insurance corresponding to the coverage item listed on the declarations page		Credit based on selected percentage			
		<u>1%</u>	<u>2%</u>	<u>5%</u>	
0	to	100,000	10%	13%	20%
100,001	to	200,000	12%	15%	23%
200,001	to	250,000	15%	20%	24%
250,001	to	300,000	17%	21%	25%
300,001	to	400,000	18%	22%	27%
400,001	to	500,000	20%	23%	30%
500,001	to	1,000,000	23%	26%	34%
1,000,001	to	1,500,000	25%	30%	36%
1,500,001	to	2,000,000	27%	32%	37%
2,000,001	to	2,500,000	30%	34%	39%
2,500,001	to	3,500,000	32%	35%	41%
3,500,001	to	5,000,000	34%	36%	43%
5,000,001	to	7,500,000	36%	39%	45%
7,500,001	to	10,000,000	38%	41%	47%
10,000,001	to	15,000,000	40%	43%	49%
15,000,001	to	25,000,000	42%	45%	51%
25,000,001	to	Above	43%	46%	52%

Note: All deductibles subject to \$1000 minimum.

- b. The following deductible credit percentages apply for any coverage items where the selected percentage produces a deductible amount less than \$1000.

Amount of Insurance corresponding to the coverage item listed on the declarations page		Credit for minimum deductible	
		<u>\$1000</u>	
1,000	to	1,110	90%
1,111	to	1,332	75%

11-0830

1,333	to	1,999	60%
2,000	to	2,221	56%
2,222	to	2,499	51%
2,500	to	2,856	47%
2,857	to	3,332	42%
3,333	to	3,999	38%
4,000	to	4,999	33%
5,000	to	6,665	29%
6,666	to	9,999	24%
10,000	to	19,999	20%
20,000	to	24,999	18%
25,000	to	33,332	15%
33,333	to	49,999	13%
50,000	to	99,999	10%

K. MAXIMUM LIMITS OF LIABILITY

1. Association policies are subject to a maximum limit of liability. The maximum limit of liability and any adjustment to the maximum limit of liability must be approved by the commissioner of insurance. Maximum limits of liability have been set and approved for items 2, 3 and 4 below. These limits are published in the Texas Windstorm Insurance Association (TWIA) Instructions and Guidelines resource document for agents and may be found on the Association's website at www.twia.org under TWIA Instructions and Guidelines.
2. Dwellings. Maximum limits of liability are set for:
 - a. a dwelling and the personal property located in or about the dwelling.
 - b. a townhouse unit and the personal property located in or about the townhouse unit when rated as a dwelling.
 - c. individually owned personal property located in an apartment, residential condominium or townhouse unit that is occupied by the owner of that property.
3. Commercial Risks. Maximum limits of liability are set for:
 - a. each commercial building/structure and the business personal property located in the building/structure, except farm and ranch dwellings and outbuildings used solely

- in connection with the farm and ranch dwelling.
- b. a farm and ranch dwelling and the personal property located in or about the farm and ranch dwelling.
 - c. each building for an apartment, residential condominium or townhouse and the business personal property of the owner of the structure in which the apartment, condominium or townhouse is located.
 - d. individually owned business personal property located in an apartment, residential condominium or townhouse unit that is occupied by the owner of that property.
3. Public Buildings. Maximum limits of liability are set for:
- each public building and the business personal property located in the building.

L. CANCELLATIONS AND MINIMUM RETAINED PREMIUM

1. Cancellations.
 - a. A policy may be canceled at any time at the request of the insured or a premium financier by notifying the Association in writing of the date cancellation is to take effect. The Association will refund premium in accordance with §5.4905 of this subchapter (relating to Minimum Retained Premium) when the policy is returned to the Association. The refund will be pro rata of the amount in excess of the minimum retained premium under subsection (2) of this section in which case the Association shall upon demand and surrender of the policy refund the unearned premium on a pro-rata basis.
 - b. Non-payment of premium shall be deemed a request for cancellation by the insured.
 - c. The Association may not initiate flat cancellation for any reason.
 - d. The minimum retained premium shall not create or extend coverage beyond the date cancellation takes effect.
 - e. The minimum retained premium is fully earned on the effective date of the policy and the insured shall owe to the Association the unpaid balance of the minimum retained premium.

2. Minimum Retained Premium.
 - a. The minimum retained premium per policy shall be the premium amount equal to 90 days of the annual policy term or \$100, as determined in accordance with §5.4905 of this subchapter.
 - b. The minimum retained premium shall not create or extend coverage beyond the date cancellation takes effect.
 - c. The minimum retained premium is fully earned on the effective date of the policy and the insured shall owe to the Association the unpaid balance of the minimum retained premium.
 - d. In the event of cancellation of the policy by the Association, paragraphs (a) – (c) of this subsection shall not apply and the actual unearned premium must be refunded.
3. This section shall control over any conflicting provision in the rules manual adopted by reference in §5.4501 of this title (relating to Rules for the Association). This section applies to each Association policy that is issued or renewed on or after November 27, 2011.

M. RULES FROM TEXAS GENERAL BASIS SCHEDULES

The rules of the Texas General Basis Schedules, approved prior to and in effect on October 1, 1991, as applicable in whole or in part, shall apply when not in conflict with the other rules of this manual. These rules are contained in Appendix C.

II. POLICY FORMS AND ENDORSEMENTS

The following policy forms and endorsements are to be used:

A. Policy Forms

1. Texas Windstorm Insurance Dwelling Policy

2. Texas Windstorm Insurance Association Commercial Policy.

B. Endorsements

1. Endorsements for use with the TWIA Dwelling Policy and the TWIA Commercial Policy Form No. TWIA-1, Blank Schedule Form, effective June 15, 1999.

2. Endorsements for use with the TWIA Dwelling Policy and the TWIA Commercial Policy.

(A) Form No. TWIA-12, Assignment of Interest or Change in Mortgagee or Trustee, effective June 15, 1999.

(B) Form No. TWIA-23, Cancellation Report, effective June 15, 1999.

(C) Form No. TWIA-77, General Change Endorsement, effective June 15, 1999.

(D) Form No. TWIA-112, Loss Payable Clause, effective June 15, 1999.

(E) Form No. TWIA-113, Lost Policy Voucher, effective June 15, 1999.

(F) Form No. TWIA-130, Mortgage Clause (Without Contribution), effective June 15, 1999.

(G) Form No. TWIA-151A, Premium Assignment Clause, effective June 15, 1999.

(H) Form No. TWIA-175, Sale Contract Clause, effective June 15, 1999.

(I) Form No. TWIA-195, Sworn Statement in Proof of Loss, effective June 15, 1999.

3. Endorsements for Use with the TWIA Commercial Policy.

(A) Form No. TWIA-18, Builders Risk—Stated Value Form, effective June 15, 1999.

(B) Form No. 21, Builders Risk--Actual Completed Value Form, effective June 15, 1999

(C) Form No. TWIA-26, Church Form, effective June 15, 1999.

(D) Form No. TWIA-115, Lumber Form--Specific--Retail Yard, effective June 15, 1999.

(E) Form No. TWIA-164, Replacement Cost Endorsement, amended November 27, 2011.

(F) Form No. TWIA-165, Replacement Cost Endorsement, Excluding Roof Coverings, amended November 27, 2011.

(G) Form No. TWIA-176, School Form, effective June 15, 1999.

(H) Form No. TWIA-280, Condominium Property Form--Additional Policy Provisions, effective June 15, 1999.

- (I) Form No. TWIA-282, Condominium Property Form--
Additional Policy Provisions, amended June 15, 1999.
- (J) Form No. TWIA-17, Business Income Coverage, amended
November 27, 2011.
- (K) Form No. TWIA-432, Extension of Coverage—Increased
Cost of Construction (Commercial), effective April 1, 2008.

4. Endorsements for Use with the TWIA Dwelling Policy.

- (A) Form No. TWIA-310, Extensions of Coverage, amended
June 15, 1999.
- (B) Form No. TWIA-320, Extensions of Coverage,
amended June 15, 1999.
- (C) Form No. TWIA-410, Conversion to Farm and Ranch
Dwelling Policy, amended November 27, 2011.
- (D) Form No. TWIA-431, Extension of Coverage—Increased
Cost of Construction (Dwelling), effective April 1, 2008
- (E) Form No. TWIA-330, Extensions of Coverage, amended
June 15, 1999.
- (F) Form No. TWIA-365, Replacement Cost Endorsement-
-Personal Property, amended November 27, 2011.
- (G) Form No. TWIA-400, Actual Cash Value—Roofs (One
or Two Family Dwellings), amended November 27, 2011.
- (H) Form No. TWIA-420, Exclusion of Cosmetic Damage to
Roof Coverings Caused by Hail, effective June 15, 1999.
- (I) Form No. TWIA-200, Adjusted Building Cost Endorsement,
effective April 1, 2008.
- (J) Form No. TWIA-411, Conversion to TWIA Manufactured
Home Policy, effective November 27, 2011.

11-0830

5. Endorsements for use with form No. TWIA-411, Conversion to TWIA Manufactured Home Policy.

- (A) Form No. TWIA-29, Mandatory Endorsement, amended June 15, 1999.
- (B) Form No. TWIA-570, Mobile Home Percentage Deductible Clause (Coastal Area), amended November 27, 2011.
- (C) Form No. TWIA-575, Mobile Home Percentage Deductible (Beach Area), amended November 27, 2011.

C. RULES FOR ATTACHMENT OF CERTAIN ENDORSEMENTS

1. Replacement Cost Endorsement Form No. TWIA- 365 (Personal Property)

Form No. TWIA-365 may be attached to substitute "Replacement Cost" for "Actual Cash Value" subject to the exclusions and conditions of the endorsement. Attachment of the endorsement is subject to the following conditions and additional premium.

- a. If Association policy covers dwelling and personal property and coverage on the same personal property is provided under Endorsement HO-101 or an equivalent form, the Association policy may be endorsed with Form No. TWIA-365 by applying 5% surcharge to the total Association policy premium for such dwelling and personal property.
- b. If Association policy covers personal property only and coverage on the same personal property is provided under Endorsement TDP-002 or an equivalent form, the Association policy may be endorsed with Form No. TWIA-365 by applying 15% surcharge to the total Association policy premium for such personal property. The surcharge shall be applied to the total Association policy premium for the dwelling and personal property before charge for a deductible other than the percentage deductible.

Minimum limit is \$8,000 on personal property when other coverage is provided under Endorsements HO-101, TDP-002 or their equivalent.

2. Extensions of Coverage Endorsements. The following endorsements must be attached to an Association windstorm and hail

policy if a companion homeowners, dwelling, farm and ranch, or farm and ranch owners policy is issued which excludes the coverages provided by one of these endorsements.

- a. TWIA-310: Form No. TWIA-310 must be attached to the Texas Windstorm Insurance Association Dwelling Policy when:
- i. A homeowners, condominium unit owners, farm and ranch owners, dwelling (TDP-3), farm and ranch (TFR-3) policy or an equivalent policy is issued in the voluntary market, and
 - ii. A windstorm exclusion endorsement is attached to the policy issued in the voluntary market excluding coverage for windstorm, hurricane and hail, and
 - iii. The application for the Texas Windstorm Insurance Association Dwelling Policy does not include a request for wind-driven rain coverage.

Form No. TWIA-310 must also be attached to the Texas Windstorm Insurance Association Dwelling Policy when a tenant homeowners policy is issued in the voluntary market with a windstorm exclusion endorsement attached.

- b. TWIA-320. Form No. TWIA-320 must be attached to the Texas Windstorm Insurance Association Dwelling Policy when:
- (i) A homeowners, condominium unit owners, farm and ranch owners, dwelling (TDP-3), farm and ranch (TFR-3) policy or an equivalent policy is issued in the voluntary market, and
 - (ii) A windstorm exclusion endorsement is attached to the policy issued in the voluntary market excluding coverage for windstorm, hurricane and hail, and
 - (iii) The application for the Texas Windstorm Insurance Association Dwelling Policy includes a request for wind-driven rain coverage.
- c. TWIA-330. Form No. TWIA-330 must be attached to the Texas Windstorm Insurance Association Dwelling Policy or Farm and Ranch Dwelling Policy when:

11-0830

- (i) A dwelling policy (Forms TDP-1 or TDP-2 or equivalent) or a farm and ranch policy (Form TFR-1 or TFR-2 or its equivalent) is issued in the voluntary market, and
 - (ii) A windstorm exclusion is attached to the policy issued in the voluntary market excluding coverage for windstorm, hurricane and hail.
3. Actual Cash Value -- Roofs (Dwellings), Endorsement Form No. TWIA-400

Form No. TWIA-400 may be attached to policies insuring dwellings.

a. Eligibility

If the deductible amount is 1% or less of the Coverage A (Dwelling) limit of liability, this endorsement may be used to provide actual cash value on roof coverings that:

- i. are curling, cracking, or missing shingles,
- ii. show signs of significant deterioration,
- iii. have been improperly installed or repaired,
- iv. exceed 15 years of age, or
- v. have been damaged and not repaired.

b. Roof covering means

- i. the roofing material exposed to the weather;
- ii. the underlayments applied for moisture protection; and
- iii. all flashings required in the replacement of a roof covering.

c. Premium Calculation. When Endorsement Form No. TWIA-400 is attached to a policy, a credit of 15% (all territories) shall be applied to the modified extended coverage premium. The credit is applied before any other adjustments to the modified extended coverage premium. The percentage of credit and the amount of the premium credit must be shown on the declarations page of the policy.

d. The premium credit provided for Endorsement Form No. TWIA-400 anticipates a maximum 75% depreciation for roof coverings. In determining actual cash value of damaged roof coverings, any deduction for depreciation is limited to the maximum 75% depreciation.

e. This endorsement may not be attached to a policy insuring a risk with a roof covering qualifying for and receiving a roof credit under Rule III-C-2 (Mandatory Roof Covering Credits) of this Manual.

f. Endorsement Form No. TWIA-400 must be signed by the insured before attachment to a policy. The endorsement is void unless signed by the insured. The Association shall be permitted to attach to a policy a facsimile copy, photocopy, or electronic record copy of the endorsement executed by the named insured. A signature is not required on the endorsement attached to the policy if the Association maintains on file either the original endorsement executed

by the insured or a photocopy, microfilm copy, or electronic record copy of the original endorsement executed by the insured.

g. Disclosure

The following notice must be prominently displayed on the face of the policy:

IMPORTANT NOTICE
Coverage provided by this policy is restricted to actual cash value on roof coverings as provided in attached Endorsement Form No. TWIA-400.

4. Exclusion of Cosmetic Damage to Roof Coverings Caused by Hail, Endorsement Form No. TWIA-420

Endorsement Form No. TWIA-420 is an optional endorsement which may be attached only to a policy insuring a risk eligible and receiving premium credit for the installation of an impact resistant roof covering (see Rule III-C-2, Mandatory Roof Covering Credits) in order to exclude cosmetic damage caused by hail.

- a. Endorsement Form No. TWIA-420 may be attached at the inception date of a new policy, the inception date of a renewal policy, or during the term of the policy on the date a roof covering premium credit is applied to the policy.
- b. Endorsement Form No. TWIA-420 must be signed by the insured before attachment to a policy. The endorsement is void unless signed by the insured. The Association shall be permitted to attach to a policy a facsimile copy, photocopy, or electronic record copy of the endorsement executed by the named insured. A signature is not required on the endorsement attached to the policy if the Association maintains on file either the original endorsement executed by the insured or a photocopy, microfilm copy, or electronic record copy of the original endorsement executed by the insured.
- c. If a risk is eligible to receive a premium credit for the installation of an impact resistant roof covering, but the insured declines to sign for the attachment of the Endorsement Form No. TWIA-420, the Association may offer to issue the policy without the application of a mandatory or optional roof covering credit.

- d. The Association must inform a consumer of the possibility that cosmetic loss or damage may be excluded from the policy in the event any loss occurs to a roof and the damaged roof is replaced with a hail resistant roof covering.
5. Builders Risk -- Actual Completed Value Form (Form No. TWIA-21)
- a. The inception date of the insurance under an Actual Completed Value Builders Risk Form No. TWIA-21 shall be not later than date of commencement of construction, or date when material is placed on premises.
 - b. An Association policy insuring a structure as a builders risk may be written for any term not exceeding one year. The premium shall be a pro rata fraction of the annual premium. A policy with Form No. TWIA-21 attached may not be renewed by endorsement, nor the term of such policy extended by endorsement. A builders risk policy may not extend to cover any existing building or structure.
 - c. The policy may be cancelled pro rata upon, and only upon completion of the risk, or at the request of the Association.
 - d. A policy covering a building in course of construction may be endorsed permitting occupancy upon completion of the building.
 - e. A policy with Form No. TWIA-21 attached may not be used for insuring machinery, stock and/or furniture and fixtures.
 - f. Permanent insurance on a building may not be written until construction of the building is completed and the building has a certificate of compliance issued by the Texas Department of Insurance.
 - g. Additions, Repairs, and Improvements
 - (1) An addition of 10% or less of the original building grade floor area or the value of the repairs or improvements to the building of 10% or less of the total insured value may be insured under a separate policy with Form No. TWIA-21 attached using the permanent rates of the original building. The policy must be limited to the repairs, improvements or additions. An existing permanent policy may be endorsed to extend coverage to include such

construction at the rate applicable to the original building.

- (2) If the addition is more than 10% of the grade floor area of the original building, the permanent rate of the original building or the builders risk rate, whichever is the higher, shall be used.
- (3) DWELLING EXCEPTION: If specific insurance is desired to cover (i) an addition that does not exceed 10% of the grade floor area of existing building; or (ii) value of repairs or improvements to a building, a separate policy with Form No. TWIA-21 attached may be written using premiums applicable to dwellings. The premium shall be based upon the construction of the existing building and 50% of the estimated completed cost.

In lieu of the foregoing, an existing policy may be endorsed to include coverage for construction that does not exceed 10% of the grade floor area at a premium determined on the same basis as the existing building.

If an addition exceeds 10% of the grade floor area, the premium applicable to dwellings or the premium developed for a builders risk, whichever is greater, shall be charged.

- h. A building in process of demolition is not considered a builders risk and may not be insured under a policy with Form No. TWIA-21 attached.
- i. Where there is a change in the estimated completed cost of a risk insured under an Actual Completed Value Builders Risk Form No. TWIA-21 which requires an increase in the amount of insurance either by increasing the existing policy or the issuance of a separate policy, the premium for the increased amount shall be figured from the inception date of the existing insurance except that when the additional insurance is to cover another new building not already covered, the new building may be added pro rata to the existing policy as a separate item.

j. Renewal of Policies

- (1) When period of completion extends beyond the original term of the policy and renewal policy is written in the same amount with no change in percentage of liability, the premium for the renewal policy shall be calculated on the basis of one-half the estimated completed cost using current rate.
- (2) If a change in percentage of liability occurs when renewal policy is written, the premium for the original policy shall be adjusted, based on the completed value for its term, and the premium for the renewal policy shall be calculated on the average liability for its term.

Example: 1-year policy issued August 15, 1998 for \$600,000 (Estimated completed cost)
 Premium based on \$300,000 (average liability)
 By August 15, 1999, value of \$400,000 has been placed in building. Original policy must be readjusted to average liability of \$200,000 (Starting value zero; completed at the end of 1 year, \$400,000; average \$200,000). Renewal policy starts out with \$400,000 value in building on August 15, 1999, and estimated completed cost of \$600,000, producing average liability of \$500,000, on which its premium must be based, \$500,000 at full rate.

6. Builders Risk--Stated Value Form No. TWIA-18

- a. An insured may purchase builders risk insurance for a stated amount without the conditions of the Actual Value Builders Risk Form No. TWIA-21 by use of Form No. TWIA-18.
- b. The rate for Form No. TWIA-18 shall be the full builders risk rate.

7. Extension of Coverage—Increased Cost in Construction Form No. TWIA-431 and TWIA-432.

a. DWELLING POLICY

- (1) Form No. TWIA-431 may be attached to a windstorm and hail Dwelling Policy to provide additional insurance for the increased cost in construction due to enforcement of any ordinance or law.

- (2) An insured may select one of the following limits of liability for each building item:
 - (a) 5% of Coverage A limit of liability
 - (b) 10% of Coverage A limit of liability
 - (c) 15% of Coverage A limit of liability
 - (d) 25% of Coverage A limit of liability
- (3) The coverage is additional insurance, but the total payment of a covered loss under the policy, including this endorsement, cannot exceed the maximum limit of liability established by law for the specific type of structure that is insured by the Association.
- (4) The rates for the attachment of Form No. TWIA-431 are as follows:

<u>COVERAGE AVAILABLE</u>	<u>RATE AS % OF STRUCTURE PREMIUM</u>
5% of Coverage A limit of liability	7.0%
10% of Coverage A limit of liability	11.6%
15% of Coverage A limit of liability	14.0%
25% of Coverage A limit of liability	15.7%

b. COMMERCIAL POLICY

- (1) Form No. TWIA-432 may be attached to a windstorm and hail Commercial Policy to provide additional insurance for the increased cost in construction due to the enforcement of any ordinance or law.
- (2) An insured may select one of the following limits of liability for each building item:
 - (a) 5% of Coverage A limit of liability
 - (b) 10% of Coverage A limit of liability
 - (c) 15% of Coverage A limit of liability
 - (d) 25% of Coverage A limit of liability
- (3) The coverage is additional insurance, but the total payment of a covered loss under the policy, including this endorsement, cannot exceed the maximum limit of liability established by law for the specific type of structure that is insured by the Association.

- (4) The rates for the attachment of Form No. TWIA-432 are as follows:

<u>COVERAGE AVAILABLE</u>	<u>RATE AS % OF STRUCTURE PREMIUM</u>
5% of Coverage A limit of liability	7.0%
10% of Coverage A limit of liability	11.6%
15% of Coverage A limit of liability	14.0%
25% of Coverage A limit of liability	15.7%

8. Business Income Coverage Endorsement Form No. TWIA-17

Form No. TWIA-17 may only be attached to the Texas Windstorm Insurance Association Commercial Policy. This is optional coverage that will be provided only at the request of the insured.

a. Eligibility

- (1) Only an insured who owns or occupies a "commercial risk" and/or "public building" as those terms are defined in the General Rules I.C.2. and I.C.3. of the Manual of the Texas Windstorm Insurance Association are eligible to purchase loss of business income coverage.
- (2) Business income coverage will be provided only if this Association is providing the direct coverage.
 - i. If the applicant is the building owner, then the Association must insure the building.
 - ii. If the applicant is a tenant, then the Association must insure the business personal property.
- (3) Business income coverage is not available on builder's risks or vacant buildings.

b. Limits of Liability

- (1) The maximum limit of liability for loss of business income coverage is \$100,000 per occurrence, per building location.
- (2) The minimum daily limit is \$50.
- (3) The maximum daily limit is \$1,000.
- (4) The limit of liability for extra expense coverage is \$10,000. This coverage does not affect the daily limit or the limit of liability specified in the business income coverage schedule.

11-0830

NOTE: Coverage combinations where (daily limit) X (number of days covered) exceeds \$100,000 are not permitted. Valid coverage combinations do not necessarily exist for the entire range of daily limits chosen and are limited to those offered in the rating chart.

c. Deductible

No coverage applies until 168 hours (7 days) have expired after the direct physical wind or hail loss occurrence.

d. The coinsurance clause is not applicable to business income coverage.

e. The premium for this coverage is fully earned when written, except for cancellation of the entire policy.

f. The business income coverage provided by this endorsement is additional insurance; however, in no event will payment of a covered loss under the policy, including this coverage, exceed the total maximum limit of liability established by law that can be insured by the Texas Windstorm Insurance Association.

g. Rating procedure:

To determine the applicable premium, multiply the TWIA annual extended coverage building rate (including the 90% modification) times the business income rate adjustment factor from the table. Multiply the result times the per occurrence limit of liability (do not include extra expense), then divide by 100.

11-0830

Number of days covered	Apartment Buildings						MFG	Other
	1-25 units		26-50 units		51-100 units			
	Daily limit: \$50-\$100	Daily limit: \$50-\$399	Daily limit: \$400-\$1000	Daily Limit: \$50-\$399	Daily limit: \$400-\$799	Daily limit: \$800-\$1000		
365	0.641	0.673	n/a	0.705	n/a	n/a	1.052	0.708
330	0.650	0.682	n/a	0.715	n/a	n/a	1.060	0.717
300	0.665	0.698	n/a	0.731	n/a	n/a	1.082	0.731
270	0.690	0.725	n/a	0.759	n/a	n/a	1.125	0.756
240	0.724	0.761	0.724	0.797	0.761	n/a	1.176	0.790
210	0.758	0.796	0.758	0.834	0.796	n/a	1.235	0.833
180	0.799	0.839	0.799	0.879	0.839	n/a	1.301	0.883
150	0.874	0.917	0.874	0.961	0.917	n/a	1.430	0.956
120	0.945	0.993	0.945	1.040	0.993	0.945	1.554	1.027
90	1.008	1.058	1.008	1.109	1.058	1.008	1.641	1.133
60	1.148	1.205	1.148	1.263	1.205	1.148	1.873	1.269

III. RATING RULES

A. COMMERCIAL RISKS

1. Buildings/Structures that are occupied for business, professional or manufacturing purposes, including apartments.
 - a. Determine the applicable extended coverage rate from Rate Table A and/or Rate Table C.
 - b. Use 90% of the manual extended coverage rate as determined in *Step a* for the applicable windstorm and hail rate for the Association policy.

EXCEPTION: In determining the annual extended coverage rate for Business Personal Property/Personal Property of apartments, use 50% of the building rate from Rate Table A for all classes except those subject to Table 4-WR or SWR. All other provisions for determining the windstorm rate apply.

Refer to Special Index (Appendix A-1), Supplemental Special Index (Appendix A-2), and General Index (Appendix A-3) for rate tables and construction classification tables.

2. Farm and Ranch Property
 - a. Dwellings: Refer to Appendix D, Farm and Ranch Dwelling Charts 1A and 1B - 1 year Extended Coverage Base Premium Chart, and the Deductible Adjustment Percentage Schedule. Apply the applicable territorial multiplier to the base extended coverage premium.
 - b. Farm and Ranch Property (other than dwellings): Refer to Appendix D, Farm Building Rate Chart No. 2 and Miscellaneous Farm Property Chart No. 2A and Rate Chart No. 3 on Scheduled Miscellaneous Farm & Ranch Property. Apply the applicable territorial multiplier to the base extended coverage premium.
 - c. Apply a factor of 1.30 to the extended coverage premium and/or rate determined in *Steps a* and *b* to produce the modified extended coverage premium and/or rate.
3. Townhouses and Condominiums
 - a. Determine the applicable extended coverage rate from Rate Table B and/or Rate Table C.
 - b. Use 90% of the manual extended coverage rate as determined in *Step a* for the applicable windstorm and hail rate for the Association policy.

EXCEPTION: In determining the annual extended coverage rate for Business Personal Property/Personal Property owned in common, use 50% of the building rate from Building Rate Table A for all classes except those subject to Table 4-WR or SWR. All other provisions for determining the windstorm rate apply.

Refer to Special Index (Appendix A-1), Supplemental Special Index, (Appendix A-2), and General Index (Appendix A-3) for rate tables and construction classification tables.

B. PUBLIC BUILDINGS

1. Determine the applicable extended coverage rate from Rate Table A and/or Rate Table C.
2. Use 90% of the manual extended coverage rate as determined in *Step 1* for the applicable windstorm and hail rate for the Association policy.

Refer to Special Index (Appendix A-1), Special Supplements Index (Appendix A-2), and General Index (Appendix A-3) for rate tables and construction classification tables.

C. DWELLINGS (Including Individually Insured Townhouse Units)

1. Premium Calculation

a. Applicable Windstorm Premium

- (1) In the Dwelling Section of the Texas Personal Lines Manual, refer to the Dwelling Chart 1A and 1B – 1 year Extended Coverage Base Premium Chart, and the Deductible Adjustment Percentage Schedule. Apply the applicable territory multiplier from the Dwelling Extended Coverage Territory Multiplier Chart to the extended coverage base premium.
- (2) Apply a factor of 1.30 to the extended coverage premium determined in *Step 1* to produce the modified extended coverage premium.
- (3) Use 90% of the modified extended coverage premium as determined in *Step 2* for the applicable windstorm premium for the Association policy.

b. Extensions of Coverage (Indirect Losses)

- (1) When Form No. TWIA-320 is attached to the Association policy, the premium for the Association policy shall be calculated by applying a factor of 98% to the modified extended coverage premium when insuring a primary residence (dwelling) and by applying a factor of 93% to the modified extended coverage premium when insuring a secondary residence (dwelling).

These percentages are to be used in lieu of the 90% under Rule III-C-a-(3).

- (2) When Form No. TWIA-310 is attached to the Association policy, the premium for the Association policy shall be calculated by applying a factor of 96% to the modified extended coverage premium when insuring a primary residence (dwelling) and by applying a factor of 91% to the modified extended coverage premium when insuring a secondary residence (dwelling). These percentages are to be used in lieu of the 90% under Rule III-C-a-(3).
- (3) When Form No. TWIA-330 is attached to the Association policy, the premium for the Association policy shall be calculated by applying a factor of 91% to the modified extended coverage premium when insuring either a primary or secondary residence (dwelling). This percentage is to be used in lieu of the 90% under Rule III-C-a-(3).

2. Mandatory Roof Covering Credits

- a. Residential roof coverings meeting the impact resistance of the Underwriters' Laboratories testing criteria of U.L. Standard 2218 are eligible for the following mandatory credits to be applied to the dwelling modified extended coverage premium:

TERRITORY	CLASS 1 CREDIT	CLASS 2 CREDIT	CLASS 3 CREDIT	CLASS 4 CREDIT
1, 8, 9, 10	4%	6%	10%	14%

The roof covering credit and applicable premium credit applied must be shown on the declarations page of the policy. The credits reduce the modified extended coverage premium and are applied before any other adjustments to the modified extended coverage premium.

Credits apply only on policies insuring a risk that replacement of the existing roof covering on a residence is with a new roof covering(s) meeting U.L. Standard 2218 or is new residential construction which includes the installation of a roof covering meeting U.L. Standard 2218, and the roof covering must be classified within one of the four resistance classifications specified in U.L. Standard 2218.

The credits will be reviewed at such time as credible statistical data becomes available but not later than 5 years from the effective date of the implementation of the credits. The credits may be modified if the statistical data indicates modifications are needed.

Note: Other impact or hail resistance testing standards approved by the Texas Department of Insurance may be substituted for the U.L. Standard 2218. Testing to U.L. Standard 2218 or other acceptable standards may be

accomplished by a testing facility recognized and approved by the Texas Department of Insurance based on standards for testing laboratories adopted by the Department.

- b. A certificate of installation promulgated by the Texas Department of Insurance (Appendix B) must be provided to the policyholder by the installer of the roof covering. All information on the certificate must be completed and signed by the individual responsible for the installation of the roof covering.
- c. A policyholder may present the certificate of installation to the Association for the application of the mandatory credit as provided in *subsection a* of this rule. Presentation of a certificate of installation does not preclude the Association from inspecting the risk for verification of roof covering installation.
- d. **Product Labeling.** In order for mandatory roof covering credits to be applicable to dwelling insurance, roof coverings meeting U.L. Standard 2218 or any other test standard for impact resistance approved by the Department which are installed on and after June 15, 1999, must meet the following labeling requirements. All individual shingles, tiles, shakes, panels, sheets, etc., of roof coverings must bear the Underwriters' Laboratories label or the label of a testing laboratory approved by the Department indicating the classification of the product under U.L. Standard 2218 and the manufacturer's name, the year manufactured, and the brand name. For roof coverings meeting U.L. Standard 2218 that are installed prior to June 15, 1999, only the package containing the roof covering products is required to be labeled. The package must bear the Underwriters' Laboratories label or the label of a testing laboratory approved by the Department indicating the classification of the product under U.L. Standard 2218 and the manufacturer's name, the year manufactured and the brand name.
- e. It shall be optional with the Association to provide credits for impact resistant roof coverings installed prior to June 15, 1999. The optional credits given for impact resistant roof coverings installed prior to June 15, 1999 shall be within the range of credits specified in this rule. The Association may request from insureds, who apply for this optional credit, information regarding the installation of the impact resistant roof covering including, but not limited to, the date of installation, verification of the installation, and type of impact resistant roofing material installed. Any roof covering that is replaced on or after June 15, 1999, shall meet U.L. Standard 2218 in order for the property owner to receive the credit.
- f. The mandatory roof covering credits with the certification process is solely for the purpose of enabling residential property owners to obtain a reduction in their residential insurance premium, and it is not intended by the Department to require or create any type of express or implied warranty by the manufacturer, supplier, or installer.

11-0830

3. **Mandatory Building Code Credits**
(Adopted in 28 (TAC §5.4700) (Windstorm Resistant Construction Code Credits Effective for policies issued on and after February 28, 1999) (International Residential/International Building Code Credits Effective for policies issued on and after July 31, 2003)

- a. The following mandatory credits shall be provided to new residential construction, excluding additions or repairs to existing structures, constructed to or exceeding the standards of the *TWIA Building Code for Windstorm Resistant Construction* or to the International Residential Code/International Building Code as modified by the Texas Department of Insurance. The credits shall be applied to the modified extended coverage premium.

LOCATION OF RISK	BUILDING CODE STANDARDS	WINDSTORM RESISTANT CONSTRUCTION		INTERNATIONAL RESIDENTIAL CODE & INT'L. BUILDING CODE	
		DWELLING DISCOUNT	PERSONAL PROPERTY DISCOUNT	DWELLING DISCOUNT	PERSONAL PROPERTY DISCOUNT
Seaward	Seaward	26%	20%	28%	23%
Inland I	Inland I	24%	19%	26%	21%
Inland I	Seaward	29%	23%	31%	25%
Inland II	Inland II	0%	0%	26%	20%
Inland II	Inland I	27%	21%	28%	23%
Inland II	Seaward	32%	25%	33%	28%

- b. The following mandatory credits shall be provided to residential structures in any of the designated catastrophe areas which were constructed prior to September 1, 1998, or February 1, 2003, as applicable, in which all exterior openings have been retro-fitted with exterior opening protections that meets the windborne debris impact-resisting standards of the *TWIA Building Code for Windstorm Resistant Construction*, the International Residential Code/International Building Code as modified by the Texas Department of Insurance. The credits shall be applied to the modified extended coverage premium.

Dwelling 10%
 Personal Property 10%

- c. A residential structure must be certified by the Texas Department of Insurance as meeting the applicable standards to qualify for the mandatory credits.

11-0830

IV. RATE TABLES

RATE TABLE A

Buildings Other Than Dwellings, Townhouses & Condominiums
 (Does not apply to Farm and Ranch Property—See Appendix D)

Annual Extended Coverage Rates Per \$100

(Effective January 1, 1999, pursuant to Commissioner's Order No. 98-1258)

TABLE 1	COINSURANCE	ANNUAL EXTENDED COVERAGE RATE
1 FRAME (F) 2	50%	...
	80	0.561
	100	0.555
2 Brick (M)	50	...
	80	0.584
	100	0.451
3	50	...
	80	0.476
	100	0.402
(HC)	50	0.694
	80	0.429
	100	0.410
4 (WR)	50	0.277
	80	0.173
	100	0.163
(SWR)	50	0.345
	80	0.212
	100	0.205
5 Brick 3	50	...
	80	0.400
	100	...

RATE TABLE A (continued)

TABLE 1	COINSURANCE	ANNUAL EXTENDED COVERAGE RATE
5A Frame 3	50%	...
	80	0.482
	100	...
5B B.V. 3	50	...
	80	0.400
	100	...
7	50	...
	80	1.362
	100	1.171
8	50	...
	80	1.622
	100	1.362
9	50	...
	80	1.943
	100	1.593
10	50	...
	80	2.331
	100	1.943
11	50	...
	80	3.026
	100	2.561
12	50	...
	80	4.442
	100	3.736
13	50	...
	80	6.054
	100	5.099
14	50	...
	80	12.014
	100	10.086

1. Refer to the Special Index (Appendix A-1) and General Index (Appendix A-3).

2. Excess Area: Applicable to Rate Table No. 1 only.

If any division of a building or any building of one division contains a ground floor area in excess of 20,000 sq. ft. the rate shall be increased 20%.

NOTE: Division walls must be of masonry at least 8 inches thick and extend through roof. Openings need not be protected.

3. For ACV Builders Risk Form No. TWIA-21 (Dwellings) use 80% Coinsurance Rate.

11-0830

RATE TABLE B
 Townhouses and Condominiums, Buildings
 Annual Extended Coverage Rates Per \$100
 (Effective January 1, 1999, pursuant to Commissioner's Order No. 98-1258)

TABLE 1	COINSURANCE	ANNUAL EXTENDED COVERAGE RATE
1 Frame (F) ₂	50%	...
	80	0.333
	100	0.329
2 Brick (M)	50	...
	80	0.350
	100	0.266
3	50	...
	80	0.282
	100	0.237
(HC)	50	0.410
	80	0.258
	100	0.246
4 (WR)	50	0.163
	80	0.103
	100	0.099
(SWR)	50	0.205
	80	0.129
	100	0.125

1. Refer to the Special Index (Appendix A-1) and General Index (Appendix A-3).
2. Excess Area: Applicable to Rate Table No. 1 only.
 If any division of a building or any building of one division contains a ground floor area in excess of 20,000 sq. ft. the rate shall be increased 20%.
NOTE: Division walls must be of masonry at least 8 inches thick and extend through roof. Openings need not be protected



11-0830

RATE TABLE C

Business Personal Property/Personal Property of Buildings (Other than Dwellings)

(Does not apply to Farm and Ranch Property—See Appendix D)

Annual Extended Coverage Rates Per \$100

(Effective January 1, 1999, pursuant to Commissioner's Order No. 98-1258)

TABLE *	COINSURANCE	ANNUAL EXTENDED COVERAGE RATE
1 Frame (F)	50%	...
	80	0.449
	100	0.443
2 Brick (M)	50	...
	80	0.476
	100	0.362
3	50	...
	80	0.380
	100	0.314
(HC)	50	...
	80	0.341
	100	0.335
4 (WR)	50	...
	80	0.137
	100	0.133
(SWR)	50	...
	80	0.171
	100	0.167
5 Brick	50	...
	80	0.198
	100	...
5A Frame	50	...
	80	0.241
	100	...
5B B.V.	50	...
	80	0.198
	100	...
7	50	...
	80	1.083
	100	0.935
8	50	...
	80	1.300
	100	1.088
9	50	...
	80	1.555
	100	1.276
10	50	...
	80	1.866
	100	1.555
11	50	...
	80	2.247
	100	2.048

RATE TABLE C (Continued)

TABLE *	COINSURANCE	ANNUAL EXTENDED COVERAGE
		RATE
12	50	...
	80	3.549
	100	2.989
13	50	...
	80	4.844
	100	4.081
14	50	...
	80	9.613
	100	8.069

*Refer to the Special Index (Appendix A-1) and General Index (Appendix A-3).

V. MANUFACTURED HOUSING (Mobile Homes)

A. ELIGIBILITY

A mobile home located in a designated catastrophe area that meets the following criteria is eligible to be insured under the T.W.I.A. Dwelling Policy with Form No. TWIA-411, Conversion to TWIA Manufactured Home Policy attached to the policy.

1. The mobile home complies with the definition of manufactured home under the rules and regulations of the Texas Department of Housing and Community Affairs (TDHCA).
2. The mobile home is occupied solely as a one or two family residence.
3. The mobile home is blocked and tied down in accordance with the current state generic standards promulgated by the TDHCA or with the manufacturer's installation instructions.
4. The mobile home has been inspected, and an inspection approval form has been completed and issued verifying that the home is blocked and tied down in accordance with the required standards with no violations of these standards. The form may be on file with the TDHCA. If a form is not on file

with the TDHCA or the form is over five years old, a new inspection approval form that indicates no violations of the blocking and tie down requirements must be obtained through an installer licensed by the TDHCA.

5. Homes manufactured on and after September 1, 1997, must be designated by the manufacturer as Zone II homes to be insurable through the Association.

B. ADDITIONS TO MOBILE HOMES

1. A site-built addition attached to a mobile home will rate as part of the mobile home.
2. A building certification from the Texas Department of Insurance is required for the site-built addition.
3. Separate structures (not physically attached to the mobile home) are not eligible for insurance under the T.W.I.A. Dwelling Policy with Form No. TWIA-411, Conversion to TWIA Manufactured Home Policy attached to the policy. Refer to eligibility requirements for insurance under the Association's Dwelling Policy.

C. LIMIT OF LIABILITY

The maximum limit of liability for a mobile home, including any site-built additions attached to the home, and household goods is \$84,000.

D. DEDUCTIBLES

1. The following deductibles are mandatory under the T.W.I.A. Dwelling Policy with Form No. TWIA-411, Conversion to TWIA Manufactured Home Policy attached to the policy.
 - a. Homes located inland of the Intracoastal Canal: 1% of limit of liability with a \$250 minimum (TWIA Form No. 570)
 - b. Homes located seaward of the Intracoastal Canal: 2% of the limit of liability with a \$250 minimum (TWIA Form No. 575)
2. Deductibles apply separately to the home and household goods items on the policy.

E. POLICY FORMS AND ENDORSEMENTS

1. The following policy form is to be used:

T.W.I.A. Dwelling Policy with Form No. TWIA-411, Conversion to TWIA Manufactured Home Policy attached to the policy

11-0830

F. RATES

Inland of the Intracoastal Canal	\$2.50 per \$100 coverage
Seaward of the Intracoastal Canal	\$5.00 per \$100 coverage

11-0830

VI. APPENDICES

11-0830

Appendix A-1
SPECIAL INDEX
EXTENDED COVERAGE AND WINDSTORM, HURRICANE AND HAIL

All buildings shall rate according to construction unless otherwise provided.

- Item Types of Construction Rate Table
1. **FRAME BUILDINGS**, including iron clad, stucco, asbestos siding and brick veneer construction.1
NOTE: Except as may be otherwise provided, buildings of this class that have more than 50% of outside walls open shall rate under Table 11. Walls that are not closed from floor to roof shall be considered open.
 2. **BRICK BUILDINGS**, (except building qualifying under Item Nos. 3 and 4), including reinforced concrete, stone, hollow tile or tile faced with brick; adobe, hollow masonry units, ICM and ICMS Construction.2
NOTE: Combustible interior wall finish, ceilings and floor finish permitted in ICM and ICMS buildings.
 3. (a) One story buildings having all outside masonry walls as described for Table 2 buildings, but with concrete balcony.3
NOTE: To qualify under the above, the concrete balcony must be securely tied into 3 exterior walls of the building.
 (b) Masonry or ICM buildings of *extra heavy construction throughout approved as such by publication by the Texas Department of Insurance.HC
***NOTE:** To qualify for "Extra Heavy" Classification, building or structure must be designed and constructed according to nationally recognized good engineering practice and codes* to resist a horizontal wind pressure on all surfaces exposed to the wind without suffering any distortion or damage allowing for wind in any direction, in accordance with the following table. No allowance will be made for the shielding effect of other buildings or structures. The height is to be measured above the average level of the ground adjacent to the building or structure.

Height Zone (Feet)

	Wind Pressure (Lbs. per Sq. Ft.)	
	All Territories Except 1,8,9,10 and 11	Territories 1, 8, 9, 10 and 11
Less than 30	25	35
30-49	30	45
50-99	40	55

Data on buildings exceeding 99 feet in height must be submitted to the Texas Department of Insurance for consideration.

Exterior walls must be designed and constructed to withstand pressures specified above, acting either inward or outward.

The roofs of buildings and structures must be designed and constructed to withstand pressures acting outward, normal to the roof surface; equal to 1-1/4 times the pressure specified above. The height is to be taken as the vertical distance from the average elevation of the ground adjoining the building to the average elevation of the roof.

Roofs or sections of roof with slopes greater than 30 degrees, must be designed and constructed to withstand pressure, acting inward, normal to the surface, equal to those specified above and applied to the windward slope only.

The property must be inspected by a registered structural engineer, after which he must submit for each building and structure a certificate, accompanied by a diagram (or diagrams) showing complete details of walls and roof construction, anchorages and fasteners, together with complete supportive structural calculations.

*Structural steel, light gage steel and steel joist construction must be designed and erected in accordance with the following specifications.

- (1) American Institute of Steel Construction -- Specifications for the Design Fabrication, and Erection of Structural Steel for Buildings -- (Latest Edition).
- (2) American Iron & Steel Institute Light Gage Cold Formed Steel Design Manual -- (Latest Edition).
- (3) Standard Specifications and Load Tables of the Steel Joist Institute.
- (4) Welding -- Standard Code of American Welding Society.

4. **HEAVY TIMBER CONSTRUCTION:** Those risks receiving 50% credit for heavy timber construction in fire rate.SWR
- 4a. **SEMI-HEAVY TIMBER CONSTRUCTION:** Those Risks receiving credit for Semi-Heavy Timber Construction in fire rate.HC
5. **ELECTRIC UTILITY GENERATING STATION BUILDINGS:** All electric utility generating station buildings when constructed to meet the minimum requirements of the Texas Department of Insurance. .WR (Design and construction conditions will be furnished upon request from the Texas Department of Insurance.)

11-0830

Appendix A-2
SUPPLEMENTAL SPECIAL INDEX
CONSTRUCTION CLASSIFICATION TABLE
EXTENDED COVERAGE -- WINDSTORM, HURRICANE AND HAIL

Exterior Walls	Floors and Supports	Roof Decks and Supports	Height in Stories	Class & Table
Masonry or Reinforced Concrete NOTE: Minimum thickness of material to comply with requirements of fire resistive standards of the Texas Commercial Property Rating Manual except not more than 40% of walls may be of non-combustible construction or no walls	** Reinforced Concrete on non-combustible supports	Reinforced concrete or reinforced gypsum not less than 2" thick on non-combustible supports	1 or more	WR
		Concrete or gypsum at least 1-1/2" thick on non-combustible supports	1 or 2	SWR
			3 or more	WR
		False wood deck above reinforced concrete or reinforced gypsum not less than 2" thick on non-combustible supports with space between not designed for occupancy	1	HC
			2	SWR
			3 or more	WR
		Steel or other non-combustible deck on non-combustible supports	1	HC***
			2	SWR***
			3 or more	WR
		Wood deck, with no slab immediately underneath on wood or non-combustible supports	1	M+
	2	HC		
	3 or more	SWR		
		Certified as Class 60****	1	SWR*
		Certified as Class 90****	1 or 2	WR*

**Appendix A-2
SUPPLEMENTAL SPECIAL INDEX
CONTINUED**

Exterior Walls	Floors and Supports	Roof Decks and Supports	Height in Stories	Class & Table
Non-Combustible or no walls	**Non-combustible on non-combustible supports	Steel or other non-combustible deck on non-combustible supports	1 or more	M+
	**Reinforced Concrete on non-combustible supports	Concrete or gypsum at least 1-1/2" thick on non-combustible supports	1	HC
			2	SWR
			3 or more	WR
			Certified as Class 60**** Certified as Class 90***	1 1 or 2
Masonry or Reinforced Concrete	Wood or other material	Wood or other material	2	SWR
			3 or more	WR
			1 or more	WR
Wood, metal, asbestos cement, stucco or brick veneer on skeleton wood frame	Wood or other material	Wood or other material	1 or more	M+ HC*
			1 or more	F+
Heavy Timber as described in the Texas Commercial Property Rating Manual -- Except concealed spaces and unprotected vertical openings permitted			1 or more	SWR
ICMS as described in the Texas Commercial Property Rating Manual			1 or more	M+

- * These buildings must be certified as required in Special Index of this manual
 - ** Combustible Floor Finish Permissible
 - *** Roof deck assembly Certified as Class 90 (lbs./sq. ft.) for wind uplift and with roof deck assembly anchored to main structure in accordance with good engineering practice shall be classed as WR.
 - **** Roof deck assembly Certified as Class 60 (lbs./sq.ft.) for wind uplift and with roof deck assembly anchored to main structure in accordance with good engineering practice and limited to one story buildings not exceeding 30 feet in height shall be classed as SWR.
- Constructions as outlined herein shall be certified by the manufacturer for the roof deck material and by the erector, if other than the manufacturer, that the roof deck assembly was constructed according to good engineering practices and as indicated by the listing requirements of Underwriters' Laboratories, Inc.
- + Buildings which are over 35' high (at eave line) and one story in height shall be subject to an additional 20% charge.

Abbreviations: WR = Wind resistive; SWR = Semi-wind resistive; HC = Heavy Construction; M = Masonry; F = Frame.

NOTES AND DEFINITIONS
Applicable to All Types of
Building Classifications

Outside Trim: To be disregarded in the application of the construction classification table.

Masonry Walls: Means a built-up construction or combination of building units of such materials as clay, adobe, shale, concrete, glass blocks, gypsum or stone set in mortar or plain concrete.

Reinforced Concrete: Within the meaning of extended coverage, concrete with steel, either mesh or bars imbedded therein shall be considered to mean reinforced concrete.

Non-Combustible: As defined in Fire Resistive Section of The Texas Commercial Property Rating Manual.

Greenhouse: Greenhouses or Greenhouse Sections (glassed in area) may be rated specifically.

Doors and Windows: Shall be ignored in classifying exterior walls except masonry walls with doors and windows in excess of 50% of wall area of wall in which located shall be classed as non-combustible construction.

NOTES AND DEFINITIONS
Applicable to WR, SWR and
HC Building Classifications

Exterior Walls: Exception – Exterior walls of frame class construction aggregating not more than 10% of total above ground wall area shall be treated as non-combustible in the application of the Construction Classification Table; if aggregating more than 10%, then the building shall rate as frame or masonry according to mixed construction rule.

Story and Floor: A story is that part of a building between a floor and the roof or floor next above, designed for occupancy. Decks and mezzanines which are structurally a part of the building shall be considered a story if their area exceeds 33-1/3% of the area of the floor immediately below.

NOTE: Decks, mezzanines and portions of floors, not structurally a part of the building, shall not be considered in establishing the E.C. Classification. Roof structure means any structure above the roof of any part of a building. Roof structures shall be considered a story if they exceed 33-1/3% of the ground floor area of the building in which case the inferior roof construction shall govern construction classification.

Basement: Means a story of a building or structure having one half or more of its clear height below grade. Basements with floor area of at least 75% of grade floor area shall be considered a story.

NOTES AND DEFINITIONS
MIXED CONSTRUCTION

- (a) In the case of risks having published fire rates, building classification used in fire rating shall determine Extended Coverage and Windstorm rate table, except as otherwise directed.
- (b) In the case of risks for which fire rates are not published apply the higher construction charge applicable, unless the less hazardous type comprises over 50% of the total exterior wall area (Gables above top ceiling to be ignored).
- (c) Extended Coverage, Windstorm, Hurricane and Hail Insurance may be written specifically on any individual standard division of building, each division to be rated as if it were a separate building.

NOTE: Division walls must be of masonry at least 8 inches thick and extend through roof. Openings need not be protected.

EXCEPTION: Greenhouses or greenhouse sections (glassed-in area) may be written specifically with or without standard division wall.

Applicable to Frame and Masonry Building
Classifications

Mixed Construction: Applies to frame and masonry classes only.

Where walls of two classes of construction, rate as for the classification comprising 50% or more of the building. Over-all area of walls excluding gables above top of the eave line are to be used in calculations.

Where walls are three or more types of construction, none of which comprise 50% of the wall area, apply the following:

1. Begin with measurements of the best type of construction.
2. Add the second best type of construction.
3. Add the third best type of construction, and if necessary,
4. Add the fourth best construction, etc. consecutively until a total equaling at least 50% of the building is reached.
5. Class building as type of construction last added to achieve 50% of the building.

NOTE: Where heights of walls are not uniform, use wall areas in square feet as a basis of above calculations; otherwise, use linear feet measurements.

GENERAL INDEX
EXTENDED COVERAGE, WINDSTORM, HURRICANE AND HAIL

Use the indicated rate table number for extended coverage and windstorm, hurricane and hail.

The letter "C" means to rate according to construction, Special Index Items 1 through 4.

For Occupancies not listed in the table below see "Mercantile Risks Not Otherwise Listed" or "Manufacturing Risks, Ordinary Hazards (Not Specifically Classified)."

	E.C. AND WINDSTORM
ACETYLENE GAS MANUFACTURING OR TANK CHARGING	C
AIRPLANE HANGERS	C
AIRPLANE MANUFACTURING	C
ALFALFA DEHYDRATING PLANTS, Form 6 (when charge of .50 is applied in rate for "grinding in building")	C
ALFALFA MEAL AND SEED CLEANING, Form 4	C
ALKALI PRODUCT PLANTS	
A. Electrolytic	C
B. Non Electrolytic	C
AMUSEMENT PARKS	C
APARTMENT HOUSES --- Three units or over	C
(Rated under Apt. Ho. schedule)	
(If less than 3 apartments rate as dwelling)	
A. Contents of all classes of Apt. except those subject to Table 4, WR or SWR	50% of bldg. rate
B. Contents of Apt. subject to Table 4 WR or SWR	Table 4 WR SWR
C. Outbuildings and Sheds (except greenhouses) on premises of apartment houses	C
ART GALLERIES	C
ASBESTOS WORKS	C
ASPHALT PLANTS	C
AUTOMOBILES	
A. Manufacturing	C
B. Sales Room without service station	C
C. Garages, storage, repairs or sales with service station	C
AWNINGS: Cloth or Detachable (Use Building Rate in rate chart)	14
BAKERIES	C

TEXAS WINDSTORM INSURANCE ASSOCIATION MANUAL

BATH AND BOAT HOUSES	
A. If wholly on land	C
B. If not wholly on land	11
BATTERY FACTORY	C
BEVERAGE MANUFACTURING --- See Food Manufacturing	
BLEACHERS --- See Stadiums	
BOARDING AND ROOMING HOUSES	
A. Fire Resistive and Semi-Fire Resistive (when rated as such by the Texas Department of Insurance)	4
B. Brick, stone, adobe, poured concrete, hollow masonry units veneered with brick, and hollow masonry units (of clay or concrete)	5
C. All classes except those listed under A, B, and D including frame, stucco, ICM, ICMS, etc.	5A
D. Brick veneer and stone veneer	5B
BOAT HOUSES --- See Bath Houses	
BOAT DOCKS PRIVATE	
A. Covered, see Bath Houses	
B. Uncovered, see Piers	
BREWERIES, BEVERAGES AND FOOD MANUFACTURING	C
BRICK AND TILE PLANTS	
A. All buildings that do not class as Frame Sheds	C
B. Sheds and Kilns thereunder (Frame class and over 50% open)	9
BRIDGES	
A. Concrete	4
B. Steel	3
C. Frame	1
BUILDERS RISKS	
A. Frame or Ironclad and all buildings classified under Item No. 1, Special Index	9
B. Brick or ICM and all buildings classified under Item No. 2, Special Index	8
C. Fire Resistive or Semi-Fire Resistive buildings (except those listed in "D" below) and those buildings that when completed will classify under Items No. 3 and 5, Special Index	2
D. Dwelling and Boarding and Rooming Houses, same as the permanent building rate for boarding and rooming houses	
E. Additions, Improvements or Repairs when subject to permanent building rate, use net rate including Grade of Occupancy and/or area charge, if applicable	
CANDY MANUFACTURING	C

CANNING PLANTS --- Vegetables	C
CELLULOID MANUFACTURING	C
CELLULOID GOODS MANUFACTURING	C
CEMENT MILLS	C
CEREAL MILLS --- See Flour Mills	
CHARCOAL MANUFACTURING	C
CHLORATES	
A. Manufacturing	C
B. Storage	C
CHURCHES	C
CLEANING AND PRESSING	
A. Using approved solvents	C
B. Using unapproved solvents	C
CLOTH MANUFACTURING --- See Garment Manufacturing	
COFFEE ROASTING	C
COLD STORAGE AND LOCKER PLANTS	C
CONDOMINIUMS (RESIDENTIAL)	C
A. Contents Owned in Common of all classes except those subject to Table 4, WR or SWR	50% of bldg. rate
B. Contents Owned in Common subject to Table 4 WR or SWR	Table 4 WR SWR
C. Outbuildings and Sheds (except greenhouses on premises of condominiums) Owned in common	C
COOLING TOWERS --- Specific Coverage	
A. If completely enclosed, or of induced or forced draft type	C
B. All others	8
CORN SHELLER OR SHUCKER	C
COTTON, BALED --- INCLUDING LINTERS, MOTES, GRABBOTS, FLUES AND HULL FIBERS IN BALES	4
COTTON COMPRESS AND WAREHOUSE	
A. Buildings	C
B. Machinery and Furniture and Fixtures	
1. In other than Fire Resistive or Semi-Fire Resistive building	2
2. In Fire Resistive or Semi-Fire Resistive building	C

COTTON GINS AND AUXILIARY BUILDINGS OR SHEDS (except Office, for which see E below)

- A. Frame, ironclad, or brick veneer 9
- B. Brick, ICM, hollow masonry units or HTB 2
- C. Extra Heavy ICM Construction throughout 3
- D. Semi-Fire Resistive 4
- E. Office C
- F. Outside equipment, conveyors, dust flues and ventilators (Use Building Rate) 13

COTTONSEED OIL MILLS AND PEANUT OIL MILLS AND REFINERIES AND STOCK

- A. Blanket Policies --- All buildings and/or machinery and/or stock 8
- B. Buildings, Machinery, and Stock --- When insured specifically C

CREAMERIES C

CREOSOTING PLANTS C

DOUGHNUT FACTORY C

DRIVE-IN THEATRE SCREENS

- A. Brick or reinforced concrete wall, or structural steel frame construction 8
- B. Heavy pole construction 12
- C. All other construction 14

NOTE: If screen structure and its foundation and appendages has been designed and constructed to withstand not less than 90 miles per hour wind, and certificate to that effect by a registered professional engineer is furnished with application to Texas Department of Insurance, rate will be published authorizing Table 1.

DRIVE-IN THEATRE SPEAKERS in the open for automobiles (Use Building Rate in rate chart) 12

DRUG MANUFACTURING C

DYEING --- See Laundries

ELECTRICAL SUPPLIES in open --- See Poles

ELECTRIC LIGHT PLANTS C

EXPLOSIVES --- Manufacturing or Storage C

FAIRGROUNDS AND PARK BUILDINGS

- A. Where buildings and other structures and/or contents are insured blanket 12
- B. Permanent Buildings insured specifically C
- C. Open Sheds 11
- D. Grandstands --- See Grandstands

FEED DRYERS C

FEED GRINDING OR MIXING, Form 4 C

FEED MILLS AND FEED GRINDING, Form 6 --- See Flour Mills

FENCES: (Except on farms) (Use Building Rate)	
A. Masonry construction or steel with steel posts set in concrete	1
B. All other types of construction	
1. With 80% or higher coinsurance	9
2. Without 80% or higher coinsurance	10
C. Fences on dwelling premises	9
NOTE: When on dwelling premises fences of masonry construction or steel with steel posts set in concrete apply Table 1.	
FERTILIZER PLANTS	C
FILLING STATIONS (Gasoline)	C
FILM EXCHANGE AND LABORATORIES	C
FILTRATION PLANTS	C
FIREWORKS --- See Explosives	
FLOOD LIGHTS --- See Power	
FLOUR, RICE, CEREAL AND FEED MILLS	C
FOOD AND BEVERAGE MANUFACTURING	C
FOUNDRIES	C
FRATERNITY HOUSES --- Same as Boarding and Rooming Houses	
FRUIT --- See Vegetables	
FULLER'S EARTH PLANTS	C
FUNERAL HOMES	C
GARAGES --- See Automobiles	
GARMENT AND CLOTH MANUFACTURING	C
GASOLINE --- See Volatiles	
GLASS PLANTS	C
GRAIN CLEANING	C
GRAIN ELEVATORS OR DRYERS	C
A. Grain Tanks --- See Tanks	
B. Elevators Legs	1
C. Fixed Conveyor Galleries	
1. On steel trestles --- ICM construction or better	2
2. Other construction	8
D. Movable Marine Legs and Conveyors	13
GRAIN WAREHOUSE	C
GRANDSTANDS (with roof)	
A. All classes of construction classified Item No. 1, Special Index	12
B. Concrete or Steel (extra well constructed)	10
C. If not roofed --- See Stadiums	

TEXAS WINDSTORM INSURANCE ASSOCIATION MANUAL

11-0830

GREENHOUSES (Building or Contents)	\$8.00
*This rate is for \$100.00 Windstorm, Hurricane and Hail deductible.	
GRIST MILL	C
HAY IN THE OPEN (Use Contents Rate)	8
HOSIERY MILLS --- Same as Textile Mills	
HYDROGEN AND OXYGEN PLANTS	C
ICE MANUFACTURING	C
INCINERATORS	C
IRON PIPE IN OPEN (Use Contents Rates)	4
LACQUER --- See Paint	
LAND AND OUTSIDE SITE IMPROVEMENTS not otherwise provided for, including, but not limited to landscaping (excluding trees, shrubs and plants), drives, parking areas, walks, curbs and gutters; and/or UNDERGROUND UTILITIES located outside the perimeter of any building or structure. Use 80% Co-insurance Building Rate.	4
NOTE: Values of land and outside site improvements, and/or underground utilities located outside the perimeter of any building or structure, shall not be included in a blanket average rate unless the highest rate of any building on the premises be applied to the land and outside site improvements, and/or underground utilities located outside the perimeter of any building or structure.	
LAUNDERETTE OR WASHATERIA	C
If unattended --- See Unattended Service and Vending Machine Risks	
LAUNDRIES AND DYEING	
A. Without Dry Cleaning	C
B. With Dry Cleaning --- See Cleaning and Pressing	
If unattended --- See Unattended Service & Vending Machine Risks	
LOCKER PLANTS --- See Cold Storage	
LUMBER YARDS	
A. Blanket policies covering structures (with or without fence)	8
B. Blanket policies covering structures and contents	8
C. Specific coverage on structures with separate amount on each structure	C
D. Contents in frame buildings, sheds, or yard (omit area)	1
E. Contents in Table 2 or better buildings only	C
LUMBER	
A. In frame or ironclad buildings or sheds or in open (omit area)	1
B. In Table 2 or better building	C
MANUFACTURING RISKS ORDINARY HAZARDS (Not Specifically Classified)	C
MATCH FACTORIES	C
MEAT PACKING --- See Packing Houses	

MERCANTILE RISKS not otherwise listed	C
METAL WORKERS (Machine Shops)	C
MUSEUMS AND ART GALLERIES	C
NEWSPAPER PLANTS	C
OIL WELL SUPPLIES (Contents; 50% extended coverage or windstorm building rate, EXCEPT Wind Resistive or Semi-Wind Resistive. If building not eligible for coinsurance use 1/2 of no coinsurance rate unless clause is attached)	C
NOTE: Not applicable to contents of Tanks or Iron Pipe in Open	
OXYGEN PLANTS --- See Hydrogen	
PACKING HOUSES, MEAT	C
PAINT, VARNISH AND LACQUER MANUFACTURING	C
A. Oil or turpentine process	
B. Benzine Process	
C. Using and/or Manufacturing Pyroxylin base	
PAPER AND PULP MILLS	C
PARK BUILDINGS --- See Fairgrounds	
PEANUT AND FEED DRYERS	C
PEANUT OIL MILLS AND REFINERIES --- See Cottonseed Oil Mill	
PEANUT SHELLING	C
PIER AND WHARF PROPERTIES	C
PLANING AND SAW MILLS	C
POLES AND ELECTRICAL SUPPLIES IN OPEN (Use contents rate in rate charts)	4
PORTABLE BUILDINGS	C
POTTERIES	C
POWER, TRANSMISSION, FLOOD LIGHTS OR OTHER ELECTRICAL LINES ---	
SUPPORTS AND WIRES	
A. Supports of all-steel construction and securely anchored	12
B. Flood Lights without over-head wires	8
C. Supports partly or all frame	12
D. Outside transformers and sub-station equipment on ground (Use Building Rate in rate charts)	4
PRINTING PLANTS	C
PUTTY MANUFACTURING (All processes)	C
PYROXYLIN BASE MANUFACTURING	C
QUARRIES	C
RACE TRACK PROPERTY (Same as Fairgrounds)	

TEXAS WINDSTORM INSURANCE ASSOCIATION MANUAL

11-0830

RADIO AND TELEVISION TOWERS AND ANTENNAS AND SATELLITE DISHES (Use Building Rate in rate charts)	
A. When of all metal construction and securely anchored	13
B. When any part of tower is of frame construction or is on building of other than Fire Resistive or Semi-Fire Resistive construction	14
RADIO AND T.V. TRANSMITTING STATIONS	C
REFINERIES: Cottonseed and Peanut Oil --- See Cottonseed Oil Mills	
RICE BINS AND TANKS --- Same as Grain Tanks	
RICE DRYERS --- Same as Grain Elevators	
RICE MILLS OR ELEVATORS --- See Flour Mills	
ROCK CRUSHING AND SAND AND GRAVEL PLANTS --- Including Conveyors	C
ROLLER COASTERS	12
ROOMING HOUSES (Including outbuildings and sheds) --- Same as Boarding and Rooming Houses	
ROOFING PLANTS	
A. With Distilling or Refining Coal Tar Products	C
B. All Other	C
ROOFS: Buildings with roofs of roll composition over wire netting	13
RUBBER GOODS MANUFACTURING	C
RUG CLEANING --- Same as Dry Cleaning	
SAW AND PLANING MILLS	C
SAW MILL DRY KILNS	C
SCHOOLS	C
SCOREBOARDS	12
SEED CLEANING	C
SEED DRYING	C
SEWAGE DISPOSAL, PUMPING AND FILTRATION PLANTS	C
SHEDS --- FRAME CLASS BUILDINGS THAT HAVE MORE THAN 50% OF OUTSIDE WALLS OPEN --- WALLS THAT ARE NOT CLOSED FROM FLOOR TO ROOF SHALL BE CONSIDERED OPEN	11
SHIPYARD	C
SHOE MANUFACTURING	C
SHRUBBERY --- See Trees	
SIGNS --- ERECTED (Use Building Rate in rate charts)	
A. When of all metal construction and securely anchored	12
B. When any part of erected sign is of frame construction	14
C. Neon Signs and tubing, any type of support	14

SILOS	
A. Brick, concrete or solid concrete block	11
B. All others	13
SLAUGHTER HOUSE RISKS INCLUDING SHEDS AND PENS	C
SMELTING PLANTS	C
SMOKE STACKS	
A. Metal	13
B. Metal smoke stacks with inner lining of firebrick or 2-1/2" of gunnite	8
C. Brick and Reinforced Concrete when written specifically (when written with building, same as building)	4
SORORITY HOUSES --- Same as Boarding and Rooming House	
STADIUMS	
A. Concrete (with or without wood seats)	4
B. Steel securely anchored in concrete (with or without wood seats)	2
C. Frame or Steel not anchored in concrete	10
STOCK PENS (Heavy wooden without roof) at Packing Houses and Stock Yards (Use Building Rate in rate charts)	1
NOTE: If with roof, rate as building, See Special Index	
SULPHUR PLANTS	C
SWIMMING POOLS IN OPEN (Use 80% Coinsurance building rate from Table 4)	
TANKS	
A. Cylindrical, all-steel construction with steel roof, or concrete tanks with concrete roof or no roof	4
B. Cylindrical, sides of steel or concrete construction but with wood or composition roof	3
C. Elevated on steel, masonry or concrete supports	1
D. Tanks and Towers (for water supply) composed entirely of steel, the foundation of each column composed of concrete sunk in the ground, and each column anchored by bolts running through such foundation	1
E. Pickle and Vinegar Tanks	1
F. Tanks and Towers other than as above	13
TELEVISION --- See Radio	
TENTS	14
TENT TOP BUILDINGS	13
TEXTILE MILLS	C
TILE PLANTS --- See Brick Plants	
TIRE RECAPPING	C
TOURIST COURTS	C

TOWNHOUSES RATED UNDER THE TOWNHOUSE RATING SCHEDULE	C
THREE UNITS OR OVER (If less than 3 units, rate as dwelling)	
A. Contents owned in common of all classes except those subject to Table 4, WR or SWR	50% of bldg. rate
B. Contents Owned in Common subject to Table 4 WR or SWR	Table 4 WR SWR
C. Outbuildings and Sheds (except greenhouses on premises of townhouses) Owned in common	C
TREES AND SHRUBBERY	\$1.50
UNATTENDED SERVICE AND VENDING MACHINE RISKS	
"Unattended" means without attendant on duty and on premises at all times risk is open for business	
Building	C
Contents	C
VARNISH --- See Paint	
VAULT CONTENTS	
If fire rate is published for fireproof vault	4
All others rate same as contents in building	
VEGETABLES AND FRUIT	
A. Canning	C
B. Packing	C
VINEGAR WORKS --- Not including Tanks	C
VOLATILES	C
WASHATERIAS	C
If unattended see Unattended Service and Vending Machine Risks	
WHARFS --- See Piers	
WINDMILLS	14
WOOD ALCOHOL MANUFACTURING	C
WOODWORKING PLANTS	C

11-0830

Appendix B
ROOFING INSTALLATION INFORMATION AND CERTIFICATION
FOR REDUCTION IN RESIDENTIAL INSURANCE PREMIUMS

NOTICE TO HOMEOWNER. Completion of this certificate will entitle you to a reduction in your residential insurance premium. This certification form is solely for the purpose of enabling residential property owners to obtain a reduction in their residential insurance premium and it is not to be construed as any type of express or implied warranty by the manufacturer, supplier, or installer.

Name of Roofing Company: _____

Street Address: _____

City: _____ County: _____ Zip Code: _____

Phone: _____ License Number If Any: _____

Address of Residence (Installer must complete the following information before signing form)

Name of Owner: _____ Home Phone: _____

Address: _____ Office Phone: _____

City: _____ County: _____ Zip Code: _____

I, _____, an authorized representative of _____ roofing company, do hereby certify that

I have installed in accordance with the manufacturer's specifications on the above described residence a roof covering listed as complying with Underwriters' Laboratory Standard 2218, Impact Standard for Impact Resistance of Prepared Roof Covering Materials, with an impact resistance Classification of:

Class 1

Class 2

Class 3

Class 4

Manufacturers' Name: _____
Year Manufactured _____
Brand Name _____
Date of Installation _____

Labeling of Products: The roof covering installed on the above described residence bears the following label: CHECK ONE BELOW

The roof covering product packaging indicates the U.L. classification under U.L. Standard 2218, the manufacturer's name, the date of manufacture, and the brand name. A label from the packaging has been supplied to the owner of the residence.

Each individual shingle, tile, shake, panel, sheet, etc. of roof covering is separately labeled with the U.L. Standard 2218 classification and with the manufacturer's name, the date of manufacture, and brand name.

NOTE: After January 1, 1999, all individual shingles, tiles, shakes, panels, sheets, etc. must be labeled with the information outlined above.

Original Signature of Roofing Company's Authorized Representative

Date

ONE COPY TO BE RETAINED BY HOMEOWNER

SECOND COPY TO INSURANCE COMPANY

Prescribed by the Texas Department of Insurance

Form No.

Any intentional misrepresentation relating to the completion or presentation of this form constitutes fraud.

Appendix C

**Applicable Rules from the Texas General Basis Schedules
Approved Prior to and in Effect on October 1, 1991**

The rules contained in this Appendix C shall apply in whole or in part when not in conflict with the other rules of this Manual.

Mixed Construction Rule	C-1
Building of Three or More Types of Construction, with No One Type Comprising 50% of the Building	C-1
Gross Rate Calculation Rule	C-2
Reference Chart - Construction Classifications	C-2
Public Housing Authority Projects Experience	C-3
Special Dwelling Schedule	C-4
Construction	C-7
Apartment Houses, Tenements and Flats (Form 5)	C-7
Auto Courts	C-7
Boy and Girl Vacation Camps, Religious Encampments, Luncheon Club, Children's Camps and Welfare Camp Houses	C-8
Rooming Houses, Boarding Houses, Fraternity and Sorority Houses, Guest and Dude Ranches (Form 5)	C-8
Churches (Form 5)	C-9
Schools, Colleges, Universities, Convents, Day Nurseries, Orphanages, Public Libraries and Private Dormitories on School Campus	C-9
Condominiums Commercial and Residential	C-9
Residential Condominium and Townhouse Rating Schedule	C-11
Townhouses	C-11
Distributing Stations	C-13
Improvements and Betterments Insurance	C-13
Replacement Costs Endorsement Rules	C-14

Automobile Service Stations C-15

Bowling Alleys C-16

Change in Hazard C-16

Convalescent Homes C-17

Net Rate Calculation Rule C-17

Machinery and Equipment Pertaining to Service of Buildings C-18

Premium Calculation C-18

Private Dairies C-18

Servant Houses, Private Garages and Outbuildings C-18

Transfers or Removals C-18

Waiver of Premium C-19

Cancellations C-19

Private Club Houses C-20

Extended Coverage C-21

Public Housing Authority Projects C-21

Days Earned Table C-22

Pro Rata Tables C-22

11-0830

Appendix C

The rules contained in this Appendix C shall apply in whole or in part when not in conflict with the other rules of this Manual.

MIXED CONSTRUCTION RULE

When walls are of two classes of construction, rate as for the classification comprising 50% or more of the building and make proportionate charge for inferior construction, unless otherwise provided for.

EXCEPTION:

1. Special Hazards and School risks with all metal roofs, 2 or 3 outside masonry walls and 2 or 1 outside walls, respectively, of strictly ICM are to be classed and rate as ICM, with proportionate charge for hollow tile where applicable.
2. Apartment Houses, Auto Courts, Boarding Houses, Rooming Houses and Dwellings. In applying this rule to arrive at rates or premiums for these classes use these rules except:
 - a. Area of gables above ceiling to roof to be ignored (does not apply to FR and SFR buildings).
 - b. Area of additions to be included.
 - c. No charge for inferior construction.
 - d. If 3 or more types of construction, see rule "BUILDING OF THREE OR MORE TYPES OF CONSTRUCTION, WITH NO ONE TYPE COMPRISING 50% OF THE BUILDING."
 - e. Applicable only to fire and extended coverage.

BUILDING OF THREE OR MORE TYPES OF CONSTRUCTION, WITH NO ONE TYPE COMPRISING 50% OF THE BUILDING

To determine construction classification of such building(s), apply the following formula:

1. Begin with measurement of best type of construction;
2. Add second best construction;
3. Add third best construction; and if necessary
4. Add fourth best construction, and so on, consecutively, until a total equaling at least 50% of building is reached.
5. Class building as type of construction last added to achieve 50% of building, and make proportionate charge for any remaining inferior construction.

NOTE: Where height of walls is not uniform, use wall areas (sq. ft.) as basis for above calculation; otherwise use linear feet measurements.

GROSS RATE CALCULATION RULE

In all calculations pertaining to rating schedules and published rates (before experience, coinsurance, etc.), each calculation shall be considered separately and fractions less than half a cent shall be dropped and fractions of half a cent and over shall be treated as a full cent. Calculations shall be made using percentages in lieu of complements.

EXAMPLES

<u>Credit/Debit Factor</u>	<u>Rate (-+) Factor = Result</u>
-30%	.25 - .08 (30%) = .17
+30%	.25 + .08 (30%) = .33

EXCEPTION: In all instances, to determine KEY RATE CHARGE, refer to pre-calculated Key Rate Charts on GBS pages 159-166.

REFERENCE CHART – CONSTRUCTION CLASSIFICATIONS

Construction Symbol	Mercantile Rating Schedule*	Experience Classification All Schedules
"B" "C"	Brick	B Class
"H-T", "H-T-S"		
(a) "H-T-B", "H-T-B-S"		
"I-C-M", "I-C-M-S"		
& "N-C"		
(b) "F-R"	Fire Resistive	FR
(c) "S-F-R"	Semi-Fire Resistive	SFR
(d) "C-D", "D"		
& "I-C"	Frame	F Class
(e) "B-V", "B-V-S"		
"S" & "S-S"	Brick	F Class

*Special Class & Special Hazard Risks -- Rate under Special Schedules

Sprinklered Risks

If a, above, apply Brick Sprinklered Experience
 If b, above, apply Fire Resistive Sprinklered Experience
 If c, above, apply Semi-Fire Resistive Sprinklered Experience
 If d, or e, above, apply Frame Sprinklered Experience

**PUBLIC HOUSING AUTHORITY
PROJECTS EXPERIENCE**

Class Nos. 038 (1) Apartment Buildings with eight or more units; 039 (1) Dwellings or Duplexes.

The following modifications shall apply to the building fire rates (No other experience credit or penalty applicable):

	<u>Class 038 (1)</u>	<u>Class 039 (1)</u>
Frame Protected	Deduct 62%	Deduct 62%
Frame Unprotected	Deduct 74%	Deduct 74%
Brick Protected	Deduct 9%	Deduct 9%
Brick Unprotected	Deduct 39%	Deduct 39%
Fire Resistive & Semi-Fire Resistive Protected	Add 31%	Add 31%
Fire Resistive & Semi-Fire Resistive Unprotected	Deduct 75%	Deduct 75%

These modifications are applicable to:

1. Dwellings and apartments of Housing Projects owned by, supervised and maintained by Local Housing Authorities organized under the Housing Authority Law of the State of Texas as amended.
2. Dwellings and apartments of Housing Projects owned and supervised by Federal Authorities.
3. Dwellings and apartments of similar housing projects privately owned, built and maintained under the supervision of and whose mortgages are insured by and rents controlled by the Federal Housing Administration.
4. Apartment units (not dwellings or duplexes) of apartment house projects privately owned, when such projects consist of eight or more apartment units in one or more apartment buildings situated on the same premises.

The above rule applies to all classes of construction.

NOTE 1: Contents rate is not affected by the foregoing; contents rates to be calculated just as though the above experience did not exist.

NOTE 2: The above experience, when applicable, applies only to those buildings occupied as apartments, duplexes or dwellings, and do not apply to individually rated outbuildings or other private structures on the premises of privately owned apartment house projects.

SPECIAL DWELLING SCHEDULE
Contents to Rate Same as Building
Unless Otherwise Specified
Experience Credit Not Applicable.

Fire Record Applicable

1. GENERAL PROVISIONS:

- 1.1 The following rules and premiums shall govern the writing of coverage on Dwellings, Individually Owned Townhouse Units, Garage Apartments (not more than two families), Two Family (Duplex) Dwellings, Servant Houses, Private Garages, Private Barns, Fencing (Also see Fence Schedule), Shade Trees, Windmills, Miscellaneous Outbuildings, Seasonal Dwellings, Private Club Houses, and Private Camp Houses, (Television and Radio Antennas owned or at Dwellings – Subject to Dwelling Fire Rate), Trailer Houses that are stationary (Wheels removed and Trailer on blocks, but not Trailer Houses on wheels or on Boat Trailers)---Rates and Premiums for all perils (including Tenant Charge and minimum premium) in Special Dwelling Premium Charts shall apply to Trailer Houses subject to a 25% increase.
- 1.2 The risks eligible for this Schedule shall not be occupied by more than two families, each living in separate quarters. This Schedule does not apply to **ROOMING HOUSES, APARTMENT HOUSES OR TOURIST COURTS.**
- 1.3 **ABODES OF TEACHERS**, located on School premises, occupied solely by teachers, rent free, and where teacher occupants do not exceed ten, shall rate under this Schedule. If such abodes contain teacher occupants in excess of ten, rate under School Schedule and apply charge for Dormitories.
- 1.4 Servant Houses, Private Garages, Outbuildings, including Barns, Private Piers, Boat Houses, other than those built on pontoons or floating type supports, Water Tanks and Towers, TV Antennas, Satellite Dishes, Fencing, Shade Trees, Plants and Shrubs and Windmills on Dwelling premises (except those located on Farms or containing **MERCANTILE** occupancies) and insured with the Dwelling but for a separate amount on which not more than \$1,000 insurance is carried on the building (not the amount on **CONTENTS**), the building and its contents shall take the same **FIRE PREMIUM GROUP** as the main dwelling.
 The premium for building or contents shall be that for \$1,000 or pro rata thereof for amounts less than \$1,000 not subject to Fire Minimum Premiums. Otherwise such risks shall be treated as individual risks under this schedule.
- 1.5 **FENCING, SHADE TREES, PLANTS AND SHRUBS AND WINDMILLS** shall take the same Fire Premium Group as the main dwelling in connection with which they are written. If written for an amount less than \$1,000.00, the premium shall be pro rata of the premium for \$1,000.00 coverage.
- 1.6 **PERSONAL EFFECTS** in dwellings located on Military Posts, Camps or Stations shall rate under this Schedule.
- 1.7 Blanket Insurance is not permitted on dwellings and/or their contents.

Schedule Policies

When dwellings or other risks governed by the Special Dwelling Schedule are included in schedule policies, the premium for each such item shall be determined by using the total insurance carried on such item under all policies covering pro rata of the schedule.

11-0830

- 1.8 **DWELLINGS QUALIFYING FOR PUBLIC HOUSING CREDITS**-Credits apply to premium developed under the **FIRE AND EXTENDED COVERAGE PREMIUM CHARTS**. Credits shall apply to the **PREMIUM** for each coverage separately. Credits applicable to Fire coverage shall be applied before "Fire Record." See Public Housing Credits.
- 1.9 **PREMIUMS APPLY PER ITEM**-In the application of this schedule, the premium (minimum if applicable), for each peril shall be determined for each item subject to these rules. The sum of the premiums for each peril will be the policy premium. See Fire Record Rule and Rounding of Premium Rule.
2. **SMALL MERCANTILE OCCUPANCY** - If floor space used for storage and/or sale of merchandise, or for other business or professional purposes (except as listed under Note 2 below) does not exceed 500 square feet, add to the **FIRE** premium the Mercantile Charge (as shown in the Fire Premium Charts) to the amount of insurance on each item (building and/or contents) covered.
- NOTE 1:** In case floor space used as above exceeds 500 square feet, or building occupied exclusively for Mercantile or Mercantile Storage, submit to the Texas Department of Insurance for rating.
- NOTE 2:** No charge shall be made for offices, including Doctor's or Dentists' Offices, Telephone Exchanges, Music or Dancing Studios, Churches or Schools, unless more than 50% of the total area is used as such, in which case refer to Texas Department of Insurance for rating.
- NOTE 3:** If Music or Dancing Studio comprises more than 50% of the total floor area, rate under School Schedule.
- NOTE 4:** No charge for Dressmaking by occupant where no outside help is employed, or for Salesman's Samples stored, unless space so used exceeds 500 square feet.
3. **BUILDERS RISK** - Dwellings in process of construction shall be rated under Builders Risk Schedule.
4. **MIXED CONSTRUCTION** - To determine premiums for risks of two different wall constructions, use premiums applicable to construction which comprises over 50% of the total exterior wall area (1) Area of gables above ceiling to roof to be ignored (does not apply to FR & SFR Buildings). (2) Area of additions to be included. If three or more types of construction, rate according to rule, "Building of Three or More Types of Construction, With No One Type Comprising 50% of the Building" in the GBS, except no charge for inferior construction. This rule is applicable only to Fire and Extended Coverage.
5. **FIRE RESISTIVE, SEMI-FIRE RESISTIVE AND SPRINKLERED DWELLINGS.**

- 5.1 **FIRE RESISTIVE AND SEMI-FIRE RESISTIVE DWELLINGS**--Submit to the Texas Department of Insurance for Confirmation of classification.

When approved as Fire Resistive or Semi-Fire Resistive, the following method shall be used by companies and agents in calculating fire premiums; **FIRE**--Use 60% of the brick premium.

- NOTE:** (A) Subject to minimum premium
(B) Round premium to nearest dollar

EXTENDED COVERAGE---DWELLINGS, THEIR OUT BUILDINGS OR SHEDS. When approved as Fire Resistive or Semi-Fire Resistive by the Texas Department of Insurance, the following method shall be used by companies and agents in calculating extended coverage premiums: All Territories except 1, 8, 9, 10 & 11 --Use 10 percent of the brick premium for buildings and 20 percent of the brick premium for contents. Territories 1, 8, 9, 10 & 11 --Use 20 percent of the brick premium for buildings and 40 percent of the brick premium for contents.

- NOTE:** (A) Subject to minimum premium
 (B) Round premium to nearest dollar

5.2 SPRINKLERED DWELLINGS--Submit to the **TEXAS DEPARTMENT OF INSURANCE** for rating.

6. INTERPOLATION OF PREMIUM---Premium for any amount of insurance, in excess of the Minimum, not shown in the Premium Charts may be obtained by interpolation.

6.1 METHOD OF INTERPOLATION--A 1-year premium is desired for a policy amount of \$15,500 which falls between \$15,000 and \$16,000 shown in the Dwelling Premium chart. In other words, the desired amount is \$500 in excess of the \$15,000 shown. The example below is a Frame Dwelling in key rate charged interval 10-14.

Step 1.	Policy Amount Shown		Premiums Shown
	\$16,000		\$50
	<u>15,000</u>		<u>46</u>
	\$ 1,000		\$ 4 (Diff. in premium)
Step 2.	\$ 500	(Additional Amount)	
	\$ 1,000	(Diff. in Amount X \$4)	
Step 3.		(Diff. in Premium = \$2)	
	\$ 46	(Premium for \$15,000)	
	<u>2</u>	(Premium for additional \$500)	
	\$ 48	(Basic Premium for \$15,500)	

7. ADDITIONAL AMOUNTS OR COVERAGES---Amounts of insurance may be increased or additional coverages may be added after the inception date of the policy by endorsement.

The premium for such additional coverage or amount, unless otherwise specifically provided, shall be computed on a pro rata basis

The following procedure shall be used to determine the additional premium to be charged for increases and shall be applicable to each separate peril.

- STEP 1:** Convert the premium for the old total amount of insurance to current premium. Use current key rates and fire record.
STEP 2: Determine the premium for the new total amount of insurance at current premium. Use current key rates and fire record.
STEP 3: Subtract the premium determined in Step 1 from that determined Step 2 and pro rate the difference. The result will be the additional premium to be charged for the increase in amount.

11-0830

CONSTRUCTION

"**FRAME**" includes outer walls of frame; iron-clad; sheet aluminum or aluminum siding on wood; composition siding; and asphalt covered fiberboard.

"**STUCCO**" includes outer walls of stucco; asbestos board; rigid asbestos; and hard cement type sidings.

"**BRICK VENEER**" includes outer walls of brick veneer or stone veneer.

"**BRICK**" includes outer walls solid masonry; brick; stone; concrete; HTB; HT hollow masonry units; ICM and ICMS. (For FR or SFR risks refer to Rule 8.)

APARTMENT HOUSES, TENEMENTS AND FLATS (Form 5) Including their Servant Houses, Garages, Carports and Miscellaneous Outbuildings (See General Rules)

APARTMENT HOUSE OR FLAT--An apartment house or flat is a building containing three or more separate suites or apartments arranged as private residences and permanently equipped for housekeeping. A single room or a single room with bath, designed or converted for light housekeeping purposes, shall not be considered as a suite or an apartment.

TENEMENT--A tenement is a building which is rented out to be occupied as its home or residence by each of three or more families living independently of each other and doing their cooking on the premises.

ROOM--If over 4 rooms rented or for rent by any one occupant, risk shall be classified as a Rooming House and rated under the Rooming House Schedule.

AUTO COURTS (Tourist Courts) (Form 5)

Including Office and Outbuildings of Courts and Trailer Camps.

NOTE 1: Recreation Halls used in connection with auto courts are subject to auto court rates.

NOTE 2: If subject to rental on monthly basis only, rate as dwelling or apartment house. This is determined by the number of units in each structure.

**BOY AND GIRL VACATION CAMPS, RELIGIOUS ENCAMPMENTS, LUNCHEON CLUB,
CHILDREN'S CAMPS AND WELFARE CAMP HOUSES
(Form 5)**

Rate Under Auto Court Schedule

NOTE 1: If unexposed Frame Class building is occupied as administration building, dining and mess hall, recreation building or commissary apply Country Mercantile rates. If other than Frame Class or if risk is exposed by Mercantile or Special Hazard, submit for rating by the Texas Department of Insurance.

NOTE 2: If dining and mess hall or cafeteria building is subject to specific rating by the Texas Department of Insurance apply OTC #428.

NOTE 3: Church, Tabernacle or assembly building on premises of church encampments occupied exclusively as such to be rated by agent by applying Church Schedule.

**ROOMING HOUSES, BOARDING HOUSES, FRATERNITY AND
SORORITY HOUSES, GUEST AND DUDE RANCHES
(Form 5)**

Including their servant houses, garages, carports and miscellaneous outbuildings.
(See General Rules)
(Not exceeding 5 rooms for transients)

ROOMING HOUSE--A rooming house shall be defined, for rating purposes, as a building or house having 5 or more separate rooms, with or without private bath, rented or held for rent to individuals to reside therein in the manner usual to such type of occupants and where no ordinary family cooking is performed in the rooms rented or held for rent.

GUEST AND DUDE RANCHES--same as Rooming Houses.

NOTE 1: The installation or use of hot plates or other cooking devices in the rooms rented or held for rent shall not permit the classification of a rooming house, as herein defined, as an apartment house, flat or tenement.

NOTE 2: If over four rooms are rented, although sleeping quarters are on one sleeping porch or in one room, charge for rooms applies, even though rooms are not used for bedrooms.

NOTE 3: If not exceeding 4 rooms rented or for rent to roomers, rate as dwelling.

NOTE 4: If over 5 rooms rented or held for rent to transients, submit to Texas Department of Insurance for rating as a Hotel.

NOTE 5: If five or more rooms are rented or held for rent by any occupant of a building otherwise classed as an apartment or flat, such risk shall be classed as a Rooming House and so rated with no charge for apartments.

NOTE 6: Frame Class recreation rooms, dining rooms and kitchens on premises of Dude or Guest Ranch are subject to rating under Country Mercantile Schedule if qualifying as such. Otherwise, submit for published rate to Texas Department of Insurance.

NOTE 7: In case dwelling is occupied by two families, the highest number of rooms rented or for rent by either occupant shall determine whether risk shall be rated as a Rooming House.

11-0830

FRATERNITY AND SORORITY HOUSES--A Fraternity or Sorority house is a building owned or rented by a fraternity or sorority and used as a domicile for its members.

CHURCHES
(Form 5)

Net Building Rate to be applied where Building and Contents are written blanket.

**SCHOOLS, COLLEGES, UNIVERSITIES, CONVENTS,
DAY NURSERIES, ORPHANAGES,
PUBLIC LIBRARIES AND PRIVATE DORMITORIES
ON SCHOOL CAMPUS**

Net Building Rate to be applied where Building and Contents are written blanket.

NOTE 1: This schedule shall apply to all School and College properties, except Churches, Shops, Steam Laundries, Pump Houses, Light and Power Plants (in separate buildings), Cold Storage Plants or Ice Factories, Creameries, Barns, Dwellings and Infirmaries, which classes shall be rated under their respective schedules.

NOTE 2: If abodes of teachers contain teacher occupants in excess of ten, rate under School Schedule and apply charge for dormitories. Otherwise see Rule 1.3 under Special Dwelling Schedule.

NOTE 3: Abandoned Schools -- Vacant (other than between terms): If situated localities for which Specific Schedule of rates is published -- submit for rating. If in the country, rate as Country Mercantile; School Form not applicable.

NOTE 4: School buildings of other than "frame class," connected by covered walkways are to be rated as separate buildings.

NOTE 5: Orphanages of the cottage type, rate under Special Dwelling Schedule, when housing not more than 12 children.

NOTE 6: Buildings on school premises, belonging to Churches and occupied as church activities buildings, rate as church.

NOTE 7: Temporary classroom buildings of frame or stucco construction to be rated by the agent.

**CONDOMINIUMS
COMMERCIAL AND RESIDENTIAL**

I. General:

When coverage is provided for a condominium association, one of the following coverage forms must be attached regardless of whether the condominium occupancy is residential, commercial or a combination of both.

II. Basic Forms: Condominium Property Form No. 280, and Special Condominium Property Form No. 281, replace Sections I -- Definition and III Specific Coverage Conditions of the Texas Standard Policy.

III.

- A. Condominium Property Form No. 280 provides fire and extended coverage. Coverage may be expanded or modified by using standard endorsements.
- B. Special Condominium Property Form No. 281 provides coverage on all risk basis.
- C. Standard Windstorm, Hurricane and Hail Deductible endorsements must be attached to these forms.

IV. Optional Endorsements:

A. Condominium Endorsement (Additional Property Coverage) Form No. 282 provides coverage for fixtures, installation or additions comprising a part of the building within the unfinished interior surfaces of the perimeter walls, floors and ceilings of individual condominium units, either

1. initially installed, or replacements thereof, in accordance with the original condominium plans and specifications; or
2. initially installed, or replacements thereof, in accordance with the original condominium plans and specifications, or installed by or at the expense of the unit owners.

Note: This endorsement is applicable to both commercial and residential condominiums.

B. Special Condominium Property Form--Optional Amendatory Endorsement No. 283 may be used only in conjunction with Form No. 281, Special Condominium Form, and amends the exclusion relating to rain damage. Wind driven rain coverage can be provided to a condominium building containing individual condominium units so long as all the units within that single building qualify for the coverage. The qualifications for each single unit are as follows: 1) Each single unit cannot be more than three stories in height. Single units may be a 1, 2 or 3 story condominium unit, but must be occupied by a single occupant. 2) Each single unit (whether 1, 2 or 3 stories) must be attached to land. 3) Each single unit cannot be directly above or below any other single condominium unit.

C. Loss Caused by Water Which Backs Up Through Sewers and Drains Assumption Endorsement No. 284 may be used only in conjunction with Form No. 281 -- Special Condominium Form -- and broadens coverage by deleting Exclusion C(3) of Form No. 281. This endorsement may be used only on policies insuring residential condominiums.

D. Office Contents Special Form 136 may be attached to a condominium sales or leasing office used solely as an office operation when located in a separate building or within the same fire division with other condominium units.

V. Commercial Condominiums:

A. Coverage for individual commercial and condominium unit owners may not be provided under Form Nos. 280 and 281. Coverage must be provided by a separate Texas Standard Policy.

B. Commercial Condominium Endorsement No. 285 must be attached to the Texas Standard Policy to modify the definition of contents.

C. Commercial Condominium Unit Owners Loss Assessment Endorsement No. 286 may be attached to a policy insuring a commercial condominium unit to provide coverage for assessments charged to the unit owner by the condominium association.

11-0830

Rates:

1. Condominium Property Form No. 280 -- Charge for Fire and Extended Coverages according to the normal rules in the GBS applicable to the construction, occupancy and protection of the Condominium project.
2. Special Condominium Property Form No. 281 -- Charge the applicable Fire and Extended Coverage premium as in 1 above plus a charge for all other perils from the following table:

**RESIDENTIAL CONDOMINIUM AND TOWNHOUSE
RATING SCHEDULE**

This Schedule is applicable to the following:

- A. Townhouses, as defined below, including all outbuildings, when written under a townhouse association policy.
- B. Residential condominium buildings arranged as private residences and permanently equipped for housekeeping, including outbuildings in which each individual unit owner has an undivided interest.

DEFINITION

A townhouse is a building containing three or more units, each of which is owned by one or more individuals or a corporation, arranged as private residences and permanently equipped for housekeeping.

NOTE: Buildings which contain individually owned townhouse units where each unit or two units are separated by a divisional firewall of at least 8 inches of masonry or 6 inches of reinforced concrete extending continuously from the foundation through all stories to and above the roof, without openings, are not subject to rating under this schedule. (Where a roof is of semi-fire resistive construction, the wall need only be carried up tightly against the underside of the roof deck.) Townhouse units which qualify under this note are subject to rating under the Homeowners or Special Dwellings Schedules.

TOWNHOUSES

GENERAL

- A. A townhouse is not a condominium and a townhouse association is not subject to the Texas Condominium Act. These rules, rates and forms are provided to recognize the special characteristics of a townhouse association, its insurable interest and the interest of the townhouse unit owners as members of the association.

- B. Coverage may be provided for a townhouse association in accordance with the provisions of the association declarations and by-laws to insure the association for its interest in the townhouse units owned by the association members, and for personal property in which the members of the association have an undivided interest.
- C. Definition: The definition of a **TOWNHOUSE** shall be the definition as outlined under the Townhouse Rating Schedule in this manual.

ELIGIBILITY:

- A. Subject to the definition of a townhouse, a townhouse association may be insured provided it meets the eligibility requirements.

DISTRIBUTING STATIONS

TABLES OF RATES FOR WHOLESALE TANK TRUCK, OIL, GASOLINE AND/OR LIQUIFIED PETROLEUM GAS DISTRIBUTING STATIONS (OCCUPIED EXCLUSIVELY AS SUCH) CONTEMPLATING ALL BUILDINGS AND TANKS AND/OR THEIR CONTENTS, IRRESPECTIVE OF CONSTRUCTION OR LOCATION.

NOTE: If blanket coverage is written on Building and/or Contents, Co-Insurance Clause of at least 90% must be attached or No-Coinsurance rates must be used.

NOTE: Term Rate = 3 x Annual

SEACOAST TERRITORY

\$100 Deductible-Mandatory	E C Rates	W S Rates
COINSURANCE	1 year (All Construction)	1 year
80% & 90%	\$0.201	\$.212
100%	.165	.177
None (Bldg.)	2.650	5.000
None (Conts.)	.210	5.000

**These rates are in addition to the Initial Waiving Charge provided in Rules

IMPROVEMENTS AND BETTERMENTS INSURANCE

1. In the Texas Standard Policy, provided the insured is not the owner of the building, the insured's interest in Improvements and Betterments made to the building is included under the definitions "Furniture, Fixtures and Machinery" and "Contents" (not "Stock") and is covered by insurance on such items unless insured specifically.

11-0830

It is permissible to attach Form 105 to such policies in order to include the provisions contained therein.

2. The tenant's use interest in Improvements and Betterments may be written either under a separate item or a separate policy. When so written, Improvements and Betterments Endorsement, Form No. 105, must be attached to policy.
When writing Improvements and Betterments as a separate item or a separate policy the building in which the Improvements and Betterments are located must be clearly identified by description and location.
It is suggested that when filling out "Description of Property" in the face of the policy the following methods be used:
\$. . . . on Improvements and Betterments, as provided in Form No. 105 attached, to the (Then describe building as to construction, location and occupancy.)
3. Improvements and Betterments are defined in Endorsement Form 105 as fixtures, alterations, installations or additions comprising a part of the described building and made or acquired at the expense of the Insured exclusive of rents paid by the Insured but which are not legally subject to removal by the Insured.
NOTE: Improvements and Betterments as defined above are not limited to those acquired or installed during the period of the current lease. Improvements and Betterments to the building acquired or made at the expense of the Insured at any time during his tenancy are included in the above definition but the coverage is as specified in the conditions and limitations of the form.
4. Improvements and Betterments coverage may be written for a tenant occupying the building under a conventional term lease, on a month to month basis or other form of rental agreement. However, occupancy of the building or the premises by the Insured is not a requirement for eligibility. The coverage may also be written for a lessee who has installed Improvements and Betterments and sub-leases or rents the premises to others.
5. The rate applying to Improvements and Betterments, when written under a separate item or a separate policy, shall be the highest rate applying to the contents associated with the Improvements and Betterments in the same premises, subject to the same credits for attachment of the Coinsurance Clause that apply to the contents, with regular term rule applicable.
6. If Improvements and Betterments insurance is written to cover in two or more buildings regular Average Rate rules will apply.
7. Insurance shall not be written in the name of the building owner and tenant jointly to cover Improvements and Betterments. When coverage is desired in the names of the building owner and the tenant jointly in lieu of Improvements and Betterments insurance, the coverage may be written only as building insurance.

REPLACEMENT COSTS ENDORSEMENT RULES
(Replacement cost without deduction for depreciation)

1. Insurance covering on buildings or contents, other than dwellings and their contents, may be extended to cover the difference between the actual cash value and the actual cost of repairs or replacement without deduction for depreciation by the use of the approved Replacement Cost Endorsements and subject to the following provisions.
2. Replacement Cost Endorsement No. 1, Building and Contents Endorsement, may be made applicable to items insuring buildings and contents other than dwellings and their contents and to Improvements and Betterments when the insured is not the building owner.
Policies covering specifically on tenant's interest in Improvements and Betterments with Form 105 attached may be extended to cover the difference between actual cash value and

the actual cost of repair or replacement without deduction for depreciation by using Replacement Cost Endorsement No. 1 with the following amendatory endorsement:

"As to items covering tenant's use Interest in Improvements and Betterments, wherever the words "items or items or property" appear in the Replacement Cost Endorsement Form No. 1 attached to this policy, there shall be substituted therefore the words 'tenant's use interest in Improvements and Betterments.'"

When Replacement Cost Coverage is provided for Improvements and Betterments, the rate shall be determined in accordance with Rule 6, but the contents rate shall be used as a basis for rate determination rather than the building rate.

3. The Replacement Cost Endorsement No. 2 may be attached to policies insuring building(s), structures, and contents (except Dwellings) used in, or supplemental to, the performance of respective programs of Schools, Churches, and Hospitals. This form may not be used to provide Replacement Cost Insurance on contents only. When Replacement Cost Endorsement No. 2 is used, the building rate shall apply. (See Rule 6.)
4. Coverage under the Replacement Cost Endorsements may be applied to either specific or blanket policies.
5. When blanket policies are written or endorsed to include coverage under this endorsement using a blanket average rate based upon a sworn statement of replacement cost values, the average rate bulletin shall state that rates are based on replacement cost values.
6. The rates that will apply when a Replacement Cost Endorsement is attached to a policy shall be:
 - (a) When written without coinsurance the rate shall be five times the no-coinsurance building and/or contents rate.
 - (b) When written with 80% or 90% coinsurance and---
 - (1) Risk is eligible for coinsurance under regular coinsurance rules and the rate shall be the 80% coinsurance building and/or contents rate.
 - (2) Risk is ineligible for coinsurance under regular coinsurance rules, and rate shall be the no-coinsurance building and/or contents rate.
 - (c) When written with 100% coinsurance and --
 - (1) Risk is eligible for coinsurance under regular coinsurance rules, the rate shall be the coinsurance rate for the highest percentage coinsurance to which eligible under regular coinsurance rules.
 - (2) Risk is ineligible for coinsurance under the regular coinsurance rules; the rate shall be the no-coinsurance building and/or contents rate.
7. In the case of buildings owned and principally occupied by Federal, State, County, or Municipal Governments or divisions thereof, or by Educational Institutions not operating for profit, or buildings owned by Religious Organizations and occupied exclusively as churches or for religious purposes together with appurtenant buildings occupied for such purposes as social halls, Sunday schools, nurseries or parish houses, the requirement in the Replacement Cost Endorsement of actual repair or replacement on the same premises may be waived by use of the following endorsement:

"The words 'on the same premises' appearing in Paragraphs 3(c) and 5(b) of the Replacement Cost Endorsement attached to this policy are hereby deleted as respects the insurance provided by the Replacement Cost Endorsement to Item(s)
_____ of this policy."

11-0830

AUTOMOBILE SERVICE STATIONS

For rating purposes, gasoline pumps and hydraulic lifts shall be considered contents and when specifically insured the contents rate shall be used.

For rating purposes underground tanks shall be considered as a building item and when specifically insured the building rate shall be used.

BOWLING ALLEYS

Bowling lanes are considered contents and shall be insured using contents rate.

CHANGE IN HAZARD

A Change in Hazard is construed to be:

- (1) Any physical change in the building structure,
- (2) installation of or removal of "first aid equipment" where credit or penalty is allowed therefore in the rating schedule,
- (3) creation of or removal of chargeable exposures,
- (4) or, any change in type of occupancy that will normally produce change in rate. (Changes in type of occupancy that are rated under the Special Class or Special Hazard Schedule having similar schedules and mercantile occupancies having the same OTC will not necessarily produce a change in rate.)

NOTE 1: An effective date following the rate analysis of a published rate is evidence that such rate resulted from a Change in Hazard. Does not apply in cases of published rates for multiple occupancy buildings where a supplement is issued changing the occupancy in part, and the published rate on the building is not changed, or the new occupant does not create a new Experience class. In this case the Building rate is not subject to adjustment, as it is not considered that there has been an actual Change in Hazard. Same rule applies to other Contents of the building, even though supplement bears an effective date.

NOTE 2: Removal of property from one location to another is considered a Change in Hazard insofar as the policy covering the property moved is concerned.

NOTE 3: The attachment or removal of Coinsurance or the changing in percentage of Coinsurance is not a Change in Hazard.

NOTE 4: Existing policies must be endorsed to reduced rate resulting from a Change in Hazard, whether rate is one that is published by the Texas Department of Insurance or on a class that is subject to rating by the companies or agents.

NOTE 5: Revised published rates will not be dated back more than 60 days from the date change is reported to the Texas Department of Insurance; likewise, rate adjustments on property subject to rating by the company or agent are not to be made retroactive more than 60 days from the date of the adjustment.

NOTE 6: In cases of dwellings, apartments and rooming houses, the change of owner or tenant occupancy is not to be considered a Change in Hazard. (Except items rated under the Special Dwelling Schedule which are subject to a Tenant Occupancy change.)

NOTE 7: The installation of a new standard fire hydrant within required distance of a risk previously over a required distance shall constitute a Change in Hazard and shall permit adjustment of rate under existing policies.

NOTE 8: Extension of city limits does not constitute a Change in Hazard. The application of a reduced rate to existing policies covering risks within such extended areas may not be made, unless there is a standard fire hydrant within required distance of the risk at the time of annexation, or unless there is a change in hazard of the individual risk after date of annexation, and even then Fire Record of city cannot be applied.

NOTE 9: When adjusting premium to a new rate resulting from a Change in Hazard, the current rating schedule, Key Rate and Experience must be used.

CONVALESCENT HOMES

Convalescent Homes eligible for rating under Hospital Schedule are those having nurse(s) on duty at all times. Convalescent Homes not having nurse(s) on duty at all times rate as Rooming Houses.

NET RATE CALCULATION RULE

A. All calculations applied to the gross building and/or contents rate to determine the final net rate(s) shall:

1. be made using the complement of the applicable factors in the Texas General Basis Schedules and
2. consider each calculation separately and be carried to three decimal places, disregarding the fourth place figure.

EXAMPLES

<u>Credit/Debit Factor</u>	<u>Complement</u>	<u>Rate x Complement = Result</u>
-35%	.65	.25 x .65 = .162
+35%	1.35	.25 x 1.35 = .337
+135%	2.35	.25 x 2.35 = .587

B. Definitions:

Gross Rate shall mean:

1. A rate (including applicable key rate) published by the Texas Department of Insurance before application of any experience, coinsurance and/or other factors.
2. A rate (including applicable key rate) determined under a rating schedule before application of any experience, coinsurance and/or other factors.
3. A rate named by the company and approved by the Texas Department of Insurance.
4. A rate set out as a flat rate in the Texas General Basis Schedules.

Final Net Rate shall mean the rate established after application of experience, coinsurance and/or other factors to the gross rate:

11-0830

**MACHINERY AND EQUIPMENT
PERTAINING TO SERVICE OF BUILDINGS**

Machinery and equipment that is used solely in the service of the building, if the property of the owner of the building, may be insured with the building at the Building rate; but no manufacturing machinery or apparatus may be included. If insured specifically under a separate item, use the contents rate.

PREMIUM CALCULATION

Except where otherwise provided, premiums are to be based on rate time \$100 insurance.

PRIVATE DAIRIES

Rate as farm barn if qualifying under definition of Farm Property. If risk does not qualify as Farm Property, rate as a barn under Special Dwelling Schedule.

NOTE: Applies to all outbuildings used in connection with private dairies.

**SERVANT HOUSES, PRIVATE
GARAGES AND OUTBUILDINGS**

(On premises of Apartments or Rooming Houses)

Servant Houses, Private Garages, Outbuildings, including Barns, Private Piers, Boat Houses and Water Tanks and Towers on the premises on which not more than \$750 insurance is carried on the building (not **CONTENTS**), the building and contents shall take the rate of the rooming house or apartment house to which they belong; otherwise they shall rate as individual risks under the schedule of the main building with which they are associated. Public Housing Credits are not to be applied to individually rated and privately owned property as described above.

TRANSFERS OR REMOVALS

Transfers of insurance from one locality to another shall not be granted unless there has been an actual removal of the property coverage corresponding with the transfer. See rule for application of Fire Record. Transfer of amounts of insurance from one item to another or one type of coverage to another shall not be permitted.

WAIVER OF PREMIUM

Should the final premium under "rate adjustment" endorsement be less than \$5.00, it may be waived.

Exception: For permits or endorsements, other than rate adjustments, additional premiums shall be reported regardless of amount.

CANCELLATIONS

Except as noted below, cancellation of policies shall be made in accordance with the provisions of the policy contract, wherein it is provided that if policy is cancelled by Insured, it shall be cancelled short rate or if cancelled by the company, cancellation shall be pro rata. If company cancels pro rata it must be for the purpose of retiring from risk or reducing its liability. No other pro rata cancellations will be permitted other than as excepted below:

Exception 1. See rule for Rewriting Unexpired Policies.

Exception 2. Builders Risks policies shall be cancelled pro rata only upon completion of risk, or at request of the company. Builders Risk policies may not be cancelled flat for non-payment of premium but must show the proper earned premium up to date they are sent in.

Exception 3. Flat cancellation is a privilege designed to protect the agent against liability for earned premiums on policies issued in good faith and upon which an earned premium cannot be collected.

Annual or term policies, other than on builders risks, may be cancelled flat for non-payment of premium only when satisfactory evidence of cancellation is sent to the company within 60 days of the inception date of policy. If such cancelled policy is not returned within 60 days of its inception, the full earned premium must be figured from the inception date to a date not more than 10 days prior to the date the cancelled policy is sent to the company.

When a policy is cancelled and it is impossible for any reason to secure possession of the policy in time to return it to the company within the time required under the above rules, agents may notify the company of the cancellation, with the statement that the policy will be returned later. Then, upon receipt of the cancelled policy itself, the company will recognize the date of actual termination of liability as thus reported as being the date from which the earned or returned premium actual should be figured, provided, however, the reported date of actual termination of liability and notification to the company, bear a date not more than ten days prior to the date such notification is sent to the company. This notice should be in writing and forwarded to the company and should show the name of Company, number of policy, location of risk, effective date of policy, and actual date of termination of liability.

Exception 4. Any policy, other than a Builders Risk Policy, may be cancelled pro rata and rewritten as follows:

- a. If the same coverage (Property covered, amounts and perils), and for the same term shown in the policy cancelled, would produce no advantage in total policy premium under the new rates and fire record (if any change in either), the rewritten policy must be for not less than the unexpired term of the policy cancelled. (See Notes 1 thru 4 below.)
- b. If the property is sold or if there is a change in the mortgagee and the new owner or the new mortgagee requests a new policy. (See Notes 1 thru 4 below.)

11-0830

- c. If the city limits are extended to include the insured risk or if a standard fire hydrant is installed within the required distance of an insured risk, provided the new policy is written for not less than the full term of the policy being cancelled. (See Notes 1 thru 4 below.)
- d. If dwelling is sold and insured buys dwelling at another location and new policy is issued at new location by same agent, in the same company group (unless agent no longer represents the company group) for same amount or more and includes at least same perils as covered by policy being cancelled provided new policy is issued at same time and date old policy is cancelled. If new policy is not written at same time and date old policy is cancelled, old policy shall be cancelled short rate and if within 30 days new policy is issued as above, cancellation may be adjusted to pro rata. (See Notes 1 thru 4 below.)

NOTE 1: Under each item, a, b, or c, the insurance must be rewritten from date of cancellation, by the same agent, in the same company group (unless agent no longer represents the company group) and must include coverage on the same property for the same amount or more and include the same perils as covered by the policy being cancelled.

NOTE 2: The cancellation of a policy may not be back-dated and the policy rewritten with an inception date prior to effective date of a rate increase (including fire record change) after such rate increase or fire record change has been promulgated.

NOTE 3: Individual items of a schedule policy may not be cancelled pro rata and rewritten leaving other items in force except in case where the property covered under an item is sold and insurance on such property is rewritten in accordance with Note 1, or where there is a change in mortgagee and insurance on such property is rewritten in accordance with Note 1. A portion of the coverage under a blanket policy or blanket item may not be cancelled pro rata and rewritten leaving the remainder of the coverage in force.

NOTE 4: Pro Rata Cancellation, Form 24, completed in detail must accompany policy in each instance where a policy is cancelled pro rata and rewritten under these rules.

NOTE 5: In any event the insuring company cancels a policy for its own convenience, the insured shall have the right to receive pro rata cancellation on any policy remaining in force with the canceling company.

PRIVATE CLUB HOUSES

Private Club Houses (including private miscellaneous structures used in connection therewith) are defined as structures owned by not more than five (5) private individuals and/or their families (not corporations, companies, organizations, associations, clubs, federations, combines or fraternal orders); located in suburban or country districts, on lakes or rivers, at resorts or parks (not farm property); furnished and used, at least periodically by owners only, for dwelling occupancy. Such risks, except Fire Resistive, Semi-Fire Resistive, and Sprinklered, are subject to rating by the agent under the Special Dwelling Schedule. Club houses not falling within the above definition are to be rated by the Texas Department of Insurance under the schedule provided for Hunting, Fishing, Resort and Employee Club Houses (See Club Houses).
Exception: dwelling type cottages and miscellaneous structures to be rated by the agent under the Special Dwelling Schedule.

11-0830

**EXTENDED COVERAGE (Windstorm, Hurricane, Hail,
Explosion, Riot and Civil Commotion including Explosion
and Aircraft and Land Vehicle Property Damages);**

**WINDSTORM, HURRICANE AND HAIL; EXPLOSION;
RIOT AND CIVIL COMMOTION; EXPLOSION; VANDALISM
AND MALICIOUS MISCHIEF; AND AIRCRAFT AND LAND
VEHICLE PROPERTY DAMAGE INSURANCE**

(Excluding Petroleum Property and Farm Property)

DEDUCTIBLE CLAUSE:

NOTE: Does not apply to private Radio or Television Antennas and Towers, Cloth Awnings, Improvements and Betterments, Form 105, Improvements and Repairs (not additions) when written as builders risk, Signs, Poles and Posts in the open, Portable Saw Mills, Scales, Smokestacks, Gasoline Pumps and Time Element Coverages.

NOTE: The deductible clause should not be attached to any item to which the Large Deductible Endorsement Form No. 65 is applicable.

PUBLIC HOUSING AUTHORITY PROJECTS

A 40% credit shall be deducted from the windstorm or extended coverage building rate applicable to the following. The credit is to be applied after application of the proper territory multiplier.

1. Dwellings and apartments of Housing Projects owned by supervised and maintained by Local Housing Authorities organized under the Housing Authority Law of the State of Texas as amended.
2. Dwellings and apartments of Housing Projects owned and supervised by Federal Housing Authorities.
3. Dwellings and apartments of similar apartment housing projects privately owned, built under and maintained under the supervision of and whose mortgages are insured by and rents controlled by the Federal Housing Administration.
4. Apartments (not dwellings or duplexes) of apartment house projects privately owned, when such projects consist of eight or more apartment units in one or more apartment buildings situated on the same premises.

The above rule applies to all classes of construction.

NOTE: Contents rate is not affected by the foregoing; contents rate to be calculated just as though the above credit did not exist.

11-0830

**DAYS EARNED TABLE (Based on 365 Day Basis)
Effective Month of Cancellation or Endorsement**

	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Jan.		31	59	90	120	151	181	212	243	273	304	334
Feb.	334		28	59	89	120	150	181	212	242	273	303
Mar.	306	337		31	61	92	122	153	184	214	245	275
Apr.	275	306	334		30	61	91	122	153	183	214	244
May	245	276	304	335		31	61	92	123	153	184	214
June	214	245	273	304	334		30	61	92	122	153	183
July	184	215	243	274	304	335		31	62	92	123	153
Aug.	153	184	212	243	273	304	334		31	61	92	122
Sept.	122	153	181	212	242	273	303	334		30	61	91
Oct.	92	123	151	182	212	243	273	304	335		31	61
Nov.	61	92	120	151	181	212	242	273	304	334		30
Dec.	31	62	90	121	151	182	212	243	274	304	335	

Month shown in first column are the months in which the policy is effective. Months across the top of the chart are the months in which the cancellation date or endorsement change is to be effective. Number of days are even days as evidenced for the period of July 15 to December 15 shown as 153 days. Had the effective date of cancellation been December 20, you would simply add the 5 days making the total number of days in force at 158. Had the date of cancellation been December 10, you would subtract the 5 days.

PRO RATA TABLES

The pro rata premium for any period of less than the full policy term may be determined by the following procedure:

- a. Cancellation--By multiplying the premium by the Pro Rata Decimal Fraction for the period.
- b. New Policies--
 - 1. Dwellings--by multiplying the 1 or 3 year premium, as the case may be, by the Pro Rata Decimal fraction for the period.
 - 2. Other than Dwellings - by multiplying the 1 or 3 year rate, as the case may be, by the Pro Rata Decimal Fraction for the period, and then multiply the policy amount by the product so obtained.

General instructions (for use of the following Pro Rata Tables): either the premium for the period from commencement to date of cancellation (earned premium) or the premium from date of cancellation to expiration (return premium) may be computed. Where there has been a change in rate or amount of insurance during the effective period

of the policy, the premium for the full policy term at the rate and amount of insurance as of the date of cancellation shall be used in the computation.

Directions: After the period for which the pro rata premium is desired has been determined, the Pro Rata Decimal Fraction for such period shall be obtained as follows:

- I. For a Period Not Longer Than One Year: The decimal fraction for any period not longer than one year may be taken directly from the tables following, for a 1-year or 3-year policy.
- II. For a Period Longer than One Year: The decimal fraction for any period longer than one year shall be determined as follows:
 - A. Obtain the decimal fraction for the period of one or more full years from the table of Pro Rata Decimal Fractions for Full Year Periods.
 - B. Add to such figure the decimal fraction for the number of days (if any) in excess of the period of full year(s), as shown in the table of Pro Rata Decimal Fractions for Period from 1 to 365 Days.

EXAMPLES

Period of 1 year 73 Days:

	For 3 Yr. Policy
Decimal Fraction for 1 year3333
Decimal Fraction for 73 Days	<u>.0667</u>
Decimal Fraction for Period4000

Period of 2 Years 55 Days:

	For 3 Yr. Policy
Decimal Fraction for 2 years6667
Decimal Fraction for 55 Days	<u>.0502</u>
Decimal Fraction for Period7169

PRO RATA DECIMAL FRACTIONS FOR FULL YEAR PERIODS

The table shows decimal fraction for full year periods for policies written for a term of years:

PRO RATA

No. of Years

1
2

3-yrs

.3333
.6667

TEXAS GENERAL BASIS SCHEDULES

PRO RATA DECIMAL FRACTIONS FOR PERIOD FROM 1 TO 365 DAYS

The following table shows decimal fractions for periods from 1 to 365 days for policies written for a term of 1 year or 3 years.

No. of Days	PRO RATA		No. of Days	PRO RATA		No. of Days	PRO RATA	
	1 yr	3 yrs		1 yr	3 yrs		1 yr	3 yrs
1	.0027	.0009	26	.0712	.0237	51	.1397	.0466
2	.0055	.0018	27	.0740	.0247	52	.1425	.0475
3	.0082	.0027	28	.0767	.0256	53	.1452	.0484
4	.0110	.0037	29	.0795	.0265	54	.1479	.0493
5	.0137	.0046	30	.0822	.0274	55	.1507	.0502
6	.0164	.0055	31	.0849	.0283	56	.1534	.0511
7	.0192	.0064	32	.0877	.0292	57	.1562	.0521
8	.0219	.0073	33	.0904	.0301	58	.1589	.0530
9	.0247	.0082	34	.0932	.0311	59	.1616	.0539
10	.0274	.0091	35	.0959	.0320	60	.1644	.0548
11	.0301	.0100	36	.0986	.0329	61	.1671	.0557
12	.0329	.0110	37	.1014	.0338	62	.1699	.0566
13	.0356	.0119	38	.1041	.0347	63	.1726	.0575
14	.0384	.0128	39	.1068	.0356	64	.1753	.0584
15	.0411	.0137	40	.1096	.0365	65	.1781	.0594
16	.0438	.0146	41	.1123	.0374	66	.1808	.0603
17	.0466	.0155	42	.1151	.0384	67	.1836	.0612
18	.0493	.0164	43	.1178	.0393	68	.1863	.0621
19	.0521	.0174	44	.1205	.0402	69	.1890	.0630
20	.0548	.0183	45	.1233	.0411	70	.1918	.0639
21	.0575	.0192	46	.1260	.0420	71	.1945	.0648
22	.0603	.0201	47	.1288	.0429	72	.1973	.0658
23	.0630	.0210	48	.1315	.0438	73	.2000	.0667
24	.0658	.0219	49	.1342	.0447	74	.2027	.0676
25	.0685	.0228	50	.1370	.0457	75	.2055	.0685

11-0830

No. of Days	PRO RATA O		No. of Days	PRO RATA O		No. of Days	PRO RATA O	
	1 yr	3 yrs		1 yr	3 yrs		1 yr	3 yrs
76	.2082	.0694	126	.3452	.1151	176	.4822	.1607
77	.2110	.0703	127	.3479	.1160	177	.4849	.1616
78	.2137	.0712	128	.3507	.1169	178	.4877	.1626
79	.2164	.0721	129	.3534	.1178	179	.4904	.1635
80	.2192	.0731	130	.3562	.1187	180	.4932	.1644
81	.2219	.0740	131	.3589	.1196	181	.4959	.1653
82	.2247	.0749	132	.3616	.1205	182	.4986	.1662
83	.2274	.0758	133	.3644	.1215	183	.5014	.1671
84	.2301	.0767	134	.3671	.1224	184	.5041	.1680
85	.2329	.0776	135	.3699	.1233	185	.5068	.1689
86	.2356	.0785	136	.3726	.1242	186	.5096	.1699
87	.2384	.0795	137	.3753	.1251	187	.5123	.1708
88	.2411	.0804	138	.3781	.1260	188	.5151	.1717
89	.2438	.0813	139	.3808	.1269	189	.5178	.1726
90	.2466	.0822	140	.3836	.1279	190	.5205	.1735
91	.2493	.0831	141	.3863	.1288	191	.5233	.1744
92	.2521	.0840	142	.3890	.1297	192	.5260	.1753
93	.2548	.0849	143	.3918	.1306	193	.5288	.1763
94	.2575	.0858	144	.3945	.1315	194	.5315	.1772
95	.2603	.0868	145	.3973	.1324	195	.5342	.1781
96	.2630	.0877	146	.4000	.1333	196	.5370	.1790
97	.2658	.0886	147	.4027	.1342	197	.5397	.1799
98	.2685	.0895	148	.4055	.1352	198	.5425	.1808
99	.2712	.0904	149	.4082	.1361	199	.5452	.1817
100	.2740	.0913	150	.4110	.1370	200	.5479	.1826
101	.2767	.0922	151	.4137	.1379	201	.5507	.1836
102	.2795	.0932	152	.4164	.1388	202	.5534	.1845
103	.2822	.0941	153	.4192	.1397	203	.5562	.1854
104	.2849	.0950	154	.4219	.1406	204	.5589	.1863
105	.2877	.0959	155	.4247	.1416	205	.5616	.1872
106	.2904	.0968	156	.4274	.1425	206	.5644	.1881
107	.2932	.0977	157	.4301	.1434	207	.5671	.1890
108	.2959	.0986	158	.4329	.1443	208	.5699	.1900
109	.2956	.0995	159	.4356	.1452	209	.5726	.1909
110	.3014	.1005	160	.4384	.1461	210	.5753	.1918
111	.3041	.1014	161	.4411	.1470	211	.5781	.1927
112	.3068	.1023	162	.4438	.1479	212	.5808	.1936
113	.3096	.1032	163	.4466	.1489	213	.5836	.1945
114	.3123	.1041	164	.4493	.1498	214	.5863	.1954
115	.3151	.1050	165	.4521	.1507	215	.5890	.1963
116	.3178	.1059	166	.4548	.1516	216	.5918	.1973
117	.3205	.1068	167	.4575	.1525	217	.5945	.1982
118	.3233	.1078	168	.4603	.1534	218	.5973	.1991
119	.3260	.1087	169	.4630	.1543	219	.6000	.2000
120	.3288	.1096	170	.4658	.1553	220	.6027	.2009
121	.3315	.1105	171	.4685	.1562	221	.6055	.2018
122	.3342	.1114	172	.4712	.1571	222	.6082	.2027
123	.3370	.1123	173	.4740	.1580	223	.6110	.2037
124	.3397	.1132	174	.4767	.1589	224	.6137	.2046
125	.3425	.1142	175	.4795	.1598	225	.6164	.2055

11-0830

No. of Days	PRO RATA O		No. of Days	PRO RATA O		No. of Days	PRO RATA O	
	1 yr	3 yrs		1 yr	3 yrs		1 yr	3 yrs
226	.6192	.2064	276	.7562	.2521	326	.8932	.2977
227	.6219	.2073	277	.7589	.2530	327	.8959	.2986
228	.6247	.2082	278	.7616	.2539	328	.8986	.2995
229	.6274	.2091	279	.7644	.2548	329	.9014	.3005
230	.6301	.2100	280	.7671	.2557	330	.9041	.3014
231	.6329	.2110	281	.7699	.2566	331	.9068	.3023
232	.6356	.2119	282	.7726	.2575	332	.9096	.3032
233	.6384	.2128	283	.7753	.2584	333	.9123	.3041
234	.6411	.2137	284	.7781	.2594	334	.9151	.3050
235	.6438	.2146	285	.7808	.2603	335	.9178	.3059
236	.6466	.2155	286	.7836	.2612	336	.9205	.3068
237	.6493	.2164	287	.7863	.2621	337	.9233	.3078
238	.6521	.2174	288	.7890	.2630	338	.9260	.3087
239	.6548	.2183	289	.7918	.2639	339	.9288	.3096
240	.6575	.2192	290	.7945	.2648	340	.9315	.3105
241	.6603	.2200	291	.7973	.2658	341	.9342	.3114
242	.6630	.2210	292	.8000	.2667	342	.9370	.3123
243	.6658	.2219	293	.8027	.2676	343	.9397	.3132
244	.6685	.2228	294	.8055	.2685	344	.9425	.3142
245	.6712	.2237	295	.8082	.2694	345	.9452	.3151
246	.6740	.2247	296	.8110	.2703	346	.9479	.3160
247	.6767	.2256	297	.8137	.2712	347	.9507	.3169
248	.6795	.2265	298	.8164	.2721	348	.9534	.3178
249	.6822	.2274	299	.8192	.2731	349	.9562	.3187
250	.6849	.2283	300	.8219	.2740	350	.9589	.3196
251	.6877	.2292	301	.8247	.2749	351	.9616	.3205
252	.6904	.2301	302	.8274	.2758	352	.9644	.3215
253	.6932	.2311	303	.8301	.2767	353	.9671	.3224
254	.6959	.2320	304	.8329	.2776	354	.9699	.3233
255	.6986	.2329	305	.8356	.2785	355	.9726	.3242
256	.7014	.2338	306	.8384	.2795	356	.9753	.3251
257	.7041	.2347	307	.8411	.2804	357	.9781	.3260
258	.7068	.2356	308	.8438	.2813	358	.9808	.3269
259	.7096	.2365	309	.8466	.2822	359	.9836	.3279
260	.7123	.2374	310	.8493	.2831	360	.9863	.3288
261	.7151	.2384	311	.8521	.2840	361	.9890	.3297
262	.7178	.2393	312	.8548	.2849	362	.9918	.3306
263	.7205	.2402	313	.8575	.2858	363	.9945	.3315
264	.7233	.2411	314	.8603	.2868	364	.9973	.3324
265	.7260	.2420	315	.8630	.2877	365	1.0000	.3333
266	.7288	.2429	316	.8658	.2886			
267	.7315	.2438	317	.8685	.2895			
268	.7342	.2447	318	.8712	.2904			
269	.7370	.2457	319	.8740	.2913			
270	.7397	.2466	320	.8767	.2922			
271	.7425	.2475	321	.8795	.2932			
272	.7452	.2484	322	.8822	.2941			
273	.7479	.2493	323	.8849	.2950			
274	.7507	.2502	324	.8877	.2959			
275	.7534	.2511	325	.8904	.2968			

11-0830

**Appendix D
RATING RULES
FOR ALL HARM AND RANCH PROPERTY**

Rating Classifications

Construction	
Frame	Outer walls of frame: iron clad; sheet aluminum or aluminum siding on wood; composition siding; and asphalt covered fiberboard
Stucco	Outer walls of stucco; asbestos board; rigid asbestos; and hard cement type sidings.
Brick Veneer	Outer walls of brick-veneer or stone-veneer.
Brick	Outer walls of solid masonry: brick; stone; concrete; HTB; HT; hollow masonry units; ICM and ICMS.

1. For risks with mixed construction, the predominant construction shall be the construction comprising over 50% of the total exterior wall area (excluding gables).
2. For risks with more than two constructions, the predominant construction shall be the construction comprising the majority of the total exterior wall area (excluding gables).
3. For risks of superior construction (FR, SFR and/or Automatic Sprinklered Risks) apply to the Texas Department of Insurance for confirmation of construction.

**HARM AND RANCH DOLLAR EXTENDED COVERAGE
TERRITORY MULTIPLIERS**

		BUILDING	PERSONAL PROPERTY
Territory #1	Frame; Asbestos; Stucco	2.242	2.244
	Brick Veneer	2.302	2.342
	Brick	1.924	1.954
Territory #8	Frame; Asbestos; Stucco	2.477	2.479
	Brick Veneer	2.544	2.588
	Brick	2.126	2.160
Territory #9	Frame; Asbestos; Stucco	2.477	2.479
	Brick Veneer	2.544	2.588
	Brick	2.126	2.160
Territory #10	Frame; Asbestos; Stucco	2.477	2.479
	Brick Veneer	2.544	2.588
	Brick	2.126	2.160

FARM PLAN D ELLIOTT PART NO. 1A

1 Year Extended Coverage Base Premium Building - 1 Deductible \$100 Minimum

Amount of Insurance	Construction	
	FR AS	BR B
1,000	3	3
1,500	4	3
2,000	5	4
2,500	6	5
3,000	7	6
3,500	8	6
4,000	9	7
5,000	9	8
6,000	10	9
7,000	11	9
7,500	12	10
8,000	13	10
9,000	14	12
10,000	16	14
11,000	17	14
12,000	19	16
13,000	20	17
14,000	22	19
15,000	24	20
16,000	26	21
17,000	27	22
18,000	28	24
19,000	30	25
20,000	31	26
21,000	33	28
22,000	35	29
23,000	37	31
24,000	38	31
25,000	40	33
26,000	41	34
27,000	43	36
28,000	44	37
29,000	46	38
30,000	48	40
35,000	55	46
40,000	63	53
45,000	71	60
50,000	79	66
55,000	87	72
60,000	95	79
65,000	103	86
70,000	111	93
75,000	119	99
80,000	127	105
85,000	134	112
90,000	142	119
95,000	150	125
100,000	158	132

Each Add \$1,000 For Frame or Asbestos Stucco add 1.86
 For Brick or Brick Veneer add 1.55

Abbreviations: Brick-BR; Brick Veneer-BV; Asbestos A; Stucco-AS; Frame-FR.

To determine premium for deductibles other than 1 refer to the Deductible Adjustment Percentage Schedule.

11-0830

ARM RANC D ELL N CART NO 1B

1 Year Extended Coverage Base Premium Personal Property -- 1 Deductible 100 Minimum

Amount of Insurance	Construction	
	FR AS	BR B
1,000	3	3
1,500	3	3
2,000	3	3
2,500	3	3
3,000	3	3
3,500	3	3
4,000	3	3
5,000	3	3
6,000	3	3
7,000	4	3
7,500	4	3
8,000	4	3
9,000	5	4
10,000	6	4
11,000	6	5
12,000	7	5
13,000	7	6
14,000	8	7
15,000	9	7
16,000	9	8
17,000	9	8
18,000	10	9
19,000	10	9
20,000	11	9
21,000	12	9
22,000	12	10
23,000	13	10
24,000	14	11
25,000	14	12
26,000	14	12
27,000	15	13
28,000	15	13
29,000	16	14
30,000	17	14
35,000	20	16
40,000	22	19
45,000	25	20
50,000	28	23
55,000	31	26
60,000	33	27
65,000	36	30
70,000	39	32
75,000	42	35
80,000	44	37
85,000	47	39
90,000	50	42
95,000	53	43
100,000	55	46

Each Add 100 For Frame or Asbestos Stucco add .65

For Brick or Brick veneer add .54

Abbreviations: Brick BR Brick veneer-B Asbestos Stucco-AS Frame-FR.

To determine premium for deductibles other than 1 refer to the Deductible Adjustment Percentage Schedule.

11-0830

**DWELLING OR DWELLING OUTBUILDINGS OR PERSONAL PROPERTY DEDUCTIBLE ADJUSTMENT
PERCENTAGE SCHEDULE**

Farm and Ranch Schedule--Deductible

Determine the Dwelling or Dwelling Outbuildings or Personal Property deductible adjustment premium charge by applying the following percentages to the basic windstorm premium. The amount shall be added to the premium to determine the total premium for each peril.

	100 Flat	250 Flat
Under 10,000	-	-
11,000	3	-
12,000	3	-
13,000	3	-
14,000	4	-
15,000	4	-
16,000	4	-
17,000	5	-
18,000	6	-
19,000	7	-
20,000	8	-
21,000	8	-
22,000	9	-
23,000	10	-
24,000	11	-
25,000	12	-
26,000	12	1
27,000	13	2
28,000	14	2
29,000	15	3
30,000	16	4
31,000	16	4
32,000	17	5
33,000	18	6
34,000	19	7
35,000	20	8
36,000	21	8
37,000	22	9
38,000	23	10
39,000	24	11
40,000	25	12
45,000	26	14
50,000	30	16
55,000	34	18
60,000	38	20
65,000	42	22
70,000	46	24
Over 75,000	50	25

11-0830

RATE CARD ART NO: 2

LARM BUILDINGS

Extended Coverage Rate

	BRICK	ASBESTOS
Class 1 Barns	.35	.42
Class 2 Barns	.35	.42

Abbreviations: Brick-BR, Brick veneer-BV, Asbestos Stucco-AS, Frame-FR
Extended Coverage means windstorm and hail.

11-0830

**RATE CHART NO. 3
SCHEDULED MISCELLANEOUS ARM & RANCH PROPERTY**

Description	Extended Coverage
Apiary Equipment	Rate Chart 2A Table No. 15
Bridges (Wooden)	See Rate Chart 2A Table No. 15
Broom Corn: In Building	See Rate Chart 2A Table No. 15
Cooling Towers	See Rate Chart 2A Table No. 15
Elevator Legs	See Rate Chart 2A Table No. 15
Fences, including corrals & Chutes: Non Combustible Combustible	See Rate Chart 2A Table No. 15 Table No. 15
Grain: A. When not restricted to a specific building B. When restricted to a specific building C. In tanks D. Threshed: 1) While located in separate granaries 2) In the open 3) While in tanks	See Rate Chart 2A Table No. 15 Table No. 15 Refer to Tanks Table No. 15 Table No. 15 Table No. 15
Grandstands and Bleachers	See Rate Chart 2A Table No. 22
Hay: In buildings	See Rate Chart 2A Table No. 15
Sign	See Rate Chart 2A Table No. 24
Silo A. Class 1 - Brick Class Construction, minimum capacity - 150 tons silage or 4,000 bushels grain, concrete foundation, sealed, bottom unloading and identified by trade name, model, year built, and location of building diagram. B. Class 2 (1) Brick, All Metal, Solid Concrete, Tile or Masonry Block (2) Not Brick, All Metal, Solid Concrete, Tile or Masonry Block	See Rate Chart 2A 50% of Table No. 15 Table No. 21 Table No. 23
Tanks A. Water (elevated) (1) Metal, Concrete or Masonry Tower (2) Wooden Tower B. Water (Ground) (1) Metal, Concrete or Masonry Tower (2) Wooden Tower Grain (1) Class I - Grain Tank must be Brick class construction, minimum capacity - 150 tons silage or 4,000 bushels grain, concrete foundation, sealed, bottom unloading and identified by trade name, model, year built, and location on building diagram. (2) Class II - All metal & not Class I	See Rate Chart 2A Table No. 23 Table No. 23 Table No. 15 Table No. 15 50% of Table No. 15 Table No. 15
Water Trough and Reservoir A. Metal Tower B. Wooden	See Rate Chart 2A Table No. 15 Table No. 15
Windmill and Tower A. Metal Tower B. Wooden Tower	See Rate Chart 2A Table No. 24 Table No. 24
Wool A. In a building	See Rate Chart 2A Table No. 15

Extended Coverage means windstorm and hail.