

TDI Implementation Tasks Under HB 3 (82nd Legislature)

September 28, 2011 – Effective date of Act

November 27, 2011 – 60th day after effective Date. Policies issued after this date are subject to all provisions of the Act, except as provided.

Matter	Action	Target Date	Status
<p>(1) Policy Forms §2210.205 <i>Association has three policy forms that must be modified. Other endorsements may also need to be created or modified. The policy forms have been amended to reflect basic HB 3 requirements for minimum earned premium, claims filing deadlines, coverages, notice of ombudsman program, and appraisal and mediation. Additional rules on appraisal and mediation, and the establishment of an optional contractual pre-dispute binding arbitration program will follow.</i></p>	<p>Forms Proposed by TWIA and Approved by TDI (for distribution with renewal notices to policyholders renewing on or after November 27, 2011)</p>		<p>Approved October 21, 2011 COMPLETE</p>
<p>(2) Minimum Earned Premium §2210.204 <i>Reduced from 180 to 90 days. This may eliminate the need to separately treat premium finance customers.</i></p> <p>Eligibility: Declination §2210.202 <i>Requires a declination every three years to obtain renewal coverage.</i></p>	<p>Revise 28 TAC §5.4903 and §5.4905, effective November 27, 2011.</p>		<p>Adopted December 16, 2011 COMPLETE</p>
<p>(3) Claims: Ombudsman Program §2210.582 <i>Authorizes the Commissioner to establish an ombudsman to inform and educate policyholders concerning the claims process.</i></p>	<p>Adopt Rules</p>		<p>Adopted February 28, 2012 COMPLETE</p>

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<p>4) Eligibility: Alternative Eligibility Program §2210.260 <i>Allows for the Association to insure structures that are inspected and certified as having at least one qualifying building component that has been built to code</i></p>	Adopt Rules		Adopted August 30, 2012 COMPLETE
<p>(5) Engineer Qualification Rules <i>HB 3 provides joint regulation of engineers seeking qualified inspector appointments.</i></p> <p><i>Texas Board of Professional Engineers (TBPE) creates roster of inspector candidates qualified in windstorm design work.</i></p> <p><i>Department appoints engineers from the roster that qualify as inspectors.</i></p>	Adopt Rules		Adopted October 2, 2012 COMPLETE
<p>(6) Claims: Expert Panel §2210.578 and §2210.580 <i>Provides for the creation of an expert panel to evaluate and model wind and water claims.</i></p>	Adopt Rules		Adopted December 20, 2012
	Panel Appointed	April 2013	

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<p>(7) Funding: Alternative Funding §2210.6136 <i>Addresses how the Association will fund losses when it is unable to issue all or any portion of the Class 1 public securities.</i></p> <p>Funding: Pre-Event Bonds §2210.072 <i>Allows the Association to enhance its initial post-storm liquidity through the issuance of pre-event Class 1 public securities.</i></p> <p>Funding: Coastal Policy Premium Surcharges §2210.613 <i>Revise TDI's existing rule to conform to changes made to §2210.613 regarding the types of insurance to be surcharged and whether the surcharges must be non-refundable.</i></p>	Adopt Rules		<p>Proposed June 22, 2012</p> <p>Proposal withdrawn after six months by operation of Government Code 2001.027 December 28, 2012</p>
<p>8) Claims: Appraisal Process §2210.574, Mediation and other ADR §2210.575, and §2210.580 <i>The policy form has been modified to reflect the basic HB 3 requirements. (Appraisal is binding, fees split equally, and a successful challenge only awards a new appraisal; TWIA may request mediation before proceeding to suit). These Rules will establish mediator, appraiser, and appraisal umpire qualifications and, if the parties cannot agree on a mediator or umpire, the Commissioner will select a mediator or umpire from a list.</i></p>	Develop Interim Rosters		Roster posted on TDI website March 1, 2012
	Permanent Rules Adopted		Adopted January 25, 2013
	Mediator and Umpire Rosters Available	March 2013	
<p>(9) Policy Forms: Arbitration §2210.554 <i>Adopt a pre-dispute binding arbitration program.</i></p>	Permanent Rules Proposed	July 2013	
	Permanent Rules Adopted	September 2013	

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<p>(10) Rates/Surcharges: Construction in excess of Building Code standard §2210.363 <i>Establish standards for construction in excess of the building code adopted in TWIA's plan of operation. TWIA must establish a rate credit.</i></p>	Permanent Rules Proposed	July 2013	
	Permanent Rules Adopted	September 2013	
<p>(11) Claims: Good cause deadline extensions §2210.581 <i>Adopt rules allowing for the extension of Chapter 2210, Subchapter L-1, deadlines on showing of good cause.</i></p>	Permanent Rules Proposed	July 2013	
	Permanent Rules Adopted	September 2013	
<p>(12) Claims: Claims Handling Requirements §2210.580 <i>Adopt rules defining procedures and deadlines for the handling of claims under Chapter 2210, Subchapter L-1.</i></p>	Permanent Rules Proposed	July 2013	
	Permanent Rules Adopted	September 2013	
<p>(13) Study: Single Adjuster Program Section 61 <i>TDI and Association shall jointly study the use of a single adjuster program for claims processing.</i></p> <p>Study: Direct Writing by Association Section 61 <i>Commissioner shall study the feasibility of the Association writing policies directly and the impact of direct writing on rates. The study findings will be submitted to the Association board.</i></p>	The studies shall be included in TDI's 2012 Biennial Report		COMPLETE