



Property Casualty Insurers
Association of America
Advocacy. Leadership. Results.

Adopted Regulation Bulletin

August 27, 2017

Topic:	Texas Issues Bulletins in Response to Hurricane Harvey
Jurisdiction(s):	Texas
Line(s) Affected:	Not Line Specific
PCI Contact:	Carol Emory 847-553-3805 carol.emory@pciaa.net
PCI Regional Manager:	Joe Woods 512-358-1345 joe.woods@pciaa.net

Overview

The Texas Department of Insurance has issued a number of bulletins following the declaration of a catastrophe by the governor and president in response to the damage caused by Hurricane Harvey. The bulletins encourage insurers to give affected policyholders a grace period for premium payments. Insurers are also authorized to immediately use nonresident and emergency adjusters to handle claims of persons affected by the hurricane.

Details

The affected counties include Aransas, Atascosa, Austin, Bee, Bexar, Brazoria, Brazos, Caldwell, Calhoun, Cameron, Chambers, Colorado, Comal, DeWitt, Fayette, Fort Bend, Galveston, Goliad, Gonzales, Grimes, Guadalupe, Hardin, Harris, Jackson, Jasper, Jefferson, Jim Wells, Karnes, Kerr, Kleberg, Lavaca, Lee, Leon, Liberty, Live Oak, Madison, Matagorda, Montgomery, Newton, Nueces, Refugio, San Patricio, Tyler, Victoria, Walker, Waller, Washington, Wharton, Willacy and Wilson counties.

Among the Commissioner's Bulletins relating to property and casualty insurance are the following:

Commissioner's Bulletin B-0011-17, Hurricane Harvey - Claims Adjusting and Adjusters

Because of the declaration of a disaster, insurers may use nonresident and emergency adjusters immediately in the adjustment of claims resulting from the Hurricane. Entities that use emergency adjusters must submit an application for the adjuster within 5 days of any applicant beginning work. The emergency license will be effective for 90 days and may be extended another 90 days. Further information may be found on the TDI [website](#). Insurers are encouraged to use all available means to provide prompt and immediate relief to affected policyholders.

Licensed adjusters are prohibited from adjusting a loss relating to roof damage on behalf of an insurer if the adjuster is a roofing contractor or is otherwise associated with roofing services, and roofing contractors are prohibited from adjusting roofing claims pursuant to Insurance Code s 4101.251.

Any person acting as a public insurance adjuster must be licensed by the TDI. Public insurance adjusters are prohibited from soliciting or attempting to solicit clients during the progress of a loss-producing natural disaster occurrence. Further, Insurance Code s 4102.158 prohibits public insurance adjusters from participating directly or indirectly in the reconstruction, repair, or restoration of damaged property that is the subject of a claim adjusted by the license holder or engaging in any other activities that may reasonably be construed as presenting a conflict of interest.

Roofing contractors are prohibited from acting as public adjusters or advertising to adjust claims for any property for which the contractor is providing or may provide roofing services. Contractors are not listed among the persons exempt from the adjuster licensing requirement.

Questions may be directed to the Agent and Adjuster Licensing Office by calling 512-676-6500 or the Fraud Unit by calling 888-327-8818.

Commissioner's Bulletin # B-0009-17, Hurricane Harvey - Premium Payments Grace Period

The TDI encourages insurers to provide premium relief to policyholders located in the counties covered in the governor's proclamation. This should include the suspension of premium payments while allowing for continuing insurance coverage. The TDI will work with insurers to minimize the regulatory effects of a insurer's suspension of premium payments. However, policyholders should

not forgive premium, but work with policyholders in the collection of premium.

Normal premium debits from financial institutions may continue according to the insurer's written agreement with a policyholder, unless a problem exists with the premium debits or a policyholder has a specific hardship. This should be weighed against the potential disruption to an insurer's business model or the inconvenience caused to the policyholder by multiple payments. Any problems should be resolved between the parties without a complaint being filed.

Commissioners Bulletin # B-0013-17, Hurricane Harvey - Commercial Automobile Insurance

Insurers should not re-rate, cancel, non-renew, or refuse to provide coverage for commercial auto vehicles solely due to the participation of the insured or potential insured in the relief effort. Such an action would be considered inappropriate by the TDI.

Commissioner's Bulletin # B-0015-17, Hurricane Harvey — Property and Casualty Rating and Underwriting

The TDI opines that it is inappropriate for insurers to re-rate, cancel, non renew, or refuse to provide coverage due solely to the policyholder's status as a victim or evacuee of Hurricane Harvey. Further, the TDI states it is not reasonable to change a policyholder's rating classifications or increase their rates solely because they are a victim of Harvey. However, an insurer that extends coverage has the right to earn premium on that extended coverage.

Commissioner's Bulletin # B-0016-17, Hurricane Harvey - Credit Scoring and Credit Information

Many hurricane victims have been relocated and/or sustained other personal hardships. The TDI reminds insurers that Insurance Code s 559.103 allows insurers to grant exceptions to an insurer's rates, rating classifications, or underwriting rules for an applicant for insurance coverage or an insured for an extraordinary event. An insurer must provide reasonable exceptions for a consumer whose credit information has been directly influenced, and may only consider credit information not affected by the event or assign a neutral credit score. The TDI encourages insurers to accept verbal requests in lieu of written. As a reminder, section 559.103 applies to personal insurance, which includes personal automobile, residential property, residential fire and allied lines insurance policies; or a noncommercial insurance policy covering a boat, personal watercraft, snowmobile, or recreational vehicle.

Commissioner's Bulletin # B-0017-17, Hurricane Harvey - Recommending Building and Repair Contractors

The TDI reminds insurers that they may not misrepresent the terms and provisions of a policy and that persons insured under a homeowners or dwelling policy are entitled to have their home repaired by a person of their choosing.

The TDI also reminds insurers of their obligations under the unfair claims settlement practices requirements.

Commissioner's Bulletin # B-0018-17, Hurricane Harvey - Denial of Wind Losses

The TDI asks insurers who deny coverage for wind losses to inform policyholders of potential coverage under the Texas Windstorm Insurance Association (TWIA) if the loss occurred in the TWIA coverage area.

Commissioner's Bulletin # B-0019-17, Hurricane Harvey - Vacancy Provisions

The TDI encourages insurers to provide relief to residents and policyholders who have been temporarily displaced, including the suspension of any vacancy provision in the policy, to allow continuing coverage. This accommodation is not intended to limit the application of a vacancy provision for policyholders who have permanently moved from their home or business.