Alternative Eligibility for Coverage Through the Texas Windstorm Insurance Association (TWIA)

Q: What type of property may be eligible for the alternative eligibility program?

A: Certain residential structures that do not have the required certificate(s) of compliance (WPI-8) for the structure.

Q: What do you mean by certain residential structures?

A: Residential structures constructed prior to January 1, 1988 are not required to have a certificate of compliance (WPI-8) for the structure.

Residential structures that began construction on or after June 19, 2009 are not eligible for the alternative eligibility program.

Any alteration, remodeling, enlargement, and repair of or addition to a residential structure that began on or after June 19, 2009 must have a certificate of compliance (WPI-8) for the alteration, remodeling, enlargement, repair or addition to the structure, otherwise the structure is not eligible for the alternative eligibility program.

Policyholders and applicants must comply with the TWIA's underwriting requirements, including maintaining the structure in an insurable condition. Otherwise the residential structure is not eligible for coverage through TWIA, including the alternative eligibility program.

Q: Can you give me some examples?

A: Yes.

Each example assumes that the policyholder or applicant complies with all underwriting requirements, including maintaining the structure in an insurable condition.

Each example assumes that the residential structure was constructed after January 1, 1988 or the residential structure was altered, remodeled, enlarged, repaired or added on to after January 1, 1988.

A: Example 1:

- Residential structure constructed **prior to** January 1, 1988, and

- The structure **has been** altered, remodeled, enlarged, repaired or added on to **after** January 1, 1988 but **prior to** June 19, 2009 (i.e. roof or siding is replaced/repaired in 2001), and
- There is **NOT** a certificate of compliance (WPI-8) for the alteration, remodeling, enlargement, repair of or addition to the structure.

Since the alteration, remodeling, enlargement, repair of or addition to the structure was done **prior to** June 19, 2009, and **after** January 1, 1988, this residential structure **IS** eligible for the alternative eligibility program.

A: Example 2:

- Residential structure constructed **prior to** January 1, 1988, and
- The structure **has been** altered, remodeled, enlarged, repaired or added on to after June 19, 2009 (i.e. roof or siding is replaced/repaired in 2011), and
- There is **NOT** a certificate of compliance (WPI-8) for the alteration, remodeling, enlargement, repair of or addition to the structure.

Since the alteration, remodeling, enlargement, repair of or addition to the structure was done **on or after** June 19, 2009 and there is **NOT** a certificate of compliance (WPI-8) for the alteration, remodeling, enlargement, repair or addition to the structure, this residential structure is **NOT** eligible for the alternative eligibility program and is **NOT** eligible for coverage through TWIA until the appropriate certificate(s) of compliance (WPI-8) is obtained.

A: Example 3:

- Residential structure constructed **on or after** January 1, 1988 and **prior to** June 19, 2009, and
- There is **NOT** a certificate of compliance (WPI-8) for the structure, and
- The structure **has not** been altered, remodeled, enlarged, repaired or added on to since June 19, 2009.

Since the structure was constructed **on or after** January 1, 1988 and **prior to** June 19, 2009, this residential structure **IS** eligible for the alternative eligibility program.

A: Example 4:

- Residential structure constructed in 2001 and there is **NOT** a certificate of compliance (WPI-8) for the structure, and
- The structure **has been** altered, remodeled, enlarged, repaired or added on to after June 19, 2009 (i.e. roof or siding is replaced/repaired in 2011), and

- There is **NOT** a certificate of compliance (WPI-8) for the alteration, remodeling, enlargement, repair of or addition to the structure.

  Since the alteration, remodeling, enlargement, repair of or addition to the structure was done **on or after** June 19, 2009 and there is **NOT** a certificate of compliance (WPI-8) for the alteration, remodeling, enlargement, repair or addition to the structure, this residential structure is **NOT** eligible for the alternative eligibility program and is **NOT** eligible for coverage through TWIA until the appropriate certificate(s) of compliance (WPI-8) is obtained.

A: Example 5:

- Residential structure constructed in 2001 and there is **NOT** a certificate of compliance (WPI-8) for the structure.
- The structure **has been** altered, remodeled, enlarged, repaired or added on to after June 19, 2009 (i.e. roof or siding is replaced/repaired in 2011), and
- There **IS** a certificate of compliance (WPI-8) for the alteration, remodeling, enlargement, repair of or addition to the structure.

  Since the alteration, remodeling, enlargement, repair of or addition to the structure was done **on or after** June 19, 2009 and there **IS** a certificate of compliance (WPI-8) for the alteration, remodeling, enlargement, repair or addition to the structure, this residential structure **IS** eligible for the alternative eligibility program.

Q: If I am insured under the alternative eligibility program or the transition program, do I continue to be eligible for coverage under that program as long as I maintain my insurance with TWIA?

A: No. Those who are insured by TWIA under the alternative eligibility program or transition program as of August 31, 2012 and who have not obtained the required certificate(s) of compliance, **must obtain an alternative certification before TWIA may renew coverage for the structure on or after August 31, 2013.**

Q: What is an alternative certification?

A: The 82nd Legislature, 1st Called Special Session, enacted House Bill 3 (HB 3). HB 3 added Section 2210.260, Alternative Eligibility For Coverage, to Chapter 2210 of the Texas Insurance Code. This section provides that a person who has an insurable interest in a residential structure may obtain insurance coverage through the Texas Windstorm Insurance Association (TWIA) for that structure without obtaining a certificate of compliance.

The new law also requires a person who has a residential structure insured by TWIA that has not obtained the required certificate(s) of compliance (WPI-8) for the structure, *must obtain an alternative certification before TWIA may renew coverage on that structure,* ***on or after August 31, 2013.***

The Texas Department of Insurance (Department) is responsible for issuing an alternative certification for qualifying structural building components. In order to accomplish this the Department may establish rules to identify which structural building components are considered as "qualified". TWIA will provide additional information when it becomes available.

Q: Do I have to pay a surcharge under the alternative eligibility program?

A: Yes. A 15% surcharge applies to the premium for a policy written under the alternative eligibility program. TWIA will have to develop an actuarially sound rate, credit, or surcharge for an alternative certification. TWIA will provide additional information when it becomes available.