No. 2017- 5209

Official Order
of the
Texas Commissioner of Insurance

Date: SEP 0 1 2017

Subject Considered:

Weather-Related Event that Occurred August 25, 2017, through August 31, 2017

General Remarks and Official Action Taken:

The Texas Department of Insurance considers whether a weather-related event that occurred August 25, 2017, through August 31, 2017, is a catastrophe for the purpose of claims processing, under Insurance Code §542.059 and 28 TAC §5.9303.

BACKGROUND

- Insurance Code Chapter 542, Subchapter B, requires insurers to meet specific deadlines when they process and pay insurance claims. Insurance Code §542.059 extends those deadlines by 15 days in the event of a weather-related catastrophe or major natural disaster, as defined by the commissioner.

- An individual insurer or a group of insurers may petition the department for a determination that a weather-related event is a catastrophe or major natural disaster. 28 TAC §5.9303(a).

- An insurer's petition must include the type of losses, specific lines of insurance affected, location of the loss, the specific period during which the event occurred, the insurer's total estimated number of claims, and the reasons the insurer is unable to process claims within the statutorily required period. 28 TAC §5.9303(b).

- A weather-related event constitutes a catastrophe or major natural disaster if, in a reasonably defined area in which the losses occur, it results in estimates of at least 3,000 claims in aggregate for all insurers and at least $5 million in estimated losses in aggregate

for all insurers. 28 TAC §5.9303(c).

FINDINGS OF FACT

1. TDI received a petition from an insurer for a determination that a weather-related event is a catastrophe.

2. The petition stated:

- The type of loss was weather.
- The specific lines of insurance affected were fire (property) and automobile.
- The locations of the loss were Anderson, Angelina, Aransas, Atascosa, Austin, Bandera, Bastrop, Bee, Bexar, Blanco, Bowie, Brazoria, Brazos, Brewster, Brown, Burleson, Burnet, Caldwell, Calhoun, Cameron, Castro, Chambers, Colorado, Comal, Dallas, Dawson, DeWitt, Denton, Eastland, Ector, El Paso, Fannin, Fayette, Foard, Fort Bend, Freestone, Gaines, Galveston, Gillespie, Goliad, Gonzales, Grayson, Gregg, Grimes, Guadalupe, Hamilton, Hansford, Hardin, Harris, Harrison, Hays, Henderson, Hidalgo, Hood, Houston, Howard, Hunt, Hutchinson, Jackson, Jasper, Jefferson, Jim Wells, Johnson, Karnes, Kaufman, Kenedy, Kerr, Kimble, Kleberg, Lamar, Lavaca, Lee, Leon, Liberty, Live Oak, Llano, Lubbock, Madison, Marion, Matagorda, Maverick, McCulloch, McLennan, Medina, Midland, Milam, Montgomery, Nacogdoches, Newton, Nueces, Orange, Polk, Presidio, Randall, Refugio, Robertson, Rockwall, Runnels, Rusk, San Augustine, San Jacinto, San Patricio, Smith, Somervell, Starr, Tarrant, Taylor, Travis, Trinity, Tyler, Victoria, Walker, Waller, Ward, Washington, Webb, Wharton, Wichita, Williamson, Wilson, Winkler, and Young counties.
- The specific period of the event was August 25, 2017, through August 31, 2017.
- The insurer's total estimated number of claims is 48,780 to 88,815 with an estimated total loss amount of over $5 million.
- The reasons the insurer is unable to process the claims within the statutorily required time is because the significant volume of claims generated by this event will exceed the capacity of the insurer's local resources to process the catastrophe event claims in addition to processing its day-to-day claims.

CONCLUSIONS OF LAW

1. TDI has authority and jurisdiction over this matter under Texas Insurance Code §542.059.

2. The area in which the losses occurred is defined by reasonable boundaries.

3. The estimated total dollar losses are $5 million or more in the aggregate for all insurers and the estimated total number of claims is 3,000 or more in the aggregate for all insurers, for the

designated area where the losses occurred.

4. TDI has determined the weather-related event that occurred August 25, 2017, through August 31, 2017, in Aransas, Atascosa, Austin, Bastrop, Bee, Bexar, Brazoria, Brazos, Burleson, Caldwell, Calhoun, Cameron, Chambers, Colorado, Comal, DeWitt, Fayette, Fort Bend, Galveston, Goliad, Gonzales, Grimes, Guadalupe, Hardin, Harris, Hays, Hidalgo, Jackson, Jasper, Jefferson, Jim Wells, Karnes, Kleberg, Lavaca, Lee, Liberty, Live Oak, Matagorda, Montgomery, Newton, Nueces, Orange, Polk, Refugio, San Jacinto, San Patricio, Travis, Tyler, Victoria, Walker, Waller, Washington, Wharton, Williamson, and Wilson counties, is a catastrophe for the purpose of claims processing, under Insurance Code §542.059 and 28 TAC §5.9303.

ORDER

The department orders that under Insurance Code §542.059 and 28 TAC §5.9303, the weather-related event that occurred August 25, 2017, through August 31, 2017, in Aransas, Atascosa, Austin, Bastrop, Bee, Bexar, Brazoria, Brazos, Burleson, Caldwell, Calhoun, Cameron, Chambers, Colorado, Comal, DeWitt, Fayette, Fort Bend, Galveston, Goliad, Gonzales, Grimes, Guadalupe, Hardin, Harris, Hays, Hidalgo, Jackson, Jasper, Jefferson, Jim Wells, Karnes, Kleberg, Lavaca, Lee, Liberty, Live Oak, Matagorda, Montgomery, Newton, Nueces, Orange, Polk, Refugio, San Jacinto, San Patricio, Travis, Tyler, Victoria, Walker, Waller, Washington, Wharton, Williamson, and Wilson counties, is a catastrophe, and claims processing deadlines imposed under Chapter 542, Subchapter B are extended in those counties for an additional 15 days.

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Texas Department of Insurance
Delegation Order 4506