To: Congregations and Clergy of the Diocese of West Texas

Our prayers continue to be with those impacted by Hurricane Harvey and its aftermath as it lingers with widespread rainfall and devastating flooding.

Our office has received quite a few requests for information regarding House Bill 1774, known as the “Hailstorm Bill” which goes into effect on Friday, September 1, 2017. Social media and local news agencies have offered several different versions on what this bill includes and what effects it might have on property owners. Details of the bill are found at the bottom of this notice for those wanting more details about the bill.

Our inquiries have been centered on the need for a church to send notice of a claim to their insurance carrier prior to Friday if they have damage caused by Hurricane Harvey. We want to provide you with information that will hopefully take this additional burden off of you this week as you assess any damages or loss due to the hurricane. All but one of our congregations are insured by the Church Insurance Company of Vermont, (CICVT), which is a captive insurance company. (The one congregation not insured by CICVT is not on the Gulf Coast.) As a captive insurance company, this bill does not apply to our congregations that are insured through CICVT. A captive insurer is generally defined as an insurance company that is wholly owned and controlled by its insureds: its primary purpose is to insure the risks of its owners, and its insureds benefit from the captive insurer’s underwriting profits.

Flood and wind are included in our CICVT policies, although TWIA and FEMA National Flood Insurance Program policies are exempt from the new law.

Bottom line, our congregations need not take action at this time with regards to the “Hailstorm Bill” by notifying your insurance companies. In other words, you do not have to report notice of claim by Friday.

For those wanting additional information about the bill, keep reading.

The bill known as the “Hailstorm Bill” goes into effect on Friday. It applies to any person (i.e., a corporation, association, partnership, or other legal entity) making a first party claim under an insurance policy providing coverage for real property or improvements to real property arising from damage to or loss of covered property caused by “forces of nature, including an earthquake, wildfire, flood, tornado, lighting, hurricane, hail, wind, snowstorm, or a rainstorm.” The new law applies to timely notification of lawsuits filed in the event of non-payment or underpayment of a claim. The law reduces the interest rate paid on an unlawfully delayed claim from 18% to 10% and has restrictions on recovery of attorney’s fees. In order to fall under and receive the benefits under the current laws, policyholders should send notice in writing to their insurance company that (1) specifically references their claim, and (2) ensure their notice is dated BEFORE September 1, 2017.

Again, this does not affect our congregations dealing with the aftermath of Harvey.

Faithfully,

Kirk Mason