



Between February 11-20, 2021, three back-to-back winter storms brought an unprecedented amount of snow, ice and freezing temperatures to Texas and other parts of the southern U.S. Power outages from the severe weather and [intentional rolling blackouts](#) resulted in a chain reaction of unheated premises, frozen water systems and burst pipes. Insureds faced extensive building and personal property damage, shortage of drinkable water, out of service fire protection systems and widespread business interruption.

Early insured loss estimates were around [\\$18 billion](#). Regardless of the final total, it's safe to say this will be the largest insured loss from a U.S. winter storm in industry history.

As with any loss event of this size and scope, there will likely be claims issues. If you haven't heard from your carrier on the status of your claim, the following are questions and issues that you may encounter. Amwins believes that a strong defense is a good offense and being prepared for these conversations is imperative for a successful outcome.

Potential Claims Questions Arising from Texas Winter Storms

How may occurrences and deductibles will be applied to these winter storms?

Most commercial policies define the term "occurrence," with many imposing a time period limitation on the length of a loss event. In the case of the Texas winter storms, it is unclear if carriers will consider this one occurrence or multiple, and thus apply multiple deductibles.

On what basis will deductibles be applied?

The impact of these historic winter storms was felt across the entire state of Texas and well into neighboring states. Due to the widespread nature of the losses, you will need to know how deductibles will be applied to schedules of buildings.

Depending on pre-negotiated policy language and legal interpretation, deductibles can be calculated on a per location or per building basis, or all locations could fall under one deductible. Policies should also be reviewed to determine if there are any deductible caps for loss events when more than one location is impacted.

Will the intentional power outages enacted by the Electric Reliability Council of Texas be a covered cause of loss?

During the winter storms, Texas' power grid became unstable when there was more energy demand than supply. This forced drastic actions by the Texas utility operator, [including deliberate blackouts](#). If the power was out due to an intentional shut off, it will need to be determined whether the shut off is a covered cause of loss that will pick up the resulting water damage.

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CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

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But wait, there's more. Additional claims questions that may arise.

- If a building's water system was poorly designed, causing pipes to freeze, would any resulting damage be excluded due to design error?
- Will there be Business Interruption claims as a result of Civil Authority preventing access to the insured's premises?
- If mold or fungi develop as a result of water damage, will the policy limit or exclude coverage for mold?

Summary

These are just a sampling of the questions and challenges that could impact Texas winter storm claims. While individual carrier stances may vary, retailers should be prepared to address these issues with their clients. Once the carrier takes a position, your Amwins broker can provide guidance in navigating the claims process and engage our complex claims advocacy resources when needed.

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