

No. **2023-7856**

**Official Order  
of the  
Texas Commissioner of Insurance**

**Date: 03/22/2023**

*Petition and Filing Numbers:*

Homeowners (HO-A), P-0123-01, S707729  
Dwelling (TDP-1), P-0123-04, S707728  
Condominium (HO-CONB), P-0123-02, S707725  
Tenant (HO-BT), P-0123-03, S707724

**Subject Considered:**

Rate Filing for the Texas Fair Access to Insurance Requirements Plan Association

**General Remarks and Official Action Taken:**

The subject of this order is the approval of proposed rate filings S707729, S707728, S707725, and S707724, as filed by the Texas Fair Access to Insurance Requirements Association (FAIR Plan).

**Background**

Insurance Code Section 2211.056 requires the FAIR Plan to file with the commissioner of insurance proposed rates to be used in connection with the issuance of insurance policies or endorsements. Under this statute, the commissioner is required to approve or disapprove, in whole or in part, the proposed rates within 60 days of filing, with an additional 30-day extension upon written notice by the Texas Department of Insurance (TDI) to the FAIR Plan. This order addresses the proposed changes in the residential property insurance rates the FAIR Plan filed with TDI on December 22, 2022.

The original deadline for commissioner approval or disapproval was February 20, 2023, subject to the 30-day extension. TDI extended the deadline, by letter dated February 16, 2023, to March 22, 2023. The FAIR Plan's proposed effective date for these new filings is August 1, 2023.

After considering the filing, the commissioner adopts the following findings of fact and conclusions of law.

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## Findings of Fact

1. The FAIR Plan is established under Insurance Code Section 2211.051 to deliver residential property insurance in designated areas in Texas, and it serves as the nonprofit association that performs the functions required by Insurance Code Section 2211.054, under the plan of operation adopted pursuant to Insurance Code Section 2211.054.
2. On December 22, 2022, the FAIR Plan filed residential property insurance rates for its homeowners (HO-A), dwelling (TDP-1), condominium (HO-CONB), and tenant (HO-BT) policy forms with TDI. TDI assigned filing numbers S707729, S707728, S707725, and S707724 to the homeowners (HO-A), dwelling (TDP-1), condominium (HO-CONB), and tenant (HO-BT) filings, respectively.
3. The FAIR Plan used its premium and loss data for five calendar/accident years spanning December 31, 2017, through December 31, 2021, the most recent available years' data, to develop rate indications by zone.
4. The FAIR Plan averaged actual expenses incurred in 2019 through 2022 and projected 2023 expense ratios to develop its underwriting expense provision.
5. The FAIR Plan's indicated and proposed rate changes in filing S707729 for its homeowners (HO-A) policy vary by zone as follows:

| <b>Homeowners</b>                              |                                    |                                   |
|--|------------------------------------|-----------------------------------|
| <b><u>Zone</u></b>                             | <b><u>Indicated<br/>Change</u></b> | <b><u>Proposed<br/>Change</u></b> |
| Central North –<br>Greater Dallas/Ft.<br>Worth | 38.3%                              | 10.0%                             |
| Central North –<br>Remainder                   | 19.4%                              | 10.0%                             |
| Central South                                  | 24.5%                              | 10.0%                             |
| North/Northwest                                | 27.8%                              | 10.0%                             |
| Seacoast – Tier 1                              | 13.8%                              | 10.0%                             |
| Seacoast – Tier 2                              | 15.9%                              | 10.0%                             |
| Overall Statewide Average                      | 18.2%                              | 10.0%                             |

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6. The FAIR Plan's indicated and proposed rate changes in filing S707728 for fire coverage for its dwelling (TDP-1) policy do not vary by zone. The indicated and proposed rate changes for extended coverage, however, do vary by zone. The indicated and proposed changes for fire and extended coverage are as follows:

| <b>Dwelling</b>        |  | <b><u>Indicated</u></b> | <b><u>Proposed</u></b> |
|------------------------|--|-------------------------|------------------------|
| <b><u>Coverage</u></b> | <b><u>Zone</u></b>                       | <b><u>Change</u></b>    | <b><u>Change</u></b>   |
| Fire                   | Overall Statewide Average                | 15.0%                   | 10.0%                  |
| Extended Coverage      | Central North – Greater Dallas/Ft. Worth | 60.2%                   | 10.0%                  |
| Extended Coverage      | Central North – Remainder                | 45.2%                   | 10.0%                  |
| Extended Coverage      | Central South                            | 40.0%                   | 10.0%                  |
| Extended Coverage      | North/Northwest                          | 29.5%                   | 10.0%                  |
| Extended Coverage      | Seacoast – Tier 1                        | -34.3%                  | -10.0%                 |
| Extended Coverage      | Seacoast – Tier 2                        | 20.7%                   | 10.0%                  |
| Extended Coverage      | Overall Statewide Average                | 21.9%                   | 9.5%                   |

7. The FAIR Plan's indicated and proposed rate changes in filing S707725 for its condominium (HO-CONB) policy vary by zone as follows:

| <b>Condominium</b>                       |  | <b><u>Indicated</u></b> | <b><u>Proposed</u></b> |
|--|--|-------------------------|------------------------|
| <b><u>Zone</u></b>                       |  | <b><u>Change</u></b>    | <b><u>Change</u></b>   |
| Central North – Greater Dallas/Ft. Worth |  | 36.5%                   | 10.0%                  |
| Central North – Remainder                |  | 172.6%                  | 10.0%                  |
| Central South                            |  | 40.0%                   | 10.0%                  |
| North/Northwest                          |  | 27.2%                   | 10.0%                  |
| Seacoast – Tier 1                        |  | 20.0%                   | 10.0%                  |
| Seacoast – Tier 2                        |  | 30.6%                   | 10.0%                  |

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Overall Statewide Average 29.9% 10.0%

8. The FAIR Plan's indicated and proposed rate changes in filing S707724 for its tenant (HO-BT) policy vary by zone as follows:

| <b>Zone</b>                                    | <b>Tenant</b> | <b><u>Indicated Change</u></b> | <b><u>Proposed Change</u></b> |
|--|---------------|--------------------------------|-------------------------------|
| Central North –<br>Greater Dallas/Ft.<br>Worth |               | 27.1%                          | 10.0%                         |
| Central North –<br>Remainder                   |               | 5.8%                           | 5.8%                          |
| Central South                                  |               | 8.0%                           | 8.0%                          |
| North/Northwest                                |               | 6.6%                           | 6.6%                          |
| Seacoast – Tier 1                              |               | 40.1%                          | 10.0%                         |
| Seacoast – Tier 2                              |               | 26.5%                          | 10.0%                         |
| Overall Statewide Average                      |               | 28.0%                          | 9.8%                          |

9. The indicated rate changes vary by policy form and zone. The credibility and the magnitude of the wind provision affect the zone's indications.

10. The rate changes proposed by the FAIR Plan reflect a cap of 10% on the indicated rate increases and -10% on the indicated rate decreases.

11. Limiting rate changes is a common actuarial practice that promotes rate stability.

## Conclusions of Law

1. The commissioner has jurisdiction over this matter under Insurance Code Section 2211.056.
2. Insurance Code Section 2211.056(b) requires the FAIR Plan to set rates in an amount sufficient to (1) carry all claims to maturity and (2) meet the expenses incurred in the writing and servicing of the business.

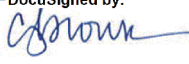
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3. The proposed changes addressed in Findings of Fact Nos. 5–8 are consistent with Insurance Code Section 2211.056(b).


## Order

It is ordered that the proposed rates filings S707729, S707728, S707725, and S707724 are approved, to be effective for new business and for renewal business August 1, 2023.

DocuSigned by:  
  
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Cassie Brown  
Commissioner of Insurance

Recommended and reviewed by:

DocuSigned by:  
  
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Mark Worman, Deputy Commissioner

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Jessica Barta, General Counsel