

No. 2067

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

**Date: NOV 20 2012**

**Subject Considered:**

Annual Inflation Adjustments to the Maximum Liability Limits for Risks  
Insured by the Texas Windstorm Insurance Association  
Docket No. 2743

**General remarks and official action taken:**

The commissioner of insurance considers the Texas Windstorm Insurance Association's proposal to adjust the maximum liability limits for TWIA windstorm and hail insurance policies delivered, issued for delivery, or renewed on or after January 1, 2013. After considering TWIA's filing and amendment, staff analysis, and testimony presented, the commissioner makes the following findings of fact and conclusions of law.

**FINDINGS OF FACT**

1. On September 28, 2012, TWIA filed its proposal (Reference No. P-1012-07) to adjust the maximum liability limits for TWIA windstorm and hail insurance policies delivered, issued for delivery, or renewed on or after January 1, 2013, from the January 1, 2012, limits based on the BOECKH Index, as required by Insurance Code §2210.503.
2. On October 17, 2012, TWIA filed an amendment to its September 28, 2012, filing to adjust its maximum liability limits.
3. The commissioner held a duly noticed public hearing on October 30, 2012, at 9:30 a.m., in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe St., Austin, Texas. Interested persons were invited to present written and oral testimony relating to TWIA's filing at the hearing. TWIA presented its proposal at the hearing. No other person commented.
4. TWIA's proposal reflects changes in the BOECKH Index factors for Corpus Christi and Houston, the only two locations on the Texas coast where index factors are available.

5. The change in the BOECKH Index factors from 2011 to 2012 reflects an increase in construction costs.
6. TWIA calculated a weighted average of BOECKH Index factors using TWIA's distribution of total business by type of construction. The increase in the weighted average BOECKH Index factors is:
  - (a) 2.9 percent for a dwelling, including an individually owned townhouse unit, and the corporeal movable property located in or about the dwelling, and as an extension of coverage, away from those premises, as provided under the policy;
  - (b) 2.8 percent for individually owned corporeal movable property located in an apartment unit, residential condominium unit, or townhouse unit that is occupied by the owner of that property, and as an extension of coverage, away from those premises, as provided under the policy; and
  - (c) 2.7 percent for a commercial building and the corporeal movable property located in that structure, and as an extension of coverage, away from those premises, as provided under the policy.
7. Since January 1, 2005, TWIA's maximum liability limit for dwellings, including individually owned townhouse units, and the corporeal movable property located in or about the dwelling, and as an extension of coverage, away from those premises, as provided under the policy, has increased by 305 percent. For the same period, the corresponding BOECKH Index factors increased by less than 30 percent.
8. Since January 1, 2005, TWIA's maximum liability limit for individually owned corporeal movable property located in an apartment unit, residential condominium unit, or townhouse unit that is occupied by the owner of that property, and as an extension of coverage, away from those premises, as provided under the policy, has increased by 140 percent. For the same period, the corresponding BOECKH Index factors increased by less than 30 percent.
9. Since January 1, 2005, TWIA's maximum liability limit for commercial buildings and the corporeal movable property located in those structures, and as an extension of coverage, away from those premises, as provided under the policy, has increased by 102 percent. For the same period, the corresponding BOECKH Index factors increased by less than 40 percent.

**CONCLUSIONS OF LAW**

1. The commissioner has jurisdiction over this matter under Insurance Code §2210.504.
2. TWIA filed its proposal to adjust the maximum liability limits for TWIA windstorm and hail insurance policies with the commissioner in accord with Insurance Code §2210.503.
3. A duly noticed public hearing on TWIA's filing was held in accord with Insurance Code §2210.504(a).
4. Based on the findings of fact and conclusions of law, the commissioner concludes that TWIA's proposal to adjust the maximum limits of liability is not necessary at this time and should be denied.

The commissioner orders that TWIA's filing to adjust the maximum limits of liability for TWIA windstorm and hail insurance policies delivered, issued for delivery, or renewed on or after January 1, 2013, is denied.



Eleanor Kitzman  
Commissioner of Insurance