



James C. Murphy, FCAS, MAAA
Vice President - Actuary

August 15, 2012

Marilyn Hamilton
Property & Casualty Associate Commissioner
Texas Department of Insurance
P.O. Box 149104 M/C 104-PC
Austin, TX 78701

RE: Texas Windstorm Insurance Association Annual Rate Filing

Dear Marilyn:

Section 2210.352 of the Texas Insurance Code states that, not later than August 15 of each year, the Texas Windstorm Insurance Association shall file with the Department a proposed manual rate for all types and classes of risks written by the Association.

This filing is made pursuant to Section 2210.352 (a-1) and fulfills all of the requirements of that subsection.

On May 15, 2012, the Board of Directors of the Association voted to file for uniform 5% increases in both its residential and commercial rates, to be effective January 1, 2013. The increases are based on an actuarial review performed by Merlinos & Associates resulting in indications of +47% and +35% for residential and commercial rates, respectively, assuming a 20% provision for contribution to the Catastrophe Reserve Trust Fund. The complete actuarial analysis is attached.

Additionally, this filing includes a change to the rates for Farm and Ranch Dwellings and Personal Property. Previously, TWIA has maintained separate rates for these items that reflected the approved changes in commercial rates. With this filing, TWIA has set the rates for these items equal to the rates for identical Residential Dwellings and Personal Property as shown on the attached addendum. The impact of this change on overall rates is approximately -0.03%.

If you or your staff has any questions or comments, please contact John Polak or me.

Respectfully,

A handwritten signature in black ink, appearing to be 'JCM', written in a cursive style.

James C. Murphy

Texas Windstorm Insurance Association

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