



Xiuyu Li, ACAS, MAAA
Senior Actuary
Manager of Actuarial Analysis

August 10, 2020

Mrs. J'ne Elizabeth Byckovski
Chief Actuary
Texas Department of Insurance
333 Guadalupe Street
Austin, TX 78714-9104

RE: Texas Windstorm Insurance Association Adjustments to Maximum Liability Limits

Dear J'ne:

Section 2210.502(a) of the Texas Insurance Code states that the Texas Windstorm Insurance Association shall propose to the Commissioner inflation adjustments to its maximum liability limits at a rate that reflects any change in the BOECKH index.

On August 4, 2020, the Board of Directors of the Association approved the filing of increased limits as indicated by changes in the BOECKH index. These indicated limits are as follows:

| | Current 2020 | Proposed 2021 | % Change |
|---|-------------------------|--------------------------|---------------------|
| Dwellings and individually owned townhouses | \$1,773,000 | \$1,773,000 | 0% |
| Contents of an apartment, condominium, or townhouse | \$374,000 | \$374,000 | 0% |
| Commercial structures and associated contents | \$4,424,000 | \$4,424,000 | 0% |

The limit of liability for governmental buildings and corporeal movable property shall be indexed and adjusted as provided for commercial structures and associated contents, per Texas Insurance Code Section 2210.502(d).

Supporting documents are attached.

We look forward to the Commissioner's consideration of the proposed limits. If you or your staff have any questions or comments, please contact Jerry Fadden or me.

Respectfully,

Xiuyu Li

Texas Windstorm Insurance Association
Calculation of Indicated Limits of Liability
To Be Effective January 1, 2021
Using Marshall & Swift / Boeckh Building Cost Index Numbers



| Type of Construction | Ratio of Total TWIA Business | <u>Boeckh Index as of November/December 2018</u> | | | <u>Boeckh Index as of November/December 2019</u> | | |
|---|------------------------------|--|---------|---------|--|---------|-----------|
| | | Corpus Christi | Houston | Average | Corpus Christi | Houston | Average |
| <u>Dwelling, including individually owned townhouse unit, & associated corporeal movable property</u> | | | | | | | |
| Frame | 97.76% | 2476.9 | 2565.2 | 2521.1 | 2432.2 | 2554.5 | 2493.4 |
| Brick | 2.24% | 2541.0 | 2706.1 | 2623.6 | 2515.5 | 2670.8 | 2593.2 |
| Weighted Average Factor | | | | 2523.3 | | | 2495.6 |
| Indicated Change | | | | | | | -1.1% |
| Current Limit | | | | | | | 1,773,000 |
| Indicated Limit of Liability | | | | | | | 1,753,000 |
| <u>Individually-owned corporeal movable property located in an owner-occupied apartment, residential condominium, or townhouse unit</u> | | | | | | | |
| Frame | 54.53% | 2476.9 | 2565.2 | 2521.1 | 2432.2 | 2554.5 | 2493.4 |
| Brick | 45.47% | 2541.0 | 2706.1 | 2623.6 | 2515.5 | 2670.8 | 2593.2 |
| Weighted Average Factor | | | | 2567.7 | | | 2538.7 |
| Indicated Change | | | | | | | -1.1% |
| Current Limit | | | | | | | 374,000 |
| Indicated Limit of Liability | | | | | | | 370,000 |
| <u>Structure other than a dwelling or public building and the corporeal movable property located in that structure</u> | | | | | | | |
| Apartments - Brick, Wood | 14.21% | 2565.2 | 2628.7 | 2597.0 | 2526.5 | 2617.6 | 2572.1 |
| Apartments - Brick, Concrete | 2.44% | 2512.1 | 2793.2 | 2652.7 | 2484.4 | 2770.7 | 2627.6 |
| Apartments - Brick, Steel | 10.95% | 2524.9 | 2875.4 | 2700.2 | 2449.7 | 2781.6 | 2615.7 |
| Commercial - Frame | 25.64% | 2606.0 | 2768.7 | 2687.4 | 2600.7 | 2771.2 | 2686.0 |
| Commercial - Steel | 0.00% | 2586.6 | 2812.0 | 2699.3 | 2560.7 | 2783.8 | 2672.3 |
| Commercial - Brick, Wood | 1.12% | 2739.8 | 2824.3 | 2782.1 | 2696.0 | 2798.7 | 2747.4 |
| Commercial - Brick, Steel | 21.44% | 2653.5 | 3200.9 | 2927.2 | 2637.2 | 3149.8 | 2893.5 |
| Commercial - Brick, Concrete | 24.20% | 2359.1 | 2770.2 | 2564.7 | 2351.9 | 2784.0 | 2568.0 |
| Weighted Average Factor | | | | 2697.9 | | | 2677.3 |
| Indicated Change | | | | | | | -0.8% |
| Current Limit | | | | | | | 4,424,000 |
| Indicated Limit of Liability | | | | | | | 4,390,000 |

Note: Due to Covid19, TWIA had not received May/June 2020 Boeckh index data in time for its Board Meeting Report and chose 2019 November/Dec index, which was the most recent index data available then

Texas Windstorm Insurance Association
Proposed Limits of Liability
To Be Effective January 1, 2021
Impact on Exposures In-Force as of 6/30/20



Statutory Limits of Liability

| | Current | Proposed | Increase |
|--------------|-----------|-----------|----------|
| Dwelling | 1,773,000 | 1,773,000 | 0 |
| Contents | 374,000 | 374,000 | 0 |
| Non-Dwelling | 4,424,000 | 4,424,000 | 0 |

| | Risks at Statutory Limits | Exposure Current | Proposed | Increase |
|-----------------------------|---------------------------------|---------------------|-------------|----------------|
| Dwelling | 2 | 3,546,000 | 3,546,000 | 0 |
| Contents | 51 | 19,074,000 | 19,074,000 | 0 |
| Non-Dwelling | 130 | 575,120,000 | 575,120,000 | 0 |
| Total | 183 | 597,740,000 | 597,740,000 | 0 |
| Total TWIA Exposure | | | | 54,708,902,727 |
| % Increase in TWIA Exposure | | | | 0.00% |