

No. 2018-5654

**OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE**

Date: OCT 11 2018

Subject Considered:

**Order on Proposed Adjustments to Texas Windstorm Insurance Association Policy
Maximum Liability Limits
Docket No. 2810**

General remarks and official action taken:

The Texas Windstorm Insurance Association (TWIA) proposed adjustments to its maximum liability limits under policies delivered, issued for delivery, or renewed on or after January 1, 2019.

BACKGROUND

Insurance Code Section 2210.503 requires TWIA to annually file proposed inflation adjustments based on changes in the BOECKH Index to the maximum liability limits under its windstorm and hail policies. Under Insurance Code Section 2210.504, after notice and hearing, the Commissioner must approve, disapprove, or modify the proposed maximum liability limits.

Insurance Code Section 2210.502(b) provides that "[t]he indexing of the limits shall adjust for changes occurring on and after January 1, 1997."

The Commissioner held a public hearing on the proposed adjustments on October 8, 2018. After conclusion of the hearing, and considering TWIA's filing, TDI staff analysis, all testimony presented at the hearing, and all other comments submitted in connection with the filing, the Commissioner adopts the following findings of fact and conclusions of law.

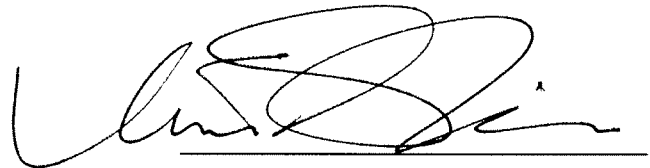
FINDINGS OF FACT

1. The historical increases since 1997 in the maximum liability limits of TWIA policies significantly exceed the historical increases in the BOECKH Index, as shown below:
 - (a) TWIA requests an increase of approximately 4.2 percent, from \$1,773,000 to \$1,847,000, 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. Had the historical increases tracked the BOECKH Index since 1997, the maximum liability limit in 2019 would be \$634,000.
 - (b) TWIA requests an increase of approximately 4.5 percent, from \$374,000 to \$391,000, 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. Had the historical increases tracked the BOECKH Index since 1997, the maximum liability limit in 2019 would be \$229,000.
 - (c) TWIA requests an increase of approximately 3.9 percent, from \$4,424,000 to \$4,495,000, for a non-dwelling 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. Had the historical increases tracked the BOECKH Index since 1997, the maximum liability limit in 2019 would be \$2,779,000 for commercial buildings.
2. Under Insurance Code Section 2210.502(d), the maximum liability limit applicable for governmental buildings is indexed the same as the maximum liability limit for commercial buildings.

CONCLUSIONS OF LAW

1. The Commissioner has jurisdiction over this matter under Insurance Code Section 2210.504.
2. The cumulative adjustments to the maximum liability limits of TWIA's policies since 1997 have significantly exceeded, rather than corresponded to, the increases in the weighted average BOECKH Index factors that measure changes in construction costs.

It is ordered that TWIA's proposed increases to its current maximum liability limits for windstorm and hail insurance policies delivered, issued for delivery, or renewed on or after January 1, 2019, are disapproved.

A handwritten signature in black ink, appearing to read 'Kent C. Sullivan', written over a horizontal line.

Kent C. Sullivan
Commissioner of Insurance