

No. 08-0961

Official Order  
of the  
Commissioner of Insurance  
of the  
State of Texas  
Austin, Texas

Date: NOV 17 2008

**Subject Considered:**

**2008 Texas Windstorm Insurance Association  
Annual Rate Filing**

**Docket No. 2693**

**Suspension of Statutory Limitation on Certain  
Texas Windstorm Insurance Association Rate Changes**

**Docket No. 2695**

**General remarks and official action taken:**

On this day came on for consideration by the Commissioner of Insurance (Commissioner) the matter of the application pursuant to the Insurance Code §2210.359 to suspend the statutory rate caps on changes in the Texas Windstorm Insurance Association (Association) manual rate and the 2008 annual rate filing submitted by the Association pursuant to the Insurance Code §2210.352.

After considering the Association's annual rate filing, the rate analyses of the Association and the Office of Public Insurance Counsel (OPIC), Department staff's analysis, and all written and oral comments presented, the Commissioner adopts the following findings of fact and conclusions of law.

**FINDINGS OF FACT**

1. On July 23, 2008, Hurricane Dolly, a Category 2 hurricane, made landfall on South Padre Island, Texas. On August 5, 2008, Tropical Storm Edouard, a strong tropical storm, made landfall on the Texas coast near Port Arthur, Texas.
2. On August 14, 2008, in accordance with the Insurance Code §2210.352(a), the Association filed with the Department of Insurance (Department) proposed

changes in manual rates (Ref. No. P-0808-15) for all types and classes of risks written by the Association. On August 20, 2008, the Department filed a notice of open meeting with the Secretary of State to consider the proposed annual rate filing.

3. On September 13, 2008, Hurricane Ike, a Category 2 hurricane, made landfall on Galveston Island, Texas.
4. On September 16, 2008, the Department filed a notice of a public hearing with the Secretary of State to consider increasing the rates of the Association to reflect a rate change more than 10 percent higher than the rates for non-commercial and commercial windstorm and hail insurance in effect on the date the filing was made.
5. A public hearing was held under Docket No. 2695 at 9:30 a.m. on September 26, 2008, in Room 100 of the William P. Hobby, Jr. State Office Building, 333 Guadalupe Street in Austin, Texas, to consider suspending the limitations on certain rate changes pursuant to the Insurance Code §2210.359(b) and an open meeting was held under Docket No. 2693 at 10:00 a.m. on the same date and in the same place to consider proposed changes to manual rates for all types and classes of risks written by the Association pursuant to Insurance Code §2210.352.
6. All interested persons were allowed to present written and oral comments. Comments were presented by Jim Oliver and Jim Murphy, representing the Association; Jay Thompson, on behalf of the Insurance Council of Texas (ICT) and the Association of Fire and Casualty Companies in Texas (AFACT); Deeia Beck and Ken Lovoy of OPIC; and Sarah Scott and Philip Presley, on behalf of the Department.
7. In light of the massive dislocation of the population, the enormous and lengthy disruption of business, and the widespread destruction of property in large areas of the Texas coast caused by Hurricane Ike, the record of the public hearing and the open meeting was held open until November 3, 2008. Notice of the extension of time to submit written comments for Docket No. 2695 and Docket No. 2693 was published at 33 TexReg 8612 on October 10, 2008.
8. The Association's rate filing submitted to the Department on August 14, 2008, proposed 10 percent increases, the statutory maximum, for both residential and commercial rates based on the Association's actuarial review which produced indications of a 10 percent increase for residential property rates and a 16 percent increase for commercial property rates.
9. OPIC recommended increases of 3.0 percent and 7.5 percent for residential and commercial rates, respectively.

10. The Galveston Windstorm Action Committee (GWAC) did not present specific recommendations for a rate change this year, but in comments submitted subsequent to the hearing asked that certain evidence that had been presented in prior proceedings be incorporated into the record for the limited purpose of demonstrating the unchanged principles that should be applied in arriving at this year's decision.
11. The Association and OPIC did not recommend any changes in the classification relativities for the residential and commercial property rates.
12. The proposed rates are based on four components: non-hurricane losses and loss adjustment expenses (LAE); hurricane losses and LAE; expenses other than LAE; and contributions to the Catastrophe Reserve Trust Fund (CRTF).

### **Non-hurricane Losses and LAE**

13. Both the Association and OPIC used the most recent available statutorily required data to project the non-hurricane losses (also called noncatastrophe losses) and LAE component of the rates.
14. The Insurance Code §2210.356(c) and (d) requires that the noncatastrophe element of noncommercial and commercial rates be developed using the most recent 10 years of experience available.
15. The Association projected ultimate losses by applying selected paid loss development factors, based in part on arithmetic averages of the loss development indications of up to nine prior years for the most recent development intervals, to the most recent valuation of paid noncatastrophe losses for each experience year.
16. The loss development indications within each development interval show a great deal of volatility from year to year, particularly in the less mature development intervals.
17. The more recent loss development patterns are likely to be more indicative of development patterns that can be expected in the immediate future.
18. The widely accepted averaging methodology called the "Olympic Method," wherein the highest and the lowest loss development indications in the most recent five years are rejected and the average is based on the middle three values within those five years, utilizes relatively recent experience and tempers the impact of unusually high or low loss development indications. Using this approach is reasonable.
19. The Association calculated net trend factors by dividing the average loss trends for each year by the corresponding premium trends.

20. The Association derived the historical premium trends by dividing the average premium for each individual past experience year into the average premium for the most recent available experience year; it judgmentally selected a prospective trend from a series of curves of best fit to past average premiums.
21. The Association derived historical loss trends by dividing the weighted average of coastal construction cost indices and modified consumer price indices corresponding to each individual past experience year into the weighted average of coastal construction cost indices and modified consumer price indices corresponding to the most recent experience year; it judgmentally selected a prospective loss trend from a series of curves of best fit to past weighted averages of coastal construction cost indices and the modified consumer price indices.
22. The resulting annual net trends for residential property risks range from -1.7 percent to -3.5 percent, depending on the specific year.
23. The resulting annual net trends for commercial property risks show considerably more variation, ranging from +0.6 percent to -10.3 percent, with an average of -5.5 percent.
24. A major problem with the methodology the Association used to calculate net trends is that the premium trends are based entirely on internal Association data, and will reflect changes in the mix of business written by the Association, the amounts of coverage purchased, the deductibles selected, and the impact on losses of improving building codes. The loss trends are based entirely on external cost data, which are necessarily independent of many of the factors affecting premiums.
25. The windstorm coverage rating system is risk based and sensitive to changes in the writings and book of business of the Association.
26. Inflation in building and contents costs is expected to affect both the amounts of insurance purchased, and thus premiums, and the resulting loss cost levels to the same degree. Changes in coverage purchased at the individual policy level, as for example in the deductibles selected, will likewise affect both premiums and loss in similar ways. Changes in the building stock written by the Association, such as the impact of building codes on the damageability of structures, are reflected in both premiums and losses.
27. The trending approach used by the Association measures changes in premiums and loss costs as entirely separate series, with no attempt to reconcile the movements of the two. Equally important, the external cost indices used to reflect loss costs do not and cannot measure many of the factors that will affect both premiums and claim costs. This can and does lead to anomalous results.
28. Under the rating plan used by the Association, premiums and loss cost levels are expected to change at essentially the same rate. Changes in premium and loss

cost levels would normally be assumed to offset each other, producing a zero net trend.

29. The experience described in Findings No. 22 and 23 appears to suggest that the premiums have been increasing at a more rapid rate than loss costs, perhaps due to a movement towards the purchase of limits of coverage more reflective of replacement cost values. This produces a negative net trend.
30. Using a net annual trend of -1.0 percent is reasonable.
31. The Association calculated a factor of 1.266 to include non-hurricane LAE based on the experience of the 10 non-hurricane years in the 14-year period from 1994 through 2007.
32. Applying a factor of 1.266, as recommended by the Association, to non-hurricane losses in order to include LAE is reasonable.
33. While OPIC accepted the Association methodology and values used to calculate the projected non-hurricane losses and LAE for each experience year, it differed in its recommendation as to how the overall average ratio should be derived. The Association used a premium-weighted average while OPIC suggested that an arithmetic average, the same averaging technique used to calculate the hurricane average loss and LAE ratios, should be used.
34. Either averaging approach described in Finding No. 33 normally would be reasonable to project non-hurricane losses and LAE.
35. A weighted average is a reasonable approach under the circumstances.
36. Based on Findings No. 13 - 35, non-hurricane loss and LAE ratios of 0.103 and 0.096 are reasonable for calculating residential and commercial property rates, respectively, and should be used to calculate the Association's rates.

### **Hurricane Losses and LAE**

37. The Association utilized two different approaches to project the provision for hurricane losses and LAE. It used a historical analysis adjusted to the actual 157-year Texas historical hurricane frequency level and it used the average of projections from two computer models. Its final recommendations were based on the frequency-adjusted historical analysis.
38. OPIC based its analysis on historical experience, but adjusted the hurricane frequency to reflect Hurricanes Dolly and Ike and to give some recognition to the actual 157-year historical hurricane frequency level.

39. The Association and OPIC calculated their historical hurricane loss ratios by taking the loss ratios for years in which there were hurricanes, subtracting the estimated contribution of non-hurricane events to the overall losses in those years, and adjusting the average results to reflect their frequency assumptions.
40. The Association calculated a hurricane LAE factor of 1.121 based on the historical experience in years in which hurricanes occurred. OPIC accepted the LAE factor of 1.121.
41. The Association derived the LAE factor of 1.121 by dividing the projected ultimate LAE by the total projected losses for each hurricane year and averaging the results.
42. The total projected losses in the hurricane years include losses from both non-hurricane and hurricane events.
43. The overall LAE factor based on the overall hurricane year experience is therefore an average of the LAE factor needed to settle the non-hurricane losses in those years and the LAE factor needed to settle the losses arising from the hurricanes themselves.
44. Based on Findings No. 31 and 32, the LAE factor for non-hurricane events is 1.266. This should be reflected in calculating the LAE factor to be applied to pure hurricane losses. Making this adjustment produces a hurricane-only LAE factor of 1.107 rather than the 1.121 proposed by the Association and accepted by OPIC.
45. Using the revised LAE factor of 1.107 is reasonable.
46. The current funding mechanism of the Association provides that, in the event of an occurrence or series of occurrences that exhaust the current resources of the Association, the excess losses and expenses are paid in the following order: (a) an assessment of Association members of 100 million dollars; (b) amounts in the CRTF; (c) amounts recoverable from any reinsurance program; (d) an assessment of Association members of 200 million dollars; and (e) an unlimited assessment of Association members covering any remaining balance, which is subject to premium tax credits.
47. The projected hurricane loss ratios calculated by the Association and OPIC reflect amounts that will ultimately be paid from assessments of the members of the Association. Those portions of hurricane loss and LAE are not payable by, nor are they the fiscal responsibility of, the Association and its policyholders.
48. Excluding the amounts that will ultimately be paid by assessments of the members of the Association from the projected hurricane losses and LAE ratio is

reasonable since the Association and its policyholders are not liable for the amounts involved.

49. The Association provided the most recent 38.3-year (1970-2007) historical experience for commercial property risks while OPIC provided the most recent 42-year (1966-2007) historical experience. Both provided the most recent 44-year (1964-2007) historical experience for residential property risks.
50. Since 1964 and 1965 were non-hurricane years, using them in addition to the 42-year (1966-2007) experience provided by OPIC for commercial property risks effectively produces a 44-year (1964-2007) experience period to project the hurricane losses and LAE ratio for commercial property risks as well.
51. Using 44 years of historical experience for both residential and commercial property risks to project the hurricane loss and LAE ratios, before any adjustments for the frequency of hurricanes, is reasonable.
52. The Association proposed to adjust the projected hurricane loss ratio based on historical data to reflect the actual 157-year hurricane frequency as compared to the hurricane frequency of the 44-year period for residential risks and 38.3-year period for commercial property risks.
53. OPIC provided projections for residential property risks based on two different storm frequency assumptions: one based on the actual 44-year hurricane frequency; and one based on the average of the 157-year and 44-year hurricane frequencies. The projections for commercial property risks were similar. In all instances OPIC made a further adjustment in their frequency calculations to reflect the occurrence of Hurricanes Dolly and Ike in 2008.
54. It is reasonable to make an adjustment to the frequency calculations to reflect the occurrence of Hurricanes Dolly and Ike in 2008, as OPIC has done.
55. To illustrate how Hurricanes Dolly and Ike are reflected in the frequency calculations, there were 12 hurricanes in the 44-year experience period ending in 2007, for a hurricane frequency of 12/44, or 27.3 percent. To include Hurricanes Dolly and Ike, the hurricane experience is expanded to 45 years (to include 2008) and the number of hurricanes is increased by two. The hurricane frequency becomes 14/45, or 31.1 percent. The indicated historical period loss and LAE ratio would therefore be increased by applying a factor of 1.139 (31.1/27.3) to reflect the impact of Hurricanes Dolly and Ike on frequencies. Similar adjustments would be made in the calculations involving long-term frequencies.
56. It is not clear whether the 157-year or the more recent 44-year hurricane frequency history, both adjusted to reflect the occurrence of Hurricanes Dolly and Ike, better predicts the likely hurricane activity in Texas in the immediate future.

57. Giving some weight to the longer-term hurricane frequency by adjusting the hurricane loss ratio and LAE ratio to reflect the average of the long-term 157-year hurricane frequency and the more recent 44-year hurricane frequency (both adjusted for Hurricanes Dolly and Ike) is reasonable.
58. Based on Findings No. 37 - 57, the hurricane loss and LAE ratios are 25.1 percent for residential coverage and 28.0 percent for commercial coverage and should be used to calculate the Association's residential and commercial property rates.

### **Expenses Other than LAE**

59. The Association proposed, and OPIC accepted, the following expense provisions: 16.0 percent for commission and brokerage expenses; 3.9 percent for general expenses; and 2.1 percent for taxes, licenses, and fees.
60. The Association and OPIC considered general expenses to be fixed independent of rate changes. They considered commission and brokerage expenses and taxes, licenses, and fees to be expenses that vary directly with changes in premium due to rate changes and other factors.
61. The provision for general expenses described in Finding No. 59 was calculated by dividing dollars of historical general expenses by actual written premiums, unadjusted for the rate changes that have occurred in the interim.
62. Because the dollars of general expenses are independent of the rate changes that have occurred in recent years, it is more accurate to estimate the provision for general expenses by dividing the dollars of general expenses by written premiums adjusted to the current rate level. This produces a general expenses provision of 3.4 percent.
63. Using expense provisions of 16.0 percent for commission and brokerage expenses and 2.1 percent for taxes, licenses, and fees, both as variable expenses; and 3.4 percent for general expenses, as fixed expenses, is reasonable.
64. The Association purchased reinsurance protection for June 1, 2008 to May 31, 2009 to cover 1.5 billion dollars of catastrophe claims and LAE in excess of 600 million dollars.
65. The Association proposed a fixed expense provision of 28.5 percent for the net cost of reinsurance, which reflects the excess of the gross reinsurance premiums over the expected average loss and LAE recoveries. The expected recoveries used in the Association's calculations were based on modeled hurricane losses.

66. OPIC accepted the 28.5 percent provision proposed by the Association, but stated that this was the highest reasonable estimate to use.
67. Because the projected hurricane loss and LAE ratios described in Finding No. 58 are based on historical experience, it is logically consistent to use the historical experience instead of the results of computer models to estimate the net cost of reinsurance.
68. The gross reinsurance premium used in the Association's analysis is an estimate by the reinsurers based on a projection of the Association's in-force exposure as of October 31, 2008.
69. The Association projected the hurricane losses and LAE covered by the reinsurance contracts to December 1, 2008, the mid-point of the reinsurance contract period.
70. Because the hurricane losses and LAE rarely occur outside the hurricane season, which is from June 1 to November 30, losses and LAE should be projected to the middle of the hurricane season (September 1) for estimation of the net cost of reinsurance.
71. However, dollars used to pay the net cost of reinsurance will be recovered in 2009 under the new rates, when the Association's total amount of premiums is projected to grow further. The premium base used to estimate the provision for the net cost of reinsurance should be projected for the further growth into 2009.
72. Based on the historical hurricane loss experience in Texas and the Association's current reinsurance contracts, the estimated net cost of reinsurance is 36.3 percent after adjusting to the average of the 44-year and 157-year hurricane frequencies, adjusting to recognize the occurrences of Hurricanes Dolly and Ike, projecting hurricane losses and LAE to September 1, 2008, and projecting the Association's annual total premiums to 2009.
73. Using a fixed expense provision of 36.3 percent for the net cost of reinsurance is reasonable.

#### **Contribution to the CRTF**

74. The Association included a 15.0 percent variable expense provision for its contribution to the CRTF in its manual rate filing.
75. OPIC recommended a 12.5 percent provision, which it states reflects investment income, for the contribution to the CRTF.
76. The Association's primary internal sources of funding to cover the costs of catastrophic events are the CRTF and the reinsurance protection it purchases.

77. The CRTF was completely exhausted in 2008 by the losses of Hurricanes Dolly and Ike.
78. There is no net equity in the Association to be paid into the CRTF in 2009 as all existing 2008 funds will have been used to pay claim losses and expenses.
79. Incorporating into the premium rates a 15 percent variable expense provision for contribution to the CRTF as recommended by the Association, with the other adjusted rate elements described in Findings No. 36, 58, 63, and 73, results in indicated rate changes of +12.3 percent for residential policies and +15.6 percent for commercial policies.
80. Incorporating into the premium rates a 25 percent variable expense provision for contribution to the CRTF, as was done in the 2007 annual rate decision, with the other adjusted rate elements described in Findings No. 36, 58, 63, and 73, results in indicated rate changes of +32.0 percent for residential policies and +35.9 percent for commercial policies.
81. Clearly, it is desirable to rebuild the CRTF as rapidly as possible.
82. However, as was noted by GWAC in comments filed subsequent to the September 26, 2008 hearing, no knowledgeable person reasonably expects reserves adequate to cover a significant storm to be built up from one, five, or even ten years of premium.
83. The Department is also mindful of the hardships that very large rate increases could impose on the already heavily burdened policyholders along the coast. As Senator Jackson noted in his written comments, coastal Texans sustained extensive damage, homeowners are unable to return to their homes, and many face uncertainty in employment.
84. The Department is equally mindful of the severe adverse impact and hardships imposed on individuals and businesses in other Gulf Coast states by the double or triple digit rate increases that followed Hurricane Katrina and other recent windstorms.

### **Suspension of Rate Caps**

85. According to the Insurance Code §2210.359(a), the annual rates approved for the Association may not reflect an average rate change that is 10 percent higher or lower than the rate for commercial and noncommercial windstorm and hail insurance in effect on the date the filing was made, which in this instance was August 14, 2008.

86. However, the Insurance Code §2210.359(b) provides that the rate caps of Section 2210.359(a) may be suspended on a finding made after notice and a hearing that a catastrophe loss or series of occurrences resulting in losses in the catastrophe areas justify such a suspension to ensure: (1) rate adequacy in the catastrophe areas; and (2) the availability of insurance outside the catastrophe areas.
87. It is clear from Finding No. 79 that to have rates sufficient to provide for a 15 percent of premium contribution to the CRTF would require a suspension of the statutory cap.
88. An even greater contribution to the CRTF would likewise require suspension of the statutory cap.
89. The Department is mindful that the Legislature will be considering the funding of the Association in 2009, and while the Department is hopeful that the Texas Windstorm Insurance Act (Act) will be reformed, the rates under consideration at present are controlled by the Act as it presently exists. The Department cannot rely on possible future legislative action in determining rates in this decision.
90. The current statutory provisions require the Department to consider in adopting rates:
  - a. The past and prospective loss experience of hazards for which insurance is made available through the Association plan of operation (Insurance Code §2210.355(b)(1));
  - b. Expenses of operation (Insurance Code §2210.355(b)(2));
  - c. A reasonable margin for contribution to the CRTF (Insurance Code §2210.355(b)(3) and §2210.452(c));
  - d. All other relevant factors (Insurance Code §2210.355(b)(4)).
91. Many voluntary insurers in recent years have restricted their writing of windstorm insurance in the catastrophe areas which has more than doubled the size of the exposure of the Association.
92. Availability of insurance outside of the catastrophe areas is likewise a growing concern.
93. In the first eight months of 2008, before the occurrence of Hurricane Ike, the volume of business in the Fair Access to Insurance Requirements (FAIR) Plan, the market of last resort for residential property insurance throughout the state, increased in the second tier counties, even though it was dropping sharply in other areas of the state.

94. Hurricane Ike caused substantial damage in the second tier counties. It is therefore reasonable to believe that some carriers may restrict their writings in the second tier counties to reduce exposure to future hurricanes, while others may be reluctant to further expand their writings, causing availability problems to worsen.
95. Assuring rate adequacy in the catastrophe areas and ensuring the availability of insurance outside the catastrophe areas justify suspending the statutory caps in the Insurance Code §2210.359.
96. It is therefore reasonable to suspend the statutory caps in the Insurance Code §2210.359.

### **Determining Increases to Rates**

97. As described in Finding No. 80, an attempt to rapidly build the CRTF would require very substantial rate increases.
98. As noted in Finding No. 83, a substantial rate increase could create a hardship on the already burdened Association policyholders along the coast. It is therefore necessary to strike a reasonable balance.
99. Based on Findings No. 79 and 96, the Association's existing rates for residential property risks and classes of residential property risks should be increased by 12.3 percent.
100. Based on Findings No. 79 and 96, the Association's existing rates for commercial property risks and classes of commercial property risks should be increased by 15.6 percent.

### **CONCLUSIONS OF LAW**

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to the Insurance Code Chapter 2210.
2. The Insurance Code §2210.352(f) provides that the Commissioner shall approve, disapprove, or modify the Association's manual rate filing made pursuant to §2210.352(a) in writing on or before November 15 of the year in which the filing is made, or the filing is deemed approved.
3. The Insurance Code §2210.355(b) and §2210.452 require the Department must consider the past and prospective loss experience of hazards for which insurance is made available, the Association's expenses of operation, a

reasonable margin for contributions to the CRTF, and all other relevant factors must be considered.

4. The Insurance Code §2210.355(c) requires that rates must be reasonable, adequate, not unfairly discriminatory, and nonconfiscatory as to any class of insurer.
5. The Insurance Code §2210.356(a) requires that each rate approved by the Commissioner must be uniform throughout the first tier coastal counties.
6. The Insurance Code §2210.356(b) requires that the catastrophe element used to develop rates applicable to risks written by the Association must be uniform throughout the seacoast territory. The catastrophe element of the rates must be developed using: (a) 90 percent of both the monoline extended coverage loss experience and related premium income for all insurers, other than the Association, for covered property located in the seacoast territory, using not less than the most recent 30 years of experience available; and (b) 100 percent of both the loss experience and related premium income for the Association for covered property, using not less than the most recent 30 years of experience available.
8. The Insurance Code §2210.356(c) requires that the noncatastrophe element of the Association's residential property rates must be developed using: (a) 90 percent of both the monoline extended coverage loss experience and related premium income for all insurers, other than the Association, for covered property located in the catastrophe area of the seacoast territory, using the most recent 10 years of experience available; and (b) 100 percent of both the loss experience and related premium income for the Association for covered property using the most recent 10 years of experience available.
9. The Insurance Code §2210.356(d) requires that the noncatastrophe element of the Association's commercial rates must be developed using 100 percent of both the loss experience and related premium income for the Association for covered property, using the most recent 10 years of experience available.
10. The Insurance Code §2210.359 provides that a rate approved by the Commissioner under Subchapter H of Chapter 2210 may not reflect an average rate change that is more than 10 percent higher or lower than the rate for commercial windstorm and hail insurance or 10 percent higher or lower than the rate for noncommercial windstorm and hail insurance in effect on the date the filing is made, unless the Commissioner, after notice and hearing, suspends §2210.359 on a finding that a catastrophe loss or series of occurrences resulting in losses in the catastrophe areas justify a need to ensure rate adequacy in the catastrophe areas, and the availability of insurance outside the catastrophe area.

**IT IS THEREFORE THE ORDER** of the Commissioner of Insurance that the foregoing findings of fact and conclusions of law be adopted.

**IT IS FURTHER ORDERED** that the statutory limitations of Insurance Code §2210.359 on certain rate changes are suspended for the purposes of this order.

**IT IS FURTHER ORDERED** that the 2008 manual rate filing for all types of risks written by the Association be modified consistent with the findings and conclusions set forth in this order and approved as modified.

**IT IS FURTHER ORDERED** that the manual rates to be charged by the Association for insurance for residential property risks written by the Association in accordance with the Insurance Code Chapter 2210 be increased by 12.3 percent from the February 1, 2008, rate level.

**IT IS FURTHER ORDERED** that the manual rates to be charged by the Association for insurance for commercial property risks written by the Association in accordance with Insurance Code Chapter 2210 be increased by 15.6 percent from the February 1, 2008, rate level.

**IT IS FURTHER ORDERED** that the Association's rates adopted in this order become effective February 1, 2009.

All relief not granted herein is **DENIED**:

**AND IT IS SO ORDERED.**

  
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MIKE GEESLIN  
COMMISSIONER OF INSURANCE