

# **Texas FAIR Plan Association Overview**

**Prepared by Texas Department of Insurance**

**February 21, 2025**

**For Quarter Ending December 31, 2024**

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# Background

## The Texas FAIR Plan Association (FAIR Plan)

### Creation and purpose

- In 1995 the Texas Legislature provided statutory authority for the creation of a Fair Access to Insurance Requirements Plan to address residential property insurance availability problems in underserved areas.
- Due to a residential property insurance availability problem, sparked in part by growing mold claims and water damage claims, the Commissioner implemented the Texas FAIR Plan Association (FAIR Plan) in December 2002.

### Member insurers

- FAIR Plan issues insurance policies like an insurance company; however, it also functions as a pooling mechanism that allocates losses back to the insurance industry.
- Member insurers are all insurers that are licensed to write property insurance and that write residential property insurance in Texas. All member insurers must participate in the writings and losses of FAIR Plan.

# Background

## Policy types

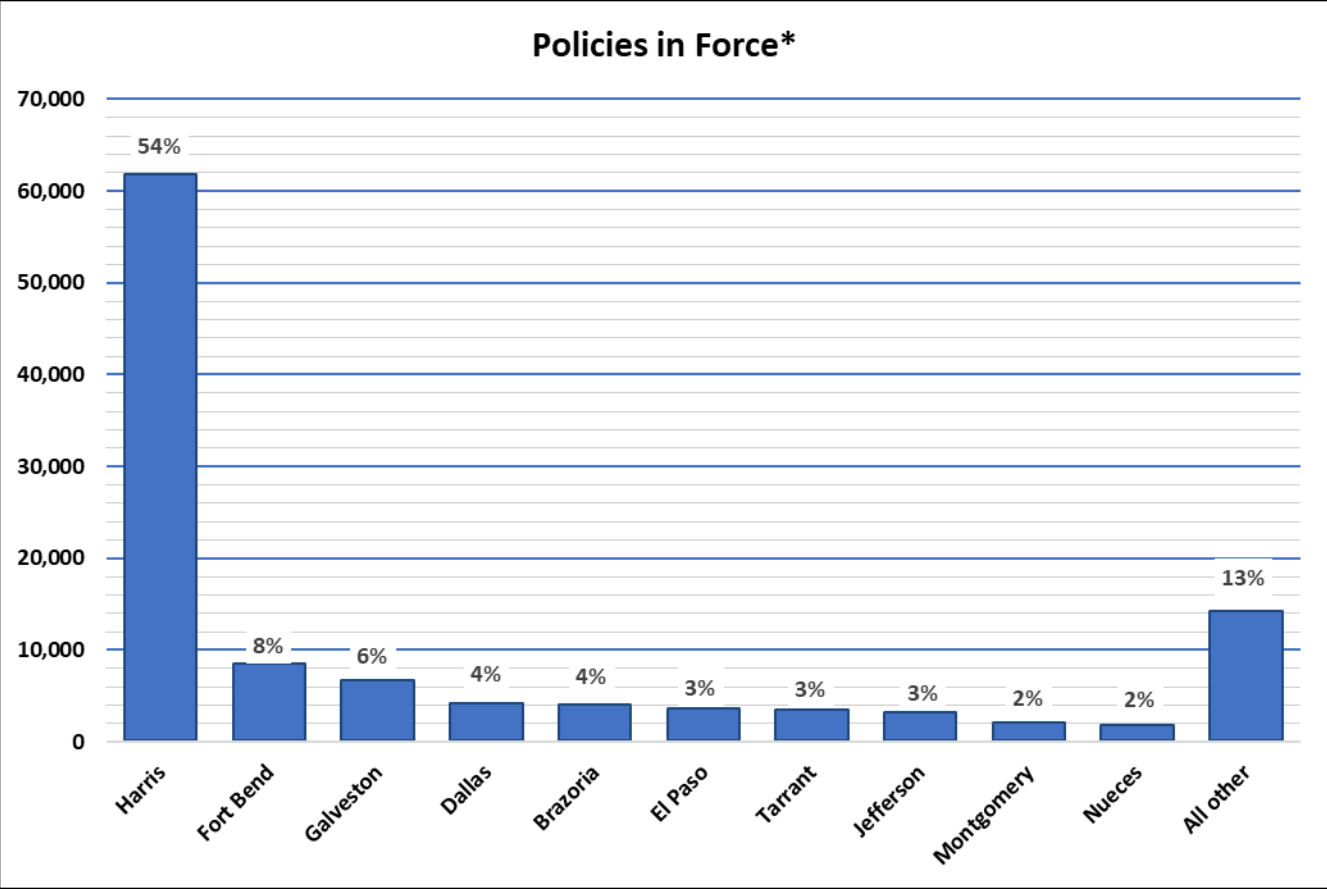
FAIR Plan provides residential property coverage statewide.

Policy forms and endorsements offered by FAIR Plan are approved by the Commissioner.

The following policy types are offered.

- Homeowner Policy (HO-A).
- Dwelling Policy (TDP-1).
- Condominium Policy (HO-CONB).
- Tenant Policy (HO-BT).

# Top 10 Counties by Policies in Force

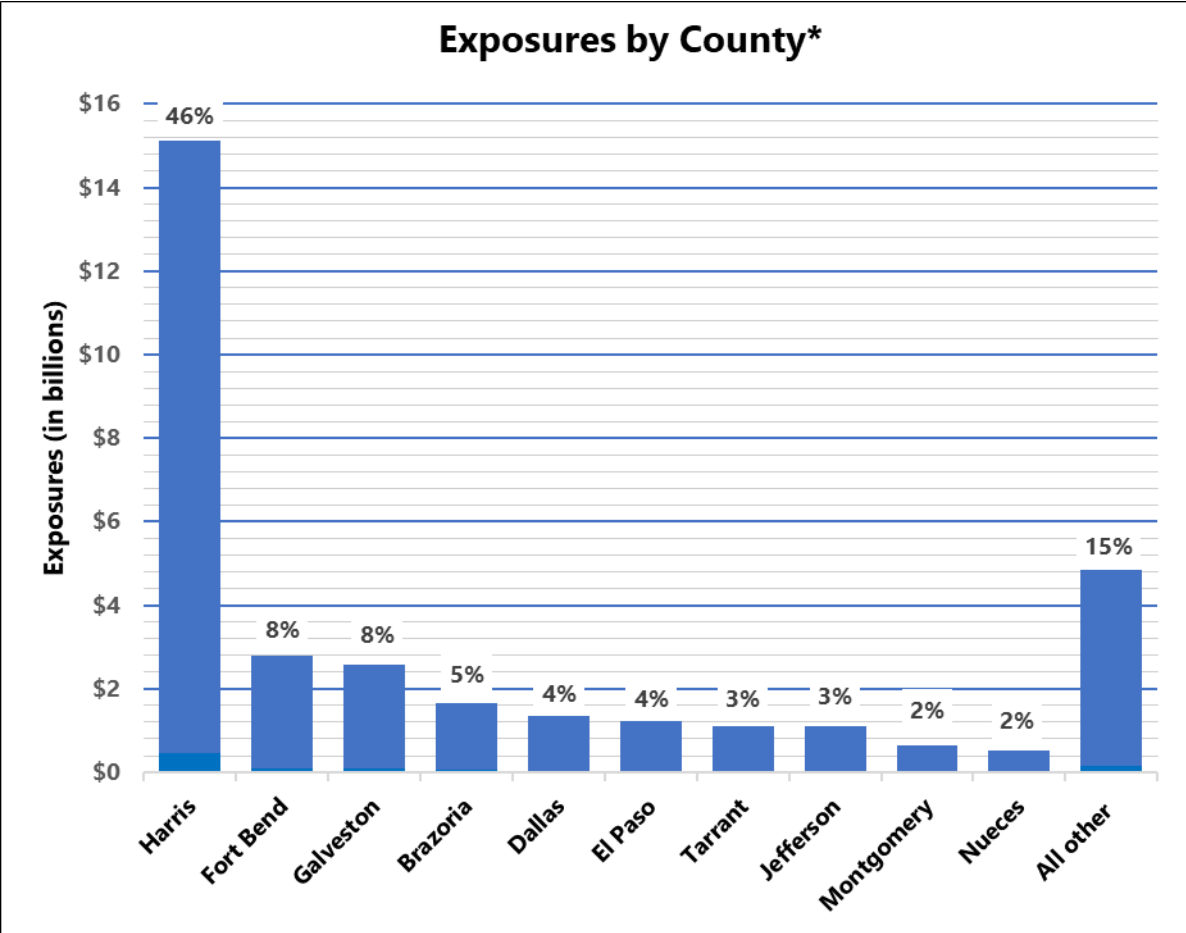


County	Policies
Harris	61,774
Fort Bend	8,556
Galveston	6,722
Dallas	4,250
Brazoria	4,086
El Paso	3,604
Tarrant	3,443
Jefferson	3,213
Montgomery	2,094
Nueces	1,824
All other	14,294
<b>Total</b>	<b>113,860</b>

\*Rounded to reflect whole percentages

Data Source: Texas FAIR Plan Association Liability Report (all forms combined) Liability Report as of December 31, 2024.

# Top 10 Counties by Exposure in Force



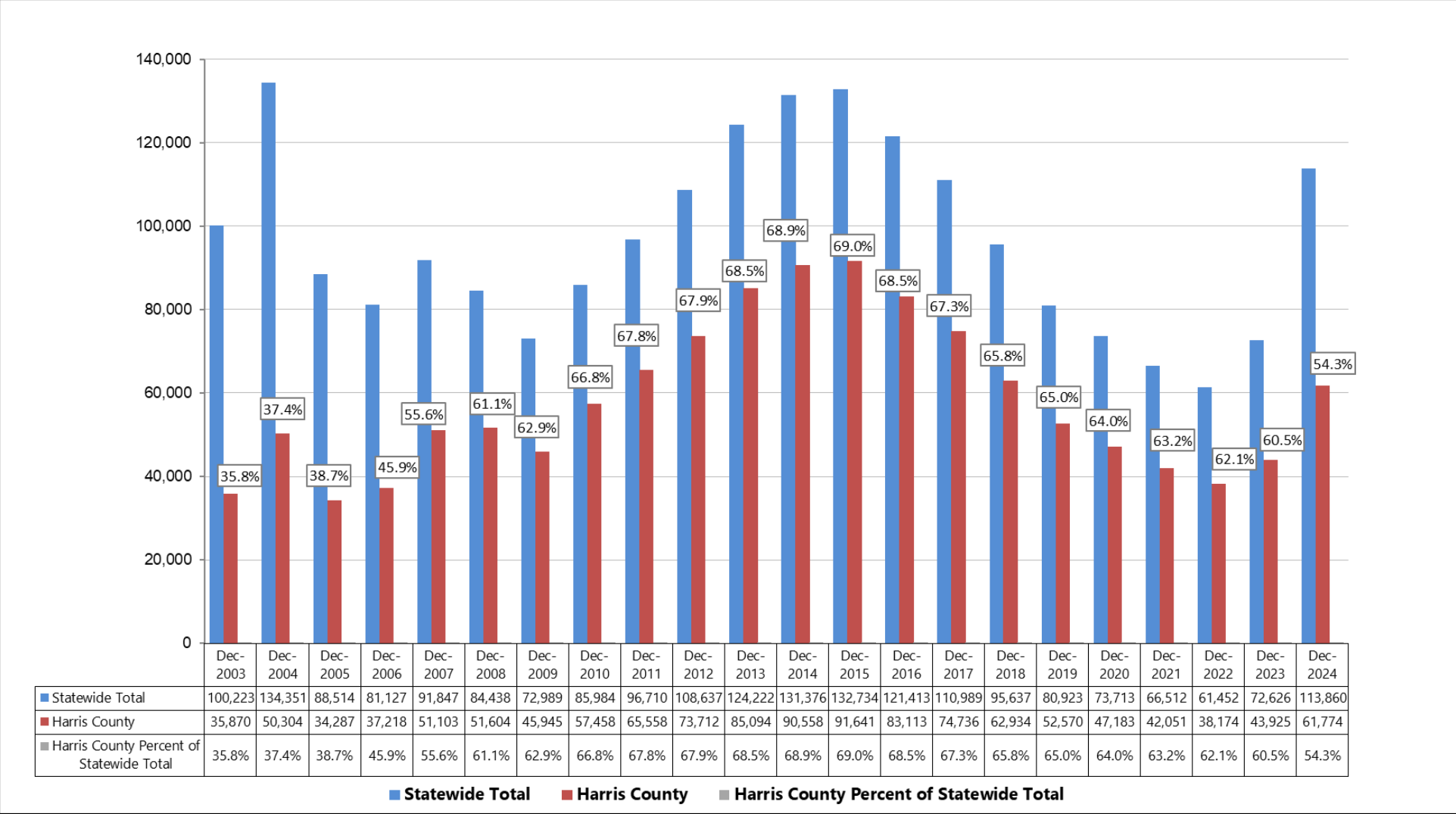
County	Exposures (in billions)
Harris	\$15.12
Fort Bend	\$2.78
Galveston	\$2.58
Brazoria	\$1.64
Dallas	\$1.35
El Paso	\$1.24
Tarrant	\$1.11
Jefferson	\$1.10
Montgomery	\$0.64
Nueces	\$0.53
All other	\$4.83
<b>Total**</b>	<b>\$32.93</b>

\*Rounded to reflect whole percentages

\*\*Exposures include dwelling, contents, and loss of use coverages

Data Source: Texas FAIR Plan Association Liability Report (all forms combined) as of December 31, 2024.

# Statewide and Harris County Policies in Force 2003-2024



Data Source: Texas FAIR Plan Association Liability Report (all forms combined) as of December 31, 2024.



# Hurricane Information

## Historical Hurricanes 1900-Present

Category 3, 4, and 5 Hurricanes By Month*					
June	July	August	September	October	November
1	1	10	8	0	0

Saffir/Simpson Category*					
Category	1	2	3	4	5
Number	20	12	10	10	0

\*As of November 2024

Saffir/Simpson Scale					
Type	Category	Damage	Pressure	Winds	Summary
Depression	-	-	-	<38	
Tropical Storm	-	-	-	39-73	
Hurricane	1	Minimal	> 28.94	74-95	Very dangerous winds will produce some damage.
Hurricane	2	Extensive	28.50 - 28.91	96-110	Extremely dangerous winds will cause extensive damage.
Hurricane	3	Extensive	27.91 - 28.47	111-129	Devastating damage will occur.
Hurricane	4	Extreme	27.17 - 27.88	130-156	Catastrophic damage will occur.
Hurricane	5	Catastrophic	< 27.17	> 157	Catastrophic damage will occur.

National Hurricane Center and Central Pacific Hurricane Center.

A storm surge scale is not available. NOAA is working to enhance the analysis and predictions of storm surge.

# Hurricane Information

## Notable hurricanes since 2005

<b>Name</b>	<b>Date</b>	<b>Category</b>	<b>Loss and Loss Adjustment Expenses</b>
Rita	September 23, 2005	3	\$8.8 Million
Dolly	July 23, 2008	2	Less than \$1 Million
Ike	September 13, 2008	2	\$316 Million
Harvey	August 25, 2017	4	\$82.5 Million
Nicholas	September 14, 2021	1	\$3.5 Million
Beryl	July 8, 2024	1	\$108 Million

## Rita – September 24, 2005



Hurricane Rita made landfall between Sabine Pass, TX and Johnsons Bayou, LA on September 24, 2005, as a Category 3 hurricane with winds at 115 mph. Reported losses and loss adjustment expense for FAIR Plan were approximately \$8.8 million.

Source: Texas FAIR Plan Association

Hurricane Dolly made landfall on South Padre Island at 1:00 PM CDT, July 23, 2008, as a Category 2 hurricane with 100 mph winds. FAIR Plan received 200 claims and estimated losses and loss adjustment expenses of approximately \$824,000.

Source: Texas FAIR Plan Association

## Hurricane Dolly – July 23, 2008



# Hurricane Ike – September 13, 2008

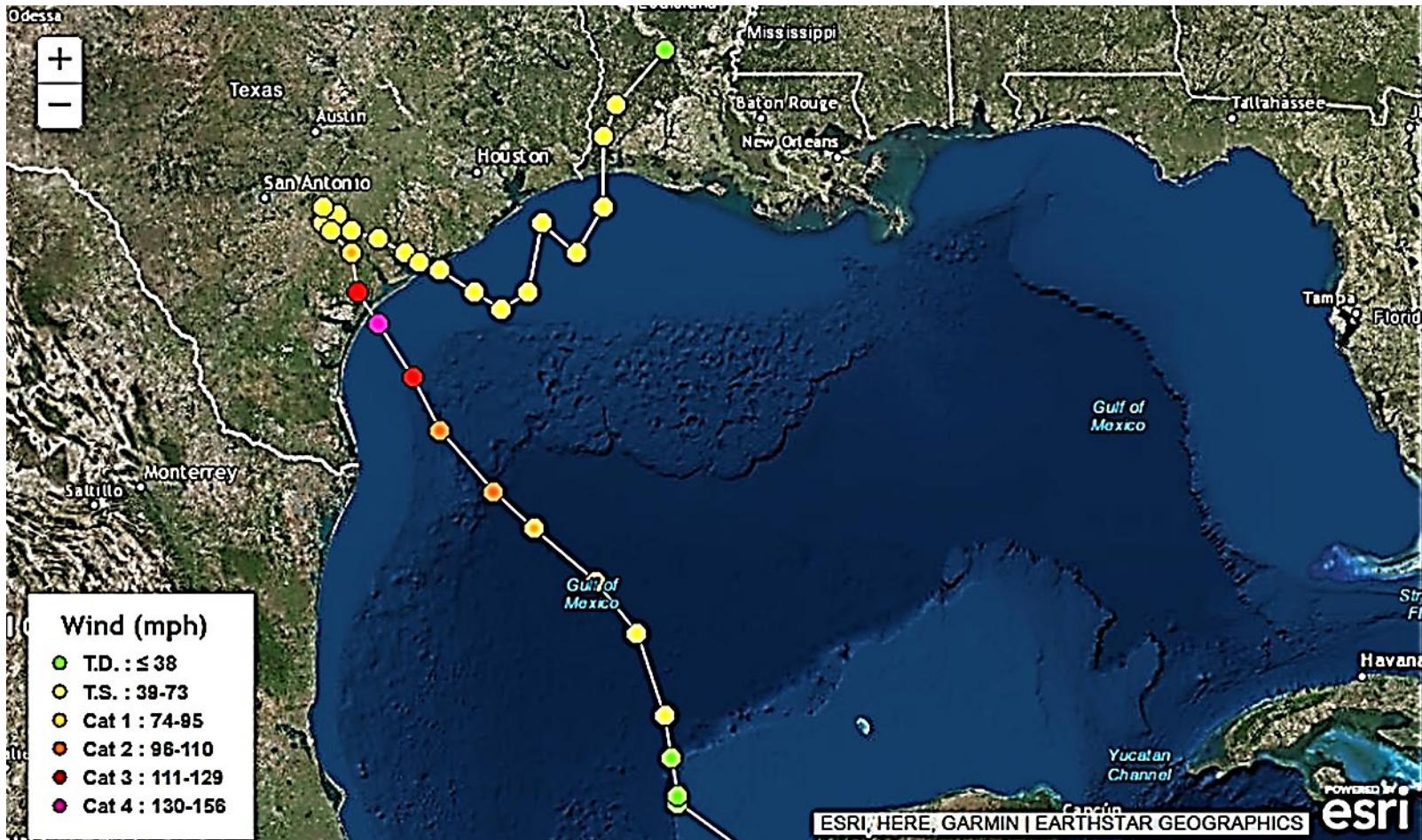


Hurricane Ike made landfall on Galveston Island at 2:10 AM CDT, September 13, 2008, as a strong Category 2 hurricane, with sustained winds of 110 mph. FAIR Plan received 23,827 claims and estimated losses and loss adjustment expenses of \$316.1 million.

Source: Texas FAIR Plan Association



# Hurricane Harvey – August 25, 2017



Hurricane Harvey made landfall on San Jose Island and then near the Rockport and Fulton, TX area around 10 PM CDT, August 25, 2017, as a Category 4 hurricane, with sustained winds of 130 mph. Harvey made its final landfall near Cameron, LA on August 30, 2017, as a tropical storm. FAIR Plan received 16,031\* claims and estimates its losses and loss adjustment expenses to be \$82.5 million.

\*This count excludes unverified or no policy in force claims for Texas FAIR Plan Association.  
Source: Texas FAIR Plan Association and National Weather Service



# Hurricane Nicholas – September 14, 2021

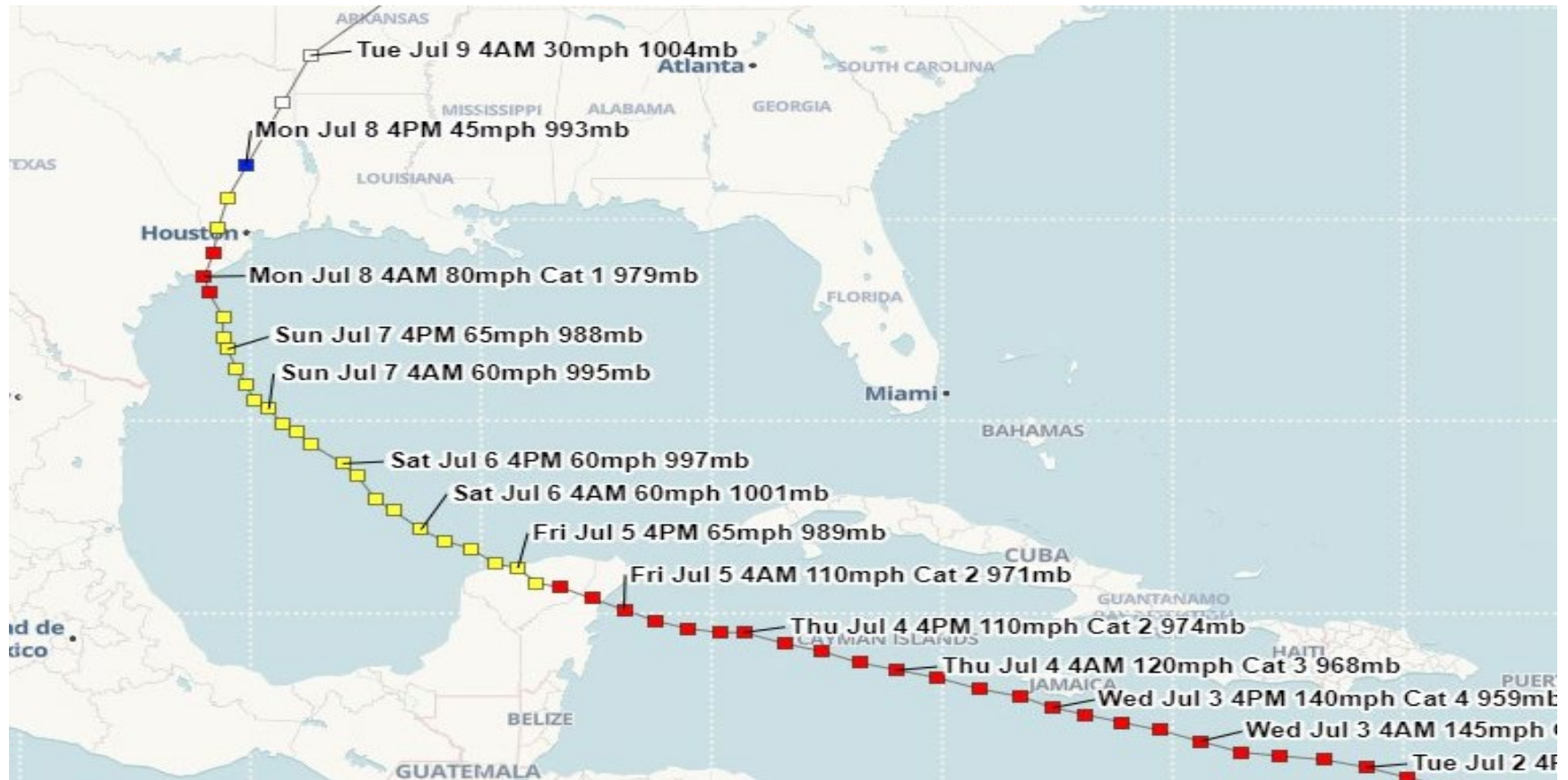


Hurricane Nicholas made landfall on the Matagorda Peninsula on September 14, 2021, as a Category 1 hurricane with maximum sustained wind speeds of 75 mph. FAIR received 771 claims.

Source: Texas FAIR Plan Association

Source: National Oceanic and Atmospheric Administration (NOAA)

# Hurricane Beryl – July 8, 2024



Hurricane Beryl made landfall Matagorda on July 8, 2024, as a Category 1 hurricane with maximum sustained wind speeds of 80 mph.

FAIR received 9,347 claims as of December 31, 2024. Estimated ultimate losses \$108 million as of December 31, 2024.

Source: Texas FAIR Plan Association, National Oceanic and Atmospheric Administration (NOAA), National Weather Service

# Insurance Coverage

## Eligibility requirements

- Consumers who have been declined residential property insurance by at least two insurance companies licensed to write and writing residential property insurance in Texas may apply for coverage.
- In addition, consumers may not have received a valid offer of comparable residential property insurance from an insurance company licensed in Texas. This does not include offers from surplus lines insurers.
- Coverage must be obtained through an authorized licensed Texas agent. Any agent licensed to write property and casualty insurance in Texas can be authorized by FAIR Plan to submit applications.
- FAIR Plan provides limited coverage for one and two family dwellings, townhouse units, and condominium units that are owner occupied and that meet its underwriting standards.
- FAIR Plan also provides limited coverage for other residential property – i.e., for one and two family rental dwellings, including contents and personal property of tenants living in rental dwellings.



# Insurance Coverage

## Coverage by policy type

FAIR Plan policies provide coverage for damage caused by:

Peril	HO-A	TDP-1*	Condo	Tenant
Aircraft	✓	✓	✓	✓
Explosion	✓	✓	✓	✓
Fire	✓	✓	✓	✓
Liability	✓	N/A	✓	✓
Lightning	✓	✓	✓	✓
Riot and civil commotion	✓	✓	✓	✓
Sudden and accidental damage from smoke	✓	✓	✓	✓
Theft	✓	N/A	✓	✓
Vandalism and malicious mischief	✓	✓	✓	✓
Vehicles	✓	✓	✓	✓
Wind and hail**	✓	✓	✓	✓

\*TDP-1 policies must provide coverage for the perils of fire and lightning. Coverage for additional perils is optional.

\*\*In accordance with [Insurance Code 2211.156](#), FAIR Plan may not provide windstorm and hail coverage for property located in the [designated catastrophe area](#) consisting of 14 coastal counties and portions of Harris County located east of State Highway 146 and within the city limits of Pasadena, Morgan's Point, Shoreacres, Seabrook, and LaPorte.

Policies written in the catastrophe area must have a Windstorm and Hail Exclusion Agreement attached. Consumers in a designated catastrophe area may purchase windstorm and hail insurance on insurable property through the Texas Windstorm Insurance Association.

# Insurance Coverage

## Loss settlement provisions

HO-A		TDP-1	
<b>Dwelling</b>	<p>Provides actual cash value coverage, which is replacement cost minus depreciation.</p> <p>For an additional premium, the HO-A may be endorsed to provide replacement cost coverage for the dwelling.</p>	<b>Dwelling</b>	<p>Provides actual cash value coverage, which is replacement cost minus depreciation.</p> <p>Replacement cost coverage <b>is not available</b> on the TDP-1.</p>
<b>Contents</b>	<p>Provides 50% of the dwelling amount of insurance for household contents. The insured may increase this percentage to 60% or 70% for an additional premium.</p> <p>For an additional premium, the HO-A may be endorsed to provide replacement cost coverage for household contents.</p>	<b>Contents</b>	<p>Provides coverage for household contents at selected limits up to a maximum of 50% of the dwelling amount of insurance.</p> <p>Replacement cost coverage <b>is not available</b> on the TDP-1.</p>
<b>Deductibles*</b>	1% or 2%	<b>Deductibles*</b>	1% or 2%**

\*An insured with 4 or more claims (excluding glass claims) within the preceding 3 years is not eligible for the 1% optional deductible.

\*\*Deductible is 1% for fire and lightning losses.

# Insurance Coverage

## Policy term and renewals

- Policies are issued for a term of one year, subject to underwriting standards. However, every two years the insured must reapply for residential property insurance in the voluntary market.
- The insured is eligible for a renewal policy with FAIR Plan if:
  - The insured is declined residential property insurance by at least two insurance companies licensed to write and writing residential property insurance in Texas.
  - The insured does not receive a valid offer of comparable residential property insurance from an insurance company licensed in Texas, not including surplus lines insurers.

# Operations

## Governing committee

FAIR Plan is governed by an 11-member Governing Committee composed of:

- Five insurance company members appointed by the Commissioner.
- Four public members appointed by the Commissioner.
- Two general property and casualty agents appointed by the Commissioner.

# Operations

## General information

- The day-to-day operations are directed by FAIR Plan's General Manager.
- FAIR Plan operates somewhat like an insurance company and issues policies directly to the consumer.
- Normal claims and operating expenses are paid from premiums collected.

# Operations

## Maximum limits of liability

The maximum limits of liability on policies are in the plan of operation. The following coverage limits are available, where applicable:

- Dwelling – up to \$1,000,000 maximum.
- Other structures – 10% of Dwelling coverage amount.
- Personal property
  - HO-A, 50%, 60%, or 70% of dwelling coverage amount.
  - TDP-1, optional coverage up to 50% of dwelling coverage amount.
  - Condo and tenant policies, up to \$500,000 maximum.
- Liability – \$100,000 or \$300,000 limit.
- Medical payments – \$5,000 limit per person/\$25,000 per occurrence.
- Loss of use – 10% of dwelling coverage; 20% of personal property coverage amount on condo and tenant policies.

# Statistical Information

## Exposures, policies, and premium written

<b>In Force *Exposure</b>	
HO-A	\$25,516,249,988
TDP-1	\$7,089,767,138
HO-CONB	\$277,499,400
HO-BT	\$46,881,120
<b>TOTAL</b>	<b>\$32,930,397,646</b>

<b>Policies In Force</b>	
HO-A	63,712
TDP-1	45,144
HO-CONB	3,234
HO-BT	1,770
<b>TOTAL</b>	<b>113,860</b>

\*Includes Dwelling, Contents, and Loss of Use Coverages

<b>All Forms Combined Year End Written Premium as of 12/31/2023 - \$113,460,197</b>	
<b>Year to Date Written Premium as of 12/31/2024</b>	
HO-A	\$173,391,351
TDP-1	\$61,572,558
HO-CONB	\$1,977,749
HO-BT	\$334,894
<b>TOTAL</b>	<b>\$237,276,551</b>

Data Source: Liability Reports as of 12/31/2023 and 12/31/2024 from Texas FAIR Plan Association.

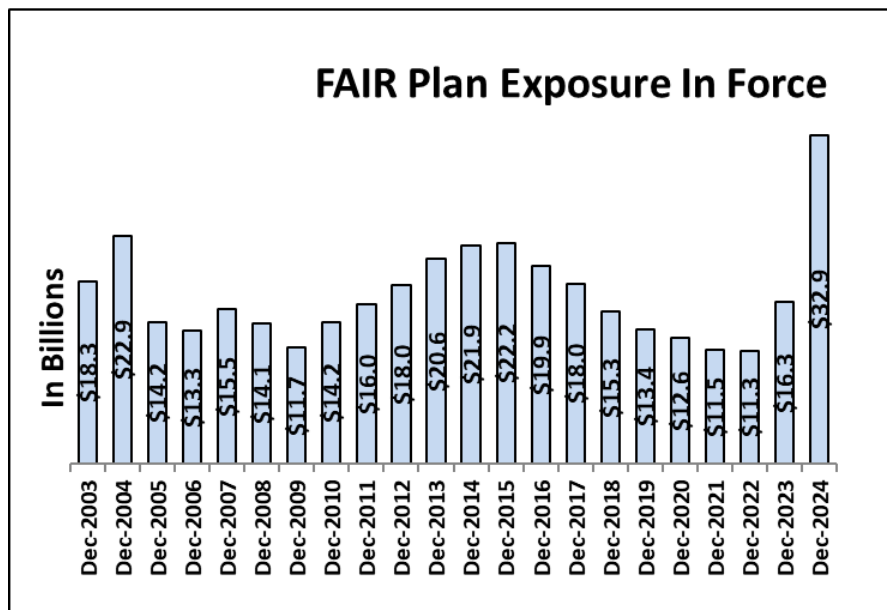
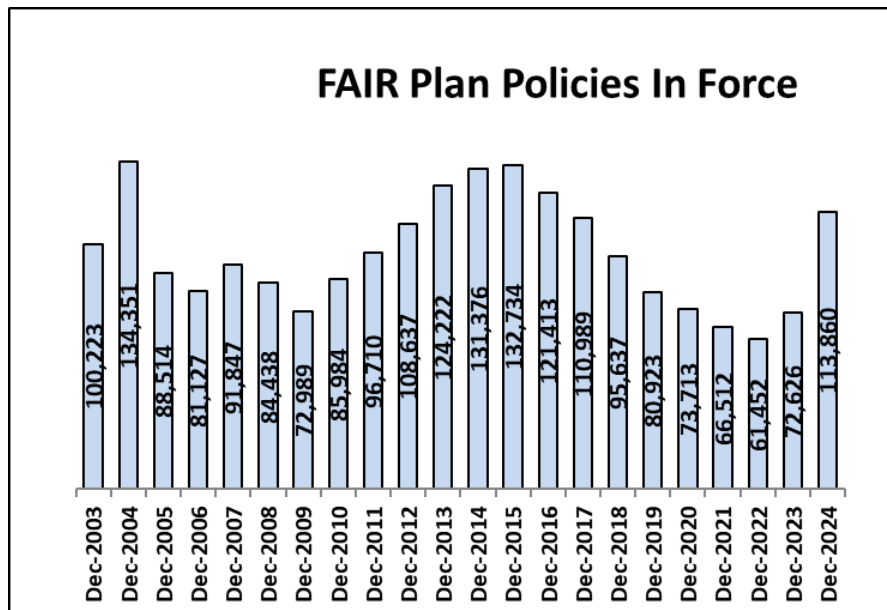
Data is rounded to whole dollars.

# Statistical Information

## Historical policy count and exposure

Historical Data December 31, 2003-December 31, 2024		
Year	Policy Count	In Force Exposure*
Dec-2003	100,223	\$18,272,541,816
Dec-2004	134,351	\$22,904,748,195
Dec-2005	88,514	\$14,165,538,460
Dec-2006	81,127	\$13,320,285,869
Dec-2007	91,847	\$15,538,484,198
Dec-2008	84,438	\$14,060,851,935
Dec-2009	72,989	\$11,706,720,531
Dec-2010	85,984	\$14,246,998,649
Dec-2011	96,710	\$15,979,039,698
Dec-2012	108,637	\$17,966,798,511
Dec-2013	124,222	\$20,594,317,292
Dec-2014	131,376	\$21,944,279,895
Dec-2015	132,734	\$22,154,204,971
Dec-2016	121,413	\$19,883,768,955
Dec-2017	110,989	\$18,029,369,465
Dec-2018	95,637	\$15,285,507,877
Dec-2019	80,923	\$13,441,523,613
Dec-2020	73,713	\$12,618,291,115
Dec-2021	66,512	\$11,471,201,139
Dec-2022	61,452	\$11,301,744,485
Dec-2023	72,626	\$16,275,783,364
Dec-2024	113,860	\$32,930,397,646

\*Exposure includes Dwelling, Contents, and Loss of Use coverages.



Data Source: Texas FAIR Plan Association Liability Report (all forms combined) as of 12/31/2024



# Statistical Information

## Policies in force by type of policy

<b>HO-A</b>	
	<b>Policy</b>
<b>County</b>	<b>Count</b>
Harris	27,722
Galveston	5,146
Fort Bend	3,484
Brazoria	3,301
El Paso	3,224
Dallas	2,653
Jefferson	2,571
Tarrant	2,239
Montgomery	1,407
Nueces	1,245
all other than	10,720
<b>Total</b>	<b>63,712</b>

<b>TDP-1</b>	
	<b>Policy</b>
<b>County</b>	<b>Count</b>
Harris	30,825
Fort Bend	4,900
Dallas	1,475
Tarrant	1,178
Galveston	1036
Brazoria	729
Montgomery	641
Jefferson	554
El Paso	375
Nueces	366
All others	3,065
<b>Total</b>	<b>45,144</b>

<b>HO-CONB</b>	
	<b>Policy</b>
<b>County</b>	<b>Count</b>
Harris	2,236
Galveston	253
Nueces	191
Dallas	100
Cameron	97
Fort Bend	79
Jefferson	54
Travis	46
Bexar	40
Montgomery	24
All others	114
<b>Total</b>	<b>3,234</b>

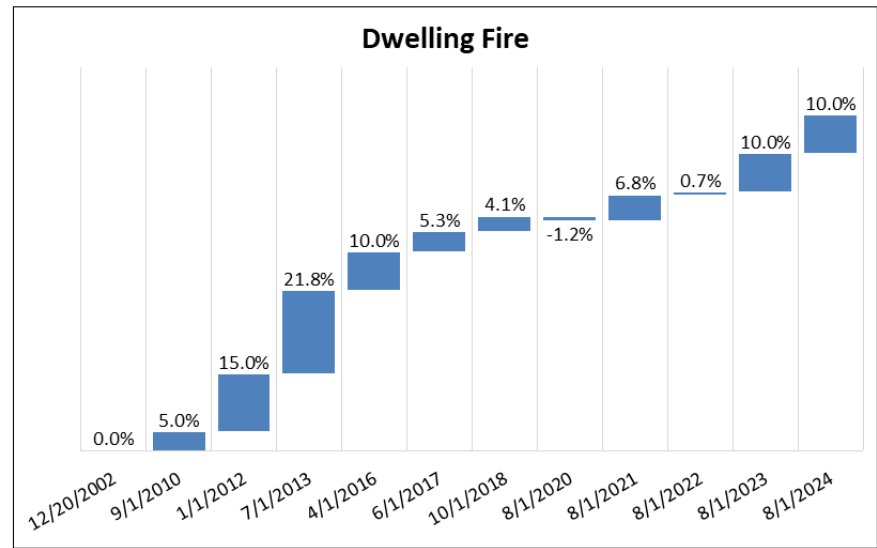
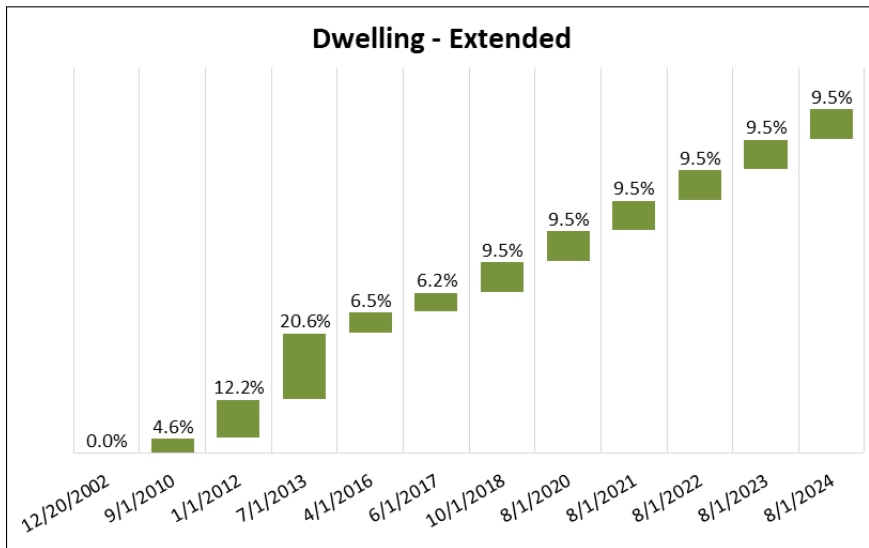
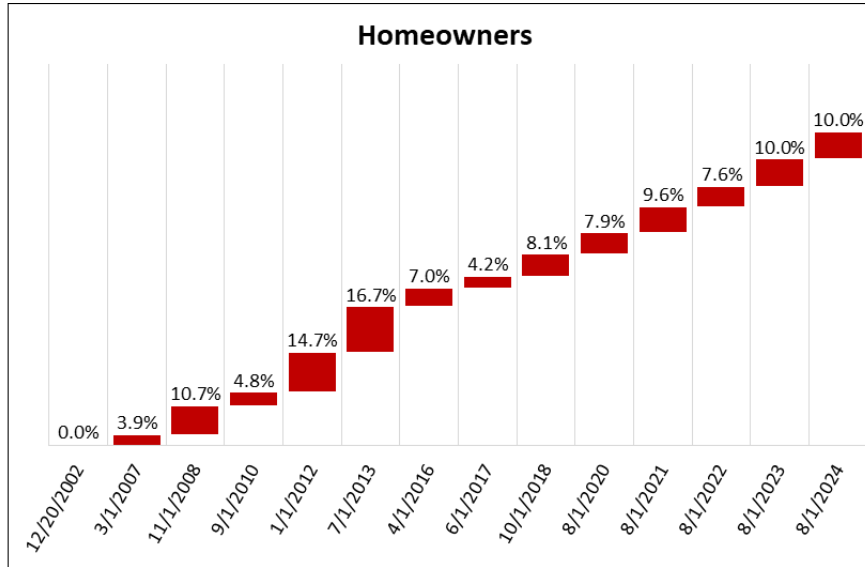
<b>HO-BT</b>	
	<b>Policy</b>
<b>County</b>	<b>Count</b>
Harris	991
Galveston	287
Fort Bend	93
Brazoria	47
Jefferson	34
Travis	28
Dallas	22
Montgomery	22
Nueces	22
Bexar	22
All others	202
<b>Total</b>	<b>1,770</b>

**Statewide policy count: 113,860**

Data Source: Texas FAIR Plan Association Liability Report as of 12/31/24

# Rates

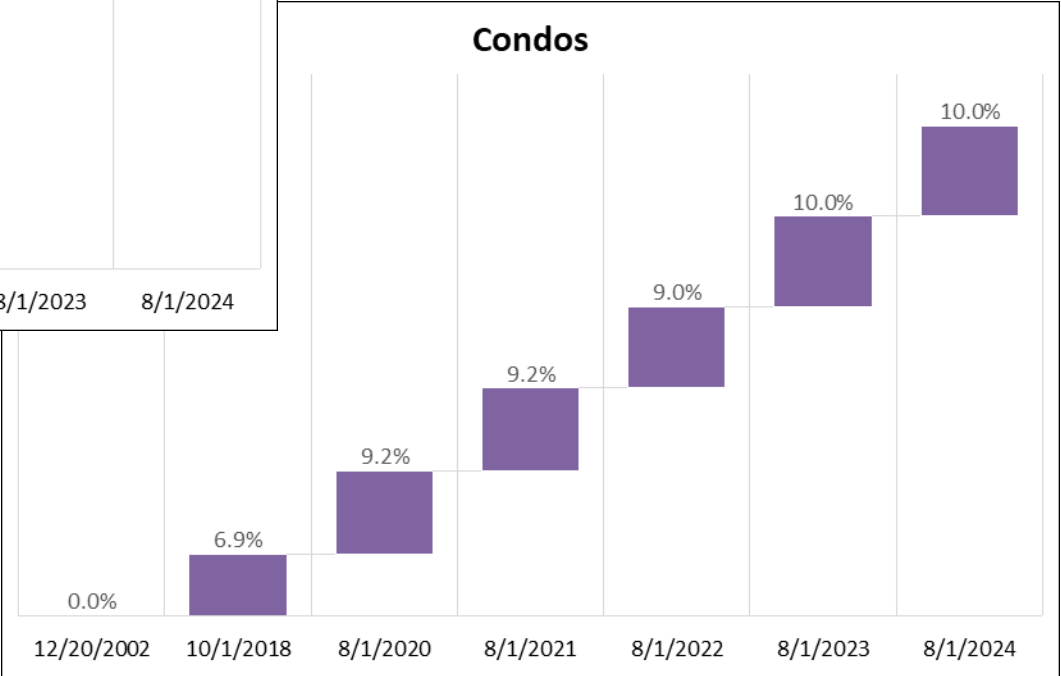
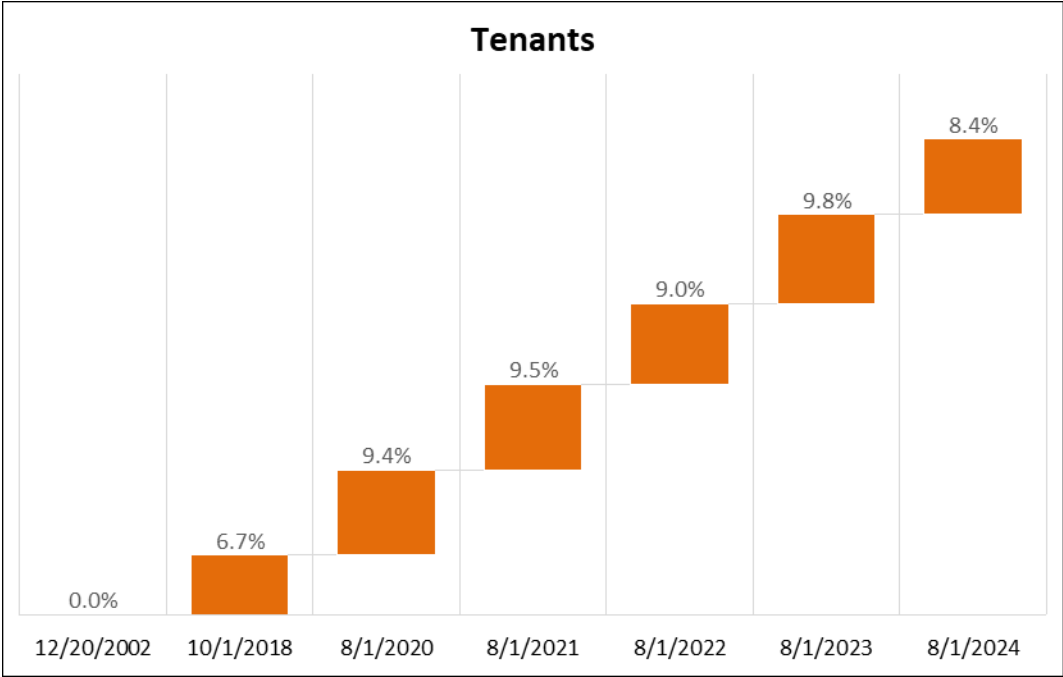
## Rate filing history



Note: FAIR Plan made a rate filing on August 18, 2009, requesting a 19.5 percent increase for the Homeowners (HO-A) policy and a 20.0 percent increase for the Fire and Extended Coverage (TDP-1) policy. The filing was disapproved by Commissioner's Order 09-0924, effective November 16, 2009.

# Rates

## Rate filing history



Note: FAIR Plan made the first changes to the Tenant and Condo rates in October 2018.

# Funding of Excess FAIR Plan Losses

## Funding

- If FAIR Plan incurs a deficit, it shall—at the direction of the Commissioner—either request the issuance of public securities or assess participating insurers. [Insurance Code 2211.104](#).
  - Assessments for losses are based on an individual insurer's share of the overall Texas residential property market.
  - Service fees associated with the issuance of public securities are determined by the Commissioner.
- To recoup an assessment or service fee, an insurer may charge a premium surcharge on every property insurance policy it issues in Texas.
- In March 2018, FAIR Plan assessed participating insurers \$54.9 million for its 2016 and 2017 deficits.
- In December 2024, FAIR Plan assessed participating insurers \$17.6 million for its 2023 deficit.
- FAIR Plan has never requested that public securities be issued.

# Funding of Excess FAIR Plan Losses

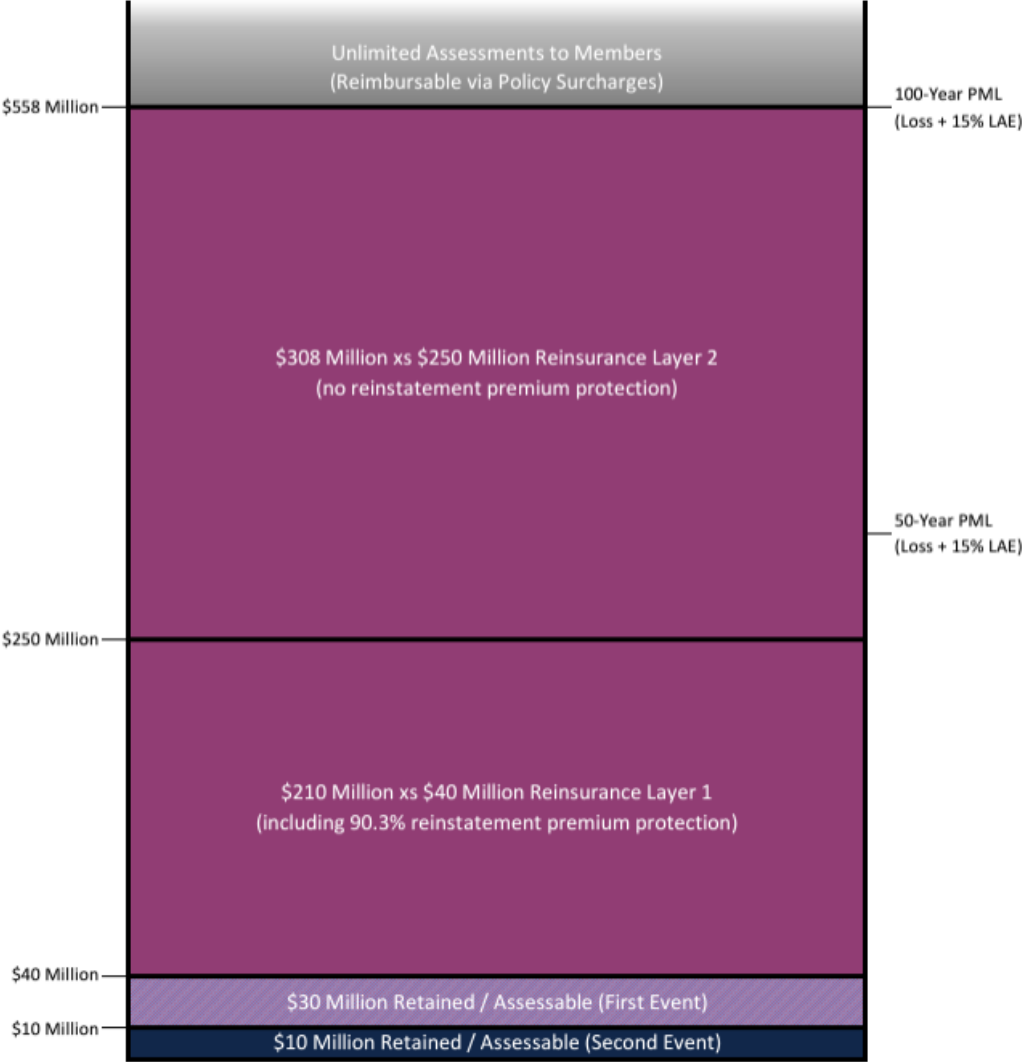
## Funding

Excess losses will be funded in the following order:

- \$40 million retention (and \$10 million retention for a second event) to be paid from funds available to FAIR Plan or by assessments. Second event drop-down coverage – \$30 million.
- Losses in excess of the \$40 million retention to be paid from \$518 million in reinsurance. (Reinsurance program effective July 1, 2024.)
- Losses in excess of the \$558 million reinsurance program to be paid from the following sources:  
Member assessment – unlimited.

# Funding of Excess FAIR Plan Losses

## Funding chart - 2024



Probable Maximum Loss estimates based on TFPA exposures as of 3/31/24, using average of RMS and Verisk near-term per occurrence estimates and include a 15% provision for LAE

FAIR’s 2024 reinsurance program, in effect July 1, 2024, through June 30, 2025.

Chart source: FAIR Plan