

No. 2017- 5253

Official Order

of the

Texas Commissioner of Insurance

Date: OCT 16 2017

Subject Considered:

**Action on Proposed Adjustments to the Maximum Liability Limits Under Windstorm and Hail Insurance Policies Issued by the Texas Windstorm Insurance Association
Docket No. 2802**

The commissioner of insurance considers the Texas Windstorm Insurance Association's (TWIA) proposal concerning adjustments to the maximum liability limits under TWIA windstorm and hail insurance policies delivered, issued for delivery, or renewed on or after January 1, 2018, based on changes in the BOECKH Index, as required by Insurance Code §2210.502. TDI held a public hearing on the proposed adjustments on September 25, 2017.

Consideration has been given to TWIA's filing, the TDI staff analysis, all testimony presented at the hearing, and all other comments submitted in connection with the proposal. Further consideration has been given to the historical record and decisions by previous commissioners, to the extent relevant and appropriate. The commissioner adopts the following findings of fact and conclusions of law.

FINDINGS OF FACT

1. All statutory prerequisites have been met for the commissioner to consider and render an order on the TWIA proposal.
2. A staff analysis by TDI finds that the historical increases since 2004 in the TWIA policy maximum liability limits significantly exceeds the historical increases in the BOECKH index, as shown below:

(a) TWIA requests an increase of 0.9 percent, from \$1,773,000 to \$1,789,000, 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 2004, the maximum liability limit in 2017 would be \$607,000.

(b) TWIA requests an increase of 1.7 percent, from \$374,000 to \$380,000, 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 2004, that maximum liability limit in 2017 would be \$219,000.

(c) TWIA requests an increase of 1.1 percent, from \$4,424,000 to \$4,474,000, for a commercial 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 2004, the maximum liability limit in 2017 would be \$2,675,000.

CONCLUSIONS OF LAW

1. The commissioner has jurisdiction over this matter under Insurance Code §2210.504.
2. TWIA's board of directors complied with all statutory prerequisites to proposing inflation adjustments to the maximum liability limits for its windstorm and hail insurance policies

Based on the above, the TWIA proposal to increase its current maximum limits of liability is denied for TWIA windstorm and hail insurance policies delivered, issued for delivery, or renewed on or after January 1, 2018.



Kent C. Sullivan
Commissioner of Insurance