

**Official Order  
of the  
Texas Commissioner of Insurance**

**Date: 09/02/2022**

**Subject Considered:**

Order on Texas Windstorm Insurance Association Policy Maximum Liability Limits  
Petition

**General remarks and official action taken:**

The Texas Windstorm Insurance Association (TWIA) proposed adjustments to its maximum liability limits for policies delivered, issued for delivery, or renewed on or after January 1, 2023.

**Background**

Insurance Code Section 2210.502 requires that TWIA's board of directors propose inflation adjustments to TWIA's maximum liability limits not later than September 30 of each year. TWIA's board voted to propose adjustments to the maximum liability limits on August 2, 2022. Section 2210.503 requires that TWIA file the proposed maximum liability limits within 10 days of the board's proposal, which TWIA did on August 5, 2022.

Insurance Code Section 2210.501 specifies that TWIA's filing is considered approved unless the Commissioner disapproves or modifies the filing by order not later than 30 days after TDI receives the filing. The Commissioner's authority under Insurance Code Section 2210.501 has been delegated to the Deputy Commissioner for the Property and Casualty Division. See Commissioner's Order No. 2022-7476.

Insurance Code Section 2210.504 provides that if TWIA's filing is disapproved or modified under Insurance Code Section 2210.501 the Commissioner must again, after notice and hearing, either approve, disapprove, or modify the filing no later than 30 days after the initial disapproval or modification.

The following findings of fact and conclusions of law are hereby adopted:

### **Findings of Fact**

1. TDI received TWIA's annual filing to propose adjustments to its maximum liability limits on August 5, 2022. The filing was assigned Petition Numbers P-0822-14 (residential) and P-0822-15 (commercial).
2. TWIA proposed the following adjustments to the maximum liability limits:
  - (a) An increase of 19.7%, from \$1,773,000 to \$2,122,000, for residential dwellings and individually owned townhouses and their contents.
  - (b) An increase of 18.5%, from \$374,000 to \$443,000, for the contents of apartments, condominiums, or townhouses.
  - (c) An increase of 24.7%, from \$4,424,000 to \$5,518,000, for commercial and governmental structures and their contents.
  - (d) An increase of 19.9%, from \$96,600 to \$115,800, for manufactured homes.
3. If the past increases for residential dwellings and individually owned townhouses and their contents had tracked the BOECKH Index since 1997, the maximum liability limit in 2022 would be \$877,000.
4. If the past increases for the contents of apartments, condominiums, or townhouses had tracked the BOECKH Index since 1997, the maximum liability limit in 2022 would be \$311,000.
5. If the past increases for commercial and governmental structures and their contents had tracked the BOECKH Index since 1997, the maximum liability limit in 2022 would be \$3,913,000.
6. If changes to the BOECKH Index after 1997 were applied to TWIA's current limit for manufactured homes, the result would be a maximum liability limit of \$211,400.
7. The maximum limit of liability for manufactured homes remained at \$84,000 from 1994 until January 1, 2022. In 2021, the Commissioner increased the maximum limit of liability for manufactured homes from \$84,000 to \$96,600, effective January 1, 2022.

8. 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.
9. According to the filing, 152 residential dwelling risks, 70 contents risks, 22 manufactured homes, and 328 commercial or governmental risks are at the maximum limit. This is approximately 0.11% of TWIA's residential risks, 2.4% of TWIA's manufactured homes, and 2.5% of TWIA's commercial and governmental risks in force as of June 30, 2022.
10. The cumulative adjustments to the maximum liability limits for residential dwellings, the contents of apartments, and commercial buildings have exceeded the increases in the weighted average BOECKH Index factors.

### **Conclusions of Law**

1. The Commissioner has jurisdiction over this matter under Insurance Code Section 2210.501.
2. Insurance Code Section 2210.502 requires that TWIA file proposed inflation adjustments to TWIA's maximum liability limits.
3. Insurance Code Section 2210.501 specifies that TWIA's filing is considered approved unless the Commissioner disapproves or modifies TWIA's filing by order not later than 30 days after TDI receives the filing.

### **Order**

It is ordered that TWIA's filing with proposed increases to its current maximum liability limits is modified.

TWIA's proposed increases to its current maximum liability limits for windstorm and hail insurance policies for dwellings and individually owned townhouses and their contents; contents of an apartment, condominium, or townhouse; and commercial and governmental structures and their contents, delivered, issued for delivery, or renewed on or after January 1, 2023, are disapproved.

TWIA's proposed increase to its current maximum liability limits for windstorm and hail insurance policies for manufactured homes delivered, issued for delivery, or renewed on or after January 1, 2023, is approved.

Commissioner of Insurance

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By: Mark Worman  
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Mark Worman, Deputy Commissioner  
Property and Casualty Division  
Commissioner's Order No. 2022-7476

Recommended and Reviewed by:

DocuSigned by:  
J'ne Byckovski  
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J'ne Byckovski, Director/Chief Actuary  
Property and Casualty Actuarial

DocuSigned by:  
Andy MacLaurin  
FB44109534DD431...  
Andy MacLaurin, Staff Attorney  
Office of Policy Development Counsel