

James C. Murphy, FCAS, MAAA Vice President - Actuary

September 28, 2012

Marilyn Hamilton
Property & Casualty Associate Commissioner
Texas Department of Insurance
P.O. Box 149104 M/C 104-PC
Austin, TX 78701

RE: Texas Windstorm Insurance Association Adjustments to Maximum Liability Limits

Dear Marilyn:

Section 2210.502(a) of the Texas Insurance Code states that, not later than September 30 of each year, the Texas Windstorm Insurance Association shall propose to the Commissioner inflation adjustments to its maximum liability limits at a rate that reflects any change in the BOECKH index.

On August 7, 2012, the Board of Directors of the Association approved the following adjustments:

	Current	Proposed
	2012	2013
Dwellings and individually owned townhouses	\$1,773,000	\$1,809,000
Contents of an apartment, condominium, or townhouse	\$374,000	\$379,000
Commercial structures and associated contents	\$4,424,000	\$4,508,000

The limit of liability for governmental buildings and corporeal movable property shall be indexed and adjusted as provided for commercial structures and associated contents, per Texas Insurance Code Section 2210.502(d).

Supporting documents are attached.

We look forward to the Commissioner's approval of the proposed limits. If you or your staff have any questions or comments, please contact John Polak or me.

Respectfully,

James C. Murphy

Encl. (2)

Texas Windstorm Insurance Association Calculation of Indicated Limits of Liability To Be Effective January 1, 2013

Using Marshall & Swift / Boeckh Building Cost Index Numbers



Ratio of Boeckh Index as of July/Augu				August 2011	<u> </u>		Boeckh Index as of May/June 2011		
Type of Construction	Total TWIA Business	Corpus Christi	Houston	Average		Corpus Christi	Houston	Average	
Qualling including individually	v overand towerh	ougo unit 9 d	annointed on	rnorcal mayable	proporty				
Owelling, including individually	y owned towni	iouse unit, & a	issocialed co	прогеат пточарте	property				
rame	98.24%					2114.		-	
Brick	1.76%	2055.	1 2213	3.4 2134.3	}	2135.	4 2213	.4 2174.4	
Veighted Average Factor				2084.0)			2130.	
ndicated Change								2.2%	
Calculated Limit of Liability (B Indicated Limit of Liability	ased on 2011	Analysis)						1,770,000 1,809,000	
ndividually-owned corporeal r	movable prope					condominium, 2114.			
Brick	49.52%					2135.			
Weighted Average Factor				2108.4	l.			2151.	
Indicated Change								2.1%	
Calculated Limit of Liability (B Indicated Limit of Liability	ased on 2011	Analysis)						371,000 379,000	
Structure other than a dwelling	g or public buil	ding and the	corporeal mo	vable property lo	cated in that	structure			
Apartments - Brick, Wood	31.32%	6 2103.i	3 2184	.3 2143.8	;	2194.	4 2184	.3 2189.4	
Apartments - Brick, Concrete	3.00%	2046.	5 2307	'.8 2177.2	<u>!</u>	2123.	3 2307	.8 2215.6	
Apartments - Brick, Steel	6.83%	2028.	1 2322	2.6 2175.4	.	2144.	6 2322	.6 2233.6	
Commercial - Frame	14.83%	2157.	7 2290).3 2224.0)	2242.	9 2290	.3 2266.0	
Commercial - Steel	3.56%	2132.	8 2314	.9 2223.9)	2213.	2 2314	.9 2264.	
Commercial - Brick, Wood	6.17%	2238.	7 2349).7 2294.2) -	2327.	3 2349	.7 2338.	
Commercial - Brick, Steel	13.00%	2268.	6 2701	.9 2485.3	3	2384.	4 2701	.9 2543.2	
Commercial - Brick, Concrete	21.30%	2003.	3 2384	.4 2193.9)	2082.	4 2384	.4 2233.4	
Veighted Average Factor				2226.2	2			2272.	
ndicated Change								2.1%	
Calculated Limit of Liability (B	ased on 2011	Analysis)						4,417,000 4,508,000	