TWIA | **TEXAS WINDSTORM INSURANCE ASSOCIATION**

August 3, 2021

Xiuyu Li, ACAS, MAAA
Senior Actuary
Manager of Actuarial Analysis

Mrs. J'ne Elizabeth Byckovski
Chief Actuary
Texas Department of Insurance
333 Guadalupe Street
Austin, TX 78714-9104

RE: Texas Windstorm Insurance Association Adjustments to Maximum Liability Limits

Dear J'ne:

Section 2210.502(a) of the Texas Insurance Code states that 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 3, 2021, the Board of Directors of the Association approved the filing of increased limits as indicated by changes in the BOECKH index. These indicated limits are as follows:

	Current 2020	Proposed 2021	% Change
Dwellings and individually owned townhouses	$1,773,000	$2,037,000	14.9%
Manufactured Home	$84,000	$96,600	15.0%
Contents of an apartment, condominium, or townhouse	$374,000	$426,000	13.9%
Commercial structures and associated contents	$4,424,000	$4,927,000	11.4%

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 consideration of the proposed limits. If you or your staff have any questions or comments, please contact me.

Respectfully,

Xiuyu Li

Texas Windstorm Insurance Association
Calculation of Indicated Limits of Liability
To Be Effective January 1, 2022
Using Marshall & Swift / Boeckh Building Cost Index Numbers

Type of Construction	Ratio of Total TWIA Business	Boeckh Index as of May/June 2020			Boeckh Index as of May/June 2021		
		Corpus Christi	Houston	Average	Corpus Christi	Houston	Average
Dwelling, including individually owned townhouse unit, & associated corporeal movable property							
Frame	97.54%	2444.3	2572.4	2508.4	2674.8	3093.4	2884.1
Brick	2.46%	2525.5	2694.7	2610.1	2734.5	3138.8	2936.7
Weighted Average Factor				2510.9			2885.4
Indicated Change							14.9%
Current Limit							1,773,000
Indicated Limit of Liability							2,037,000
Manufactured Homes*							
Residential Dwelling Frame	100%	2444.3	2572.4	2508.4	2674.8	3093.4	2884.1
Indicated Change							15.0%
Current Limit							84,000
Indicated limit of Liability							96,600
Individually-owned corporeal movable property located in an owner-occupied apartment, residential condominium, or townhouse unit							
Frame	56.45%	2444.3	2572.4	2508.4	2674.8	3093.4	2884.1
Brick	43.55%	2525.5	2694.7	2610.1	2734.5	3138.8	2936.7
Weighted Average Factor				2552.7			2907.0
Indicated Change							13.9%
Current Limit							374,000
Indicated Limit of Liability							426,000
Structure other than a dwelling or public building and the corporeal movable property located in that structure							
Apartments - Brick, Wood	15.44%	2523.8	2630.6	2577.2	2737.2	3118.2	2927.7
Apartments - Brick, Concrete	2.75%	2494.3	2795.6	2645.0	2725.2	3304.9	3015.1
Apartments - Brick, Steel	11.29%	2444.8	2829.0	2636.9	2718.5	3469.0	3093.8
Commercial - Frame	26.93%	2613.6	2799.0	2706.3	2864.0	3068.4	2966.2
Commercial - Steel	0.00%	2568.3	2808.9	2688.6	2809.1	3293.5	3051.3
Commercial - Brick, Wood	0.96%	2704.0	2821.1	2762.6	2977.0	3417.8	3197.4
Commercial - Brick, Steel	20.07%	2629.3	3216.3	2922.8	2815.2	3604.9	3210.1
Commercial - Brick, Concrete	22.55%	2361.3	2800.7	2581.0	2520.3	3158.2	2839.3
Weighted Average Factor				2692.3			2998.2
Indicated Change							11.4%
Current Limit							4,424,000
Indicated Limit of Liability							4,927,000

* Manufactured Homes indexed based on Residential Frame Building Cost Index, TWIA will revisit the assumption when more data becomes available

Statutory Limits of Liability

	Current	Proposed	Increase
Dwelling	1,773,000	2,037,000	264,000
Manufactured Home	84,000	96,600	12,600
Contents	374,000	426,000	52,000
Non-Dwelling	4,424,000	4,927,000	503,000

	Risks at Statutory Limits	Exposure Current	Proposed	Increase
Dwelling	3	5,319,000	6,111,000	792,000
Manufactured Home	56	4,704,000	5,409,600	705,600
Contents	56	20,944,000	23,856,000	2,912,000
Non-Dwelling	141	623,784,000	694,707,000	70,923,000
Total	256	654,751,000	730,083,600	75,332,600
Total TWIA Exposure				56,854,782,481
% Increase in TWIA Exposure				0.13%