

James C. Murphy, FCAS, MAAA Chief Actuary Vice President – Enterprise Analytics

October 4, 2016

Marianne Baker 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 Marianne:

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 2, 2016, the Board of Directors of the Association voted to propose no change in its maximum liability limits, due to a deflation in the BOECKH index. Current and proposed limits are as follows:

	Current	Proposed
	2016	2017
Dwellings and individually owned townhouses	\$1,773,000	\$1,773,000
Contents of an apartment, condominium, or townhouse	\$374,000	\$374,000
Commercial structures and associated contents	\$4,424,000	\$4,424,000

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, 2017

Using Marshall & Swift / Boeckh Building Cost Index Numbers



Type of	Ratio of Boeckh Index as of May/June 2015 Total TWIA Corpus				Boeckh Index as of May/June 2016			
Type of Construction	Business	Corpus Christi	Houston	Average		Corpus Christi	Houston	Average
Dwelling, including individually	y owned townh	ouse unit, & a	ssociated cor	poreal movable	<u>property</u>			
Frame	98.29%	6 2307.5	5 2368	.8 2338.2		2263.7	2345.0	2304.4
Brick	1.71%	2318.0	2444	.0 2381.0		2285.5	2444.0	2364.8
Weighted Average Factor				2338.9				2305.4
Indicated Change								-1.4%
Current Limit Indicated Limit of Liability								1,773,000 1,748,000
Individually-owned corporeal	movable prope	rty located in a	an owner-occ	upied apartment	, residential c	ondominium, o	r townhouse u	ıni <u>t</u>
Frame	55.05%	5 2307.5	5 2368	.8 2338.2		2263.7	2345.0	2304.4
Brick	44.95%	2318.0	2444	.0 2381.0		2285.5	2444.0	2364.8
Weighted Average Factor				2357.4				2331.5
Indicated Change								-1.1%
Current Limit Indicated Limit of Liability								374,000 370,000
Structure other than a dwelling	g or public buil	ding and the c	orporeal mov	able property lo	cated in that s	structure		
Apartments - Brick, Wood	16.79%					2337.7		
Apartments - Brick, Concrete	2.57%					2311.5		
Apartments - Brick, Steel	7.47%					2259.6		
Commercial - Frame	18.43%					2405.0		
Commercial - Steel	3.32%					2363.7		
Commercial - Brick, Wood	7.67%					2523.5		
Commercial - Brick, Steel Commercial - Brick, Concrete	19.71% 24.03%					2515.9 2245.2		
Weighted Average Factor				2500.6				2484.5
Indicated Change								-0.6%
Current Limit Indicated Limit of Liability								4,424,000 4,396,000