

No. 2017- 5026

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

**Date:** APR 12 2017

**Subject Considered:**

**TEXAS FAIR ACCESS TO INSURANCE REQUIREMENTS PLAN ASSOCIATION RATE FILINGS**

The commissioner of insurance considers the Texas Fair Access to Insurance Requirements Plan Association's (FAIR Plan's) residential property insurance rate filings that the Texas Department of Insurance (TDI) received on January 20, 2017, as required by Insurance Code §2211.056.

After considering the FAIR Plan's filings and staff analysis, the commissioner makes the following findings of fact and conclusions of law.

**FINDINGS OF FACT**

1. The FAIR Plan is a nonprofit association established under Insurance Code §2211.051 and §2211.054 to provide residential property insurance in designated underserved areas in Texas.
2. On January 20, 2017, the FAIR Plan filed residential property insurance rate filings for its HO-A and TDP-1 policy forms with TDI. TDI assigned filing nos. S636488 and S636489 to the HO-A and TDP-1 filings, respectively.
3. On February 27, 2017, and April 3, 2017, the FAIR Plan provided additional information in response to questions from TDI.
4. The FAIR Plan filed indicated and proposed rate changes in filing no. S636488. The indicated and proposed HO-A rate changes vary by rating zone as follows:

<b>Zone</b>	<b>Indicated Change</b>	<b>Proposed Change</b>
Central North-DFW Area	18.7%	10.0%
Central North-Remainder	12.5%	10.0%
Central South	1.4%	1.4%
North/Northwest	21.4%	10.0%
Seacoast-Tier 1	-11.5%	-10.0%
Seacoast-Tier 2	4.7%	4.7%
Overall Statewide Average	4.7%	4.2%

5. The FAIR Plan filed indicated and proposed rate changes in filing no. S636489. The indicated and proposed TDP-1 rate changes vary by rating zone as follows:

Zone	Fire		Extended Coverage	
	Indicated Change	Proposed Change	Indicated Change	Proposed Change
Central North-DFW Area			26.9%	10.0%
Central North-Remainder			32.3%	10.0%
Central South			11.4%	10.0%
North/Northwest			11.7%	10.0%
Seacoast-Tier 1			-59.1%	-10.0%
Seacoast-Tier 2			6.3%	6.3%
Overall	5.3%	5.3%	5.9%	6.2%

6. The FAIR Plan's proposed rate changes reflect a cap of 10 percent on indicated rate increases, and a cap of -10 percent on indicated rate decreases.
7. It is common actuarial practice to limit rate increases and decreases to promote rate stability.
8. It is reasonable to limit the FAIR Plan's indicated changes to no more than 10 percent.
9. The proposed rate changes will allow the FAIR Plan's rates to be sufficient to carry all claims to maturity and to meet the expenses incurred in the writing and servicing of the business, as Insurance Code §2211.056 requires.
10. The proposed rate changes are just, fair, reasonable, and adequate. They are not confiscatory, excessive for the risks to which they apply, or unfairly discriminatory, as Insurance Code §560.002 requires.

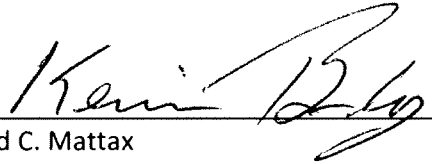
**CONCLUSIONS OF LAW**

1. The commissioner has jurisdiction over this matter under Insurance Code §2211.056.
2. The FAIR Plan filed residential property insurance rate filings under Insurance Code §2211.056.
3. Based on the findings of fact and conclusions of law, the commissioner determines that the FAIR Plan's proposed rate filings should be approved.

The commissioner approves the residential property insurance rates proposed in filing nos. S636488 and S636489 by the FAIR Plan for HO-A and TDP-1 policies, respectively, to be effective on June 1, 2017, for new and renewal business.

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A handwritten signature in black ink, appearing to read "Kevin Brady", written over a horizontal line.

David C. Mattax

Commissioner of Insurance

By: Kevin Brady, Deputy Commissioner  
Delegation Order 4506