

No. 07-0112

Official Order  
of the  
Commissioner of Insurance  
of the  
State of Texas  
Austin, Texas

Date: FEB 13 2007

**Subject Considered:**

2007 RATE ORDER FOR  
OPTIONAL CONTENTS COVERAGE FOR HO-A POLICIES INSURED BY THE  
TEXAS FAIR ACCESS TO INSURANCE REQUIREMENTS PLAN  
ASSOCIATION

**General remarks and official action:**

On this day came on for consideration by the Commissioner of Insurance (Commissioner) the matter of the homeowners insurance rate filing for optional contents coverage by the Texas FAIR Plan Association (FAIR Plan) that was received by the Texas Department of Insurance (Department) on January 3, 2007.

**JURISDICTION**

The Commissioner has jurisdiction of this matter pursuant to TEX. INS. CODE ANN. art. 21.49A §7 (Chapter 2211 effective April 1, 2007).

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

After considering the FAIR Plan's rate filing and based upon the evidence presented, the Commissioner makes the following Findings of Fact and Conclusions of Law:

1. The Texas FAIR Plan Association is a nonprofit association established pursuant to TEX. INS. CODE ANN. art. 21.49A (Chapter 2211 effective April 1, 2007) to develop and administer a program to provide residential property insurance in designated underserved areas in the State of Texas.
2. Pursuant to TEX. INS. CODE ANN. art. 21.49A §7 (Chapter 2211 effective April 1, 2007), the FAIR Plan submitted a homeowners insurance rate filing for increased contents coverage that was received by the Department on January 3, 2007, and assigned TDI Rate Filing No. 9212477599.

3. TEX. INS. CODE ANN. art. 21.49A §7 (Chapter 2211 effective April 1, 2007) requires the Commissioner to approve or disapprove, in whole or in part, the FAIR Plan's proposed rates.
4. Currently contents coverage is required to be 50 percent of the dwelling coverage for an HO-A policy insured by the FAIR Plan.
5. The FAIR Plan is proposing to offer two additional options for contents coverage, which are 60 percent and 70 percent of the dwelling coverage.
6. The proposed rate for the 60 percent optional coverage described in Finding No. 5 is six percent of the HO-A basic premium.
7. The proposed rate for the 70 percent optional coverage described in Finding No. 5 is twelve percent of the HO-A basic premium.
8. The proposed rates described in Finding Nos. 6 and 7 have been selected by the FAIR Plan after comparing the relative increases in Texas Homeowners Tenant Policy – Form B (HO-BT) premiums and their relation to HO-A premiums with similar contents coverage. Premiums were calculated based on representative rating characteristics of HO-A policies in force as of November 30, 2006. For each representative set of rating characteristics, premiums were calculated for an HO-A policy; an HO-BT policy with coverage equal to 50% of the HO-A coverage A amount, which is comparable to the contents coverage provided with the existing HO-A policy; an HO-BT policy with coverage equal to 60% of the HO-A coverage A amount; and an HO-BT policy with coverage equal to 70% of the HO-A coverage A amount.
9. Considering Finding No. 8, the rates proposed by the FAIR Plan, described in Finding Nos. 6 and 7, are reasonable.

**IT IS THEREFORE ORDERED** by the Commissioner of Insurance that the homeowners insurance rate filing by the Texas FAIR Plan Association, TDI Filing No. 9212477599, is approved, and the rates contained in the rate filing shall become effective on March 1, 2007.

MIKE GEESLIN  
COMMISSIONER OF INSURANCE

  
By J'ne Byckovski, Chief Actuary  
Pursuant to Commissioner  
Order No. 03-0975