

No. 2019- 6110

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

Date: OCT 14 2019

Subject Considered:

Order on Texas Windstorm Insurance Association Policy Maximum Liability Limits
Petition
Docket No. 2815

General remarks and official action taken:

The Texas Windstorm Insurance Association (TWIA) proposed adjustments to its maximum liability limits for policies delivered, issued for delivery, or renewed on or after January 1, 2020.

Background

Insurance Code Section 2210.502 requires that TWIA's board propose inflation adjustments to TWIA's maximum liability limits not later than September 30 of each year. TWIA's board took this action on August 6, 2019. Section 2210.503 requires that TWIA file the proposed maximum liability limits within 10 days of the board's proposal, which TWIA did eight days later.

Insurance Code Section 2210.503 requires that TWIA's filing include a summary of the changes to the BOECKH Index. Under Insurance Code Section 2210.504, after notice and hearing, the Commissioner must approve, disapprove, or modify the proposed adjustment to the maximum liability limits.

The Commissioner held a public hearing on the proposed adjustments on October 7, 2019. After conclusion of the hearing, and considering TWIA's filing, TDI staff analysis, all testimony

presented at the hearing, and all other comments submitted in connection with the filing, the Commissioner adopts the following findings of fact and conclusions of law.

Findings of Fact

1. TDI received TWIA's annual filing to propose adjustments to its maximum liability limits on August 14, 2019. The filing was assigned Petition Nos. P-0819-07 and P-0819-08. On September 9, 2019, TWIA revised its impact exhibit in response to questions from TDI.
2. TWIA proposed the following adjustments to the maximum limits of liability:
 - (a) TWIA has requested an increase of 2 percent, from \$1,773,000 to \$1,809,000, for residential dwellings and individually owned townhouses and their contents. Had the historical increases tracked the BOECKH Index since 1997, the maximum liability limit in 2019 would be \$647,000.
 - (b) TWIA has requested an increase of 1.9 percent, from \$374,000 to \$381,000, for the contents of apartments, condominiums, or townhouses. Had the historical increases tracked the BOECKH Index since 1997, the maximum liability limit in 2019 would be \$233,000.
 - (c) TWIA has requested an increase of 2.1 percent, from \$4,424,000 to \$4,519,000, for commercial and governmental structures and their contents. Had the historical increases tracked the BOECKH Index since 1997, the maximum liability limit in 2018 would be \$2,838,000.
3. Under Insurance Code Section 2210.502(d), the maximum liability limit applicable for governmental buildings is indexed the same as the maximum liability limit for commercial buildings.
4. The Commissioner held a public hearing on the proposed adjustments on October 7, 2019.
5. TWIA testified in support of the proposal at the public hearing.
6. According to the filing, only five residential dwelling risks, 121 contents risks, and 118 commercial risks are at the maximum limit.

7. TDI staff testified at the hearing that they were not aware of any availability issues in the private market for coverage in excess of TWIA's maximum liability limits.

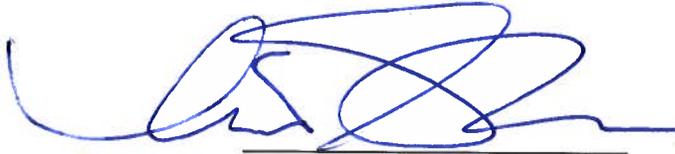
Conclusions of Law

1. The Commissioner has jurisdiction over this matter under Insurance Code Section 2210.504.

2. The cumulative adjustments to the maximum liability limits of TWIA's policies since 1997 have significantly exceeded the increases in the weighted average BOECKH Index factors that measure changes in construction costs.

Order

It is ordered that TWIA's proposed increases to its current maximum liability limits for windstorm and hail insurance policies delivered, issued for delivery, or renewed on or after January 1, 2020, are disapproved.



Kent C. Sullivan
Commissioner of Insurance

Recommended by:



Mark Worman, Deputy Commissioner

Reviewed by:



Sara Wagner, Staff Attorney