

No. 2025-9299

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

Date: 05/15/2025

Subject Considered:

Property Owners' Association Insurance Rate Filing for the Texas Fair Access to Insurance Requirements Plan Association

Petition and Filing Numbers:

Property Owners' Association S727760

Petition No. P-0525-01

General Remarks and Official Action Taken:

The subject of this order is the approval of proposed rate filing S727760, as filed by the Texas Fair Access to Insurance Requirements Plan Association (FAIR Plan).

Background

Insurance Code Section 2211.056 requires FAIR Plan to file with the commissioner of insurance proposed rates to be used in connection with the issuance of insurance policies or endorsements. Under this statute, the commissioner is required to approve or disapprove, in whole or in part, the proposed rates within 60 days of filing, with an additional 30-day extension upon written notice by the Texas Department of Insurance (TDI) to FAIR Plan. This order approves the rate filing for property owners' association (POA) insurance rates that FAIR Plan filed with TDI on February 14, 2025, and amended on March 19, 2025.

The original deadline for commissioner approval or disapproval was April 15, 2025, subject to the 30-day extension. TDI extended the deadline by letter dated April 8, 2025, to May 15, 2025. FAIR Plan's proposed effective date is upon approval.

The following findings of fact and conclusions of law are adopted.

Findings of Fact

1. FAIR Plan was established under Insurance Code Section 2211.051 to deliver residential property insurance in underserved areas in Texas. It serves as the

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- nonprofit association that performs the functions that Insurance Code Section 2211.054 requires, under the plan of operation adopted under that section.
2. House Bill 998, enacted by the 88th Texas Legislature in 2023 and effective September 1, 2024, amended Insurance Code Chapter 2211 to authorize FAIR Plan to provide POA insurance in underserved areas within an area designated by the commissioner by rule. This insurance provides property and liability coverage for the common areas and facilities of a homeowners' association or the common elements of a condominium owners' association, as defined in Insurance Code Section 2211.001(6-a).
 3. In October 2024, the commissioner adopted new 28 Texas Administrative Code (TAC) Section 5.9930, designating the area as "the region extending 10 miles inland from the border of the TWIA catastrophe area." The implementing rules also established a maximum coverage limit of \$3 million per structure, including business personal property, as set forth in 28 TAC Section 5.9914(b).
 4. Under Insurance Code Sections 2211.1515 and 2211.051, the commissioner may authorize FAIR Plan to provide POA insurance in underserved areas if, after notice and a hearing, it is determined that POA insurance is not reasonably available in the voluntary market to a substantial number of insurable risks within all or part of the designated area.
 5. On February 14, 2025, FAIR Plan submitted its initial POA insurance rates to TDI. TDI assigned filing number S727760 to this submission.
 6. FAIR Plan submitted its POA insurance policy forms and endorsements in a separate filing (assigned filing number S724496). TDI approved this filing on April 4, 2025.
 7. In its rate filing, FAIR Plan adopted the commercial property and general liability loss costs and rating factors filed by the Insurance Services Office, Inc. (ISO), an advisory organization. FAIR Plan also filed a rating manual and loss cost multipliers of 2.242 for general liability and 4.865 for commercial property to account for its expenses and a contingency provision.
 8. Loss costs cover the expected costs of claims, including loss adjustment expenses. Loss cost multipliers adjust the loss cost to take into consideration the insurer's other expenses and profit. The loss cost multiplied by the loss cost multiplier equals the rate.

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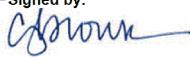
9. The loss cost multipliers include the following provisions for both commercial property and general liability: administrative expenses, including agent commissions and general expenses; contingency; and taxes, licenses, and fees. The loss cost multiplier for commercial property also includes a provision for reinsurance.
10. FAIR Plan also filed a \$350 non-refundable policy fee to account for non-refundable fixed expenses associated with writing policies.
11. TDI actuarial staff determined that there is a sound actuarial basis for the proposed rates and policy fee.
12. TDI actuarial staff determined that the proposed rates are consistent with Insurance Code Section 2211.056.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under Insurance Code Chapter 2211, including Sections 2211.051, 2211.1515, and 2211.056.
2. Insurance Code Section 2211.056(b) requires FAIR Plan to set rates in an amount sufficient to (1) carry all claims to maturity, and (2) meet the expenses incurred in the writing and servicing of the business.
3. The proposed rates and policy fee addressed in Findings of Fact Nos. 5 and 7–10 are supported by a sound actuarial basis.
4. The proposed rates addressed in Findings of Fact Nos. 5 and 7–10 are consistent with Insurance Code Section 2211.056(b).

Order

It is ordered that the rates proposed in filing S727760 are approved.

Signed by:

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Cassie Brown
Commissioner of Insurance

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Recommended and reviewed by:

Signed by:

Mark Worman

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Mark Worman, Deputy Commissioner

Signed by:

Jessica Barta

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Jessica Barta, General Counsel