

No. **4297**

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

Date: February 11, 2016

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 received on November 23, 2015, as required by Insurance Code §2211.056.

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

FINDINGS OF FACT

1. 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 November 23, 2015, FAIR Plan filed with TDI residential property insurance rate filings for its HO-A and TDP-1 policy forms. TDI assigned Filing Link Nos. S616964 and S616965 to the HO-A and TDP-1 filings, respectively.
3. On January 25, 2016, FAIR Plan provided additional information in response to questions from TDI staff.
4. FAIR Plan indicated and proposed rate changes in Filing Link No. S616964. The current HO-A rates vary by rating zone as follows:

Zone	Indicated Change	Proposed Change
Central North-DFW Area	16.8%	10.0%
Central North-Other	13.9%	10.0%
Central South	5.3%	5.3%
North/Northwest	23.4%	10.0%
Tier 1	-11.4%	-10.0%

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Tier 2	7.9%	7.9%
Overall Statewide Average	7.5%	7.0%

5. FAIR Plan indicated and proposed rate changes in Filing Link No. S616965.
The current TDP-1 rates vary by rating zone as follows:

Zone	Fire		Extended Coverage	
	Indicated Change	Proposed Change	Indicated Change	Proposed Change
Central North-DFW Area			21.1%	10.0%
Central North-Other			25.1%	10.0%
Central South			7.2%	7.2%
North/Northwest			9.2%	9.2%
Tier 1			-59.2%	-10.0%
Tier 2			6.7%	6.7%
Overall	10.4%	10.0%	5.9%	6.5%

6. 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 FAIR Plan's indicated changes to no more than 10 percent.
9. The proposed rate changes will allow 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.

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2. 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 FAIR Plan's proposed rate filings should be approved.

The commissioner approves the residential property insurance rates proposed in Filing Link Nos. S616964 and S616965 by FAIR Plan for HO-A and TDP-1 policies, respectively, to be effective on April 1, 2016.



David C. Mattax
Commissioner of Insurance