

No. 2022-7541

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

Date: 10/03/2022

Subject Considered:

Order on Texas Windstorm Insurance Association Policy Maximum Liability Limits
Petition
Docket No. 2835

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, 2023. This order modifies TWIA's filing.

Background

Insurance Code Section 2210.502 requires that TWIA's board of directors propose inflation adjustments to TWIA's maximum liability limits not later than September 30 of each year. TWIA's board voted to propose adjustments to the maximum liability limits on August 2, 2022. Section 2210.503 requires that TWIA file the proposed maximum liability limits within 10 days of the board's proposal, which TWIA did on August 5, 2022.

Under Insurance Code Section 2210.501, the Commissioner must approve, disapprove, or modify TWIA's filing not later than 30 days after the Texas Department of Insurance (TDI) receives the filing or the filing is deemed approved. The Commissioner's authority under Insurance Code Section 2210.501 was delegated to the Deputy Commissioner for the Property and Casualty Division. See Commissioner's Order No. 2022-7476. On September 2, 2022, TWIA's filing was modified by Commissioner's Order No. 2022-7477.

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Insurance Code Section 2210.504 provides that if TWIA's filing is disapproved or modified under Insurance Code Section 2210.501, then the Commissioner must again, after notice and hearing, either approve, disapprove, or modify the filing not later than 30 days after the initial disapproval or modification.

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 5, 2022. The filing was assigned Petition Nos. P0822-14 (residential) and P-0822-15 (commercial).
2. TWIA proposed the following adjustments to the maximum liability limits:
 - (a) An increase of 19.7%, from \$1,773,000 to \$2,122,000, for residential dwellings and individually owned townhouses and their contents.
 - (b) An increase of 18.5%, from \$374,000 to \$443,000, for the contents of apartments, condominiums, or townhouses.
 - (c) An increase of 24.7%, from \$4,424,000 to \$5,518,000, for commercial and governmental structures and their contents.
 - (d) An increase of 19.9%, from \$96,600 to \$115,800, for manufactured homes.
3. If the past increases for residential dwellings and individually owned townhouses and their contents had tracked the BOECKH Index since 1997, the maximum liability limit in 2022 would be \$877,000.
4. If the past increases for the contents of apartments, condominiums, or townhouses had tracked the BOECKH Index since 1997, the maximum liability limit in 2022 would be \$311,000.
5. If the past increases for commercial and governmental structures and their contents had tracked the BOECKH Index since 1997, the maximum liability limit in 2022 would be \$3,913,000.

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6. If changes to the BOECKH Index after 1997 were applied to TWIA's current limit for manufactured homes, the result would be a maximum liability limit of \$211,400.
7. The maximum limit of liability for manufactured homes remained at \$84,000 from 1994 until January 1, 2022. In 2021, the Commissioner increased the manufactured home maximum limit of liability from \$84,000 to \$96,600, effective January 1, 2022.
8. 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.
9. According to the filing, 152 residential dwelling risks, 70 contents risks, 22 manufactured homes, and 328 commercial or governmental risks are at the maximum limit. This is approximately 0.11% of TWIA's residential risks, 2.4% of TWIA's manufactured homes, and 2.5% of TWIA's commercial and governmental risks in force as of June 30, 2022.
10. The cumulative adjustments to the maximum liability limits for residential dwellings, the contents of apartments, and commercial buildings have exceeded the increases in the weighted average BOECKH Index factors.
11. Commissioner's Order No. 2022-7477, issued September 2, 2022, modified TWIA's filing, approving the increase in the maximum liability for manufactured homes and disapproving the increases for dwellings and individually owned townhouses and their contents; contents of an apartment, condominium, or townhouse; and commercial and governmental structures and their contents.
12. On September 14, 2022, TDI posted on its website notice of a public hearing to be held at 2:00 p.m. on September 27, 2022, regarding TWIA's filing. Notice of the hearing was also published in the *Texas Register* on September 23, 2022. Both notices specified that written comments would be accepted until 5:00 p.m., central time, on September 27, 2022.
13. TDI held a hearing on September 27, 2022, during which TDI staff testified. Neither TWIA staff nor any members of the public testified. TDI did not receive any written comments.

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Conclusions of Law

1. The Commissioner has jurisdiction over this matter under Insurance Code Section 2210.504.
2. Insurance Code Section 2210.502 requires that TWIA file proposed inflation adjustments to TWIA's maximum liability limits.
3. Insurance Code Section 2210.501 requires the Commissioner to approve, disapprove, or modify TWIA's filing within 30 days after TDI receives the filing, or the filing is deemed approved.
4. Because TWIA's filing was initially modified, Insurance Code Section 2210.504 requires the Commissioner, after notice and hearing, to either approve, disapprove, or modify the filing not later than 30 days after the initial modification.

Order

It is ordered that TWIA's filing with proposed increases to its current maximum liability limits is modified, as provided in Commissioner's Order No. 2022-7477.

TWIA's proposed increases to its current maximum liability limits for windstorm and hail insurance policies for dwellings and individually owned townhouses and their contents; contents of an apartment, condominium, or townhouse; and commercial and governmental structures and their contents, delivered, issued for delivery, or renewed on or after January 1, 2023, are disapproved.

TWIA's proposed increase to its current maximum liability limits for windstorm and hail insurance policies for manufactured homes delivered, issued for delivery, or renewed on or after January 1, 2023, is approved.

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Cassie Brown
Commissioner of Insurance

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Recommended and Reviewed by:

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