



James C. Murphy, FCAS, MAAA
Actuary

September 14, 2010

Marilyn Hamilton
Property & Casualty Associate Commissioner
Texas Department of Insurance
P.O. Box 149104 M/C 104-PC
Austin, TX 78701

RE: Texas Windstorm Insurance Association Adjustments to Maximum Liability Limits

Dear Marilyn:

Section 2210.502(a) of the Texas Insurance Code states that, not later than September 30 of each year, the Texas Windstorm Insurance Association shall propose to the Commissioner inflation adjustments to its maximum liability limits at a rate that reflects any change in the BOECKH index.

On September 14, 2010, the Board of Directors of the Association voted to propose no change in its maximum liability limits, due to a deflation in the BOECKH index. Current and proposed limits are as follows:

	Proposed <u>2011</u>	Current <u>2010</u>
1. Dwellings and individually owned townhouses	\$1,773,000	\$1,773,000
2. Contents of an apartment, condominium, or townhouse	\$374,000	\$374,000
3. Commercial structures and associated contents	\$4,424,000	\$4,424,000

The limit of liability for governmental buildings and corporeal movable property shall be indexed and adjusted as provided for commercial structures and associated contents, per Texas Insurance Code Section 2210.502(d).

Documents showing the detailed changes in the BOECKH index factors are attached.

We look forward to the Commissioner's approval of the proposed changes. If you or your staff have any questions or comments, please contact Jim Oliver or me.

Respectfully,

James C. Murphy

Encl. (2)

Texas Windstorm Insurance Association

5700 South MoPac Expressway, Building E, Suite 530, Austin, Texas 78749 • P.O. Box 99090, Austin, Texas 78709-9090
512-899-4900 / Fax 512-899-4950



**Texas Windstorm Insurance Association
 Calculation of Revised Limits of Liability
 To Be Effective January 1, 2011
 Using Marshall & Swift / Boeckh Building Cost Index Numbers**

Type of Construction	Ratio of Total TWIA Business	Boeckh Index for Corpus Christi as of May / June 2010	Ratio 2009	Weighted Factor	Boeckh Index for Houston as of May / June 2009	Ratio	Weighted Factor
Dwelling, including individually owned townhouse unit, & associated corporeal movable property							
Frame	98.07%	2025.3	2008.7	1.008264	2113.3	2165.0	0.957281
Brick	1.93%	2078.6	2081.9	0.019269	2202.8	2262.7	0.018789
Total	100.00%						
Weighted Average Factor				1.008			0.976
Current Limit of Liability				1,773,000			1,773,000
Indicated Limit of Liability				1,787,184	0.8%		1,730,448
Average Indicated Limit of Liability				1,759,000	-0.8%		-2.4%

Type of Construction	Ratio of Total TWIA Business	Boeckh Index for Corpus Christi as of May / June 2010	Ratio 2009	Weighted Factor	Boeckh Index for Houston as of May / June 2009	Ratio	Weighted Factor
Individually-owned corporeal movable property located in an apartment, residential condominium, or townhouse unit that is occupied by the owner of that property							
Frame	51.71%	2025.3	2008.7	1.008264	2113.3	2165.0	0.504752
Brick	48.29%	2078.6	2081.9	0.998415	2202.8	2262.7	0.470116
Total	100.00%						
Weighted Average Factor				1.004			0.975
Current Limit of Liability				374,000			374,000
Indicated Limit of Liability				375,496	0.4%		364,650
Average Indicated Limit of Liability				370,000	-1.1%		-2.5%

Type of Construction	Ratio of Total TWIA Business	Boeckh Index for Corpus Christi as of May / June 2010	Ratio 2009	Weighted Factor	Boeckh Index for Houston as of May / June 2009	Ratio	Weighted Factor
Structure other than a dwelling or public building and the corporeal movable property located in that structure							
Apartments - Brick, Wood	32.96%	2047.2	2033.1	1.006935	2067.5	2148.9	0.317115
Apartments - Brick, Concrete	2.87%	1997.6	2025.5	0.986226	2202.7	2319.0	0.027261
Apartments - Brick, Steel	6.32%	1932.2	2148.0	0.899534	2164.9	2466.0	0.055483
Commercial - Frame	14.73%	2111.9	2131.5	0.990805	2204.3	2335.0	0.139055
Commercial - Steel	4.10%	2084.5	2203.5	0.945995	2214.4	2432.1	0.037330
Commercial - Brick, Wood	6.23%	2180.8	2211.5	0.986118	2241.7	2374.1	0.058826
Commercial - Brick, Steel	12.04%	2176.6	2445.7	0.889970	2504.5	2906.7	0.103740
Commercial - Brick, Concrete	20.76%	1962.1	1962.1	1.000000	2266.6	2376.8	0.197975
Total	100.01%						
Weighted Average Factor				0.978			0.937
Current Limit of Liability				4,424,000			4,424,000
Indicated Limit of Liability				4,326,672	-2.2%		4,145,288
Average Indicated Limit of Liability				4,236,000	-4.2%		-6.3%