

No. 09-0949

**Official Order
of the
Commissioner of Insurance
of the
State of Texas
Austin, Texas**

Date: NOV 24 2009

Subject Considered:

**ANNUAL INFLATION ADJUSTMENTS TO THE
MAXIMUM LIMITS OF LIABILITY FOR RISKS INSURED BY
THE TEXAS WINDSTORM INSURANCE ASSOCIATION**

Docket No. 2706

General remarks and official action taken:

On this day came on for consideration by the Commissioner of Insurance (Commissioner) a proposal by the Texas Windstorm Insurance Association (Association) to adjust for inflation the maximum limits of liability under windstorm and hail insurance policies issued by the Association, as required by Insurance Code §2210.502. The Association is composed of all insurers authorized to transact property insurance in this state and operates pursuant to Insurance Code Chapter 2210 to provide windstorm and hail insurance in certain designated areas of the state.

Under Insurance Code §2210.501(a) and §2210.502(a), the Association's board of directors must propose inflation adjustments to the maximum liability limits of its windstorm and hail insurance policies not later than September 30 of each year. The maximum liability limits must be approved by the Commissioner; and the adjustments will be in statutorily specified increments at a rate that reflects any change in the BOECKH Index.

Insurance Code §2210.504(a) provides that, not later than the 60th day after the date of receipt of a filing under Insurance Code §2210.503, and after notice and a hearing, the Commissioner by order shall approve, disapprove, or modify the proposed adjustments to the maximum liability limits. Under Insurance Code

§2210.502(b), the approved adjustments to the maximum liability limits apply to each Association windstorm and hail insurance policy delivered, issued for delivery, or renewed on or after January 1 of the year following the date of the approval.

By Commissioner's Order No. 08-0970, dated November 20, 2008, in accordance with Insurance Code §2210.504, the Commissioner adopted the following maximum limits of liability, adjusted for inflation pursuant to Insurance Code §2210.502(a), for Association windstorm and hail policies delivered, issued for delivery, or renewed on or after January 1, 2009: (1) \$1,705,000 for a dwelling, including an individually owned townhouse unit, and the corporeal movable property located in or about the dwelling, and as an extension of coverage, away from those premises, as provided under the policy; (2) \$359,000 for individually owned corporeal movable property located in an apartment unit, residential condominium unit, or townhouse unit that is occupied by the owner of that property, and as an extension of coverage, away from those premises, as provided under the policy; and (3) \$4,154,000 for a commercial building and the corporeal movable property located in that structure and as an extension of coverage, away from those premises, as provided under the policy, and for a government building and the corporeal movable property located in the building.

Because the maximum limit of liability for a commercial building and the corporeal property located in that structure had exceeded \$2,192,000, the maximum limit of liability for a government building and the corporeal movable property located in the building, was indexed and adjusted as provided for a commercial building, as required by the Insurance Code §2210.502(d).

The Association filed a petition (Reference No. P-1009-04) pursuant to Insurance Code §2210.502(a), proposing increases in the maximum liability limits, adjusted for inflation, for Association windstorm and hail policies, as follows: (1) from \$1,705,000 to \$1,773,000 for a dwelling, including an individually owned townhouse unit, and the corporeal movable property located in or about the dwelling, and as an extension of coverage, away from those premises, as provided under the policy; (2) from \$359,000 to \$374,000 for individually owned corporeal movable property located in an apartment unit, residential condominium unit, or townhouse unit that is occupied by the owner of that property, and as an extension of coverage, away from those premises, as provided under the policy, and (3) from \$4,154,000 to \$4,424,000 for a commercial building and the corporeal movable property located in that structure and as an extension of coverage, away from those premises, as provided under the policy, and for a government building and the corporeal movable property located in the building.

The Association's proposed adjustments to the maximum limits of liability are based on changes in the BOECKH Index factors for Corpus Christi and Houston,

the only two index factors available for the state's coastal region. These changes were averaged and then applied to the existing maximum limits of liability. Any increase in policy coverage due to the proposed maximum limits of liability would result in an increase in premium, commensurate with any additional risk of loss.

The public hearing on the proposed adjustments was held on November 18, 2009, at 9:30 a.m., in Room 100 of the William P. Hobby, Jr. State Office Building, 333 Guadalupe Street, in Austin, Texas.


The Commissioner finds that the proposed maximum limits of liability are based on changes in the BOECKH Index, are indexed and adjusted as required by Insurance Code §2210.502, and should be approved.

IT IS THEREFORE THE ORDER of the Commissioner that the maximum limits of liability, adjusted for inflation, for windstorm and hail insurance policies issued by the Association, are adopted as follows: (1) \$1,773,000 for a dwelling, including an individually owned townhouse unit, and the corporeal movable property located in or about the dwelling and as an extension of coverage, away from those premises, as provided under the policy; (2) \$374,000 for individually owned corporeal movable property located in an apartment unit, residential condominium unit, or townhouse unit that is occupied by the owner of that property, and as an extension of coverage, away from those premises, as provided under the policy; and (3) \$4,424,000 for a commercial building and the corporeal movable property located in that structure and as an extension of coverage, away from those premises, as provided under the policy, and for a government building and the corporeal movable property located in the building.

IT IS FURTHER ORDERED that the adjusted maximum limits of liability are effective for Association windstorm and hail policies delivered, issued for delivery, or renewed on or after January 1, 2010.

AND IT IS SO ORDERED.

TEXAS DEPARTMENT OF INSURANCE



MIKE GEESLIN
COMMISSIONER OF INSURANCE