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## INSURANCE NEWS

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### **Losses from Oklahoma's May storms likely to top \$1 billion**

**Insurance companies will pay out about \$595 million to cover losses from tornadoes that swept through central Oklahoma last month. And that total is expected to grow.**

BY DON MECOY

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Insurance companies likely will pay out more than \$1 billion to cover damage from last month's back-to-back storms that spawned tornadoes and large hail, industry representatives said Wednesday.

A salvage diver moves into position to recover boats and debris at Lake Thunderbird on Wednesday, May 12, 2010, in Norman, Okla., from the storms that hit the area Monday. (AP Photo/The Oklahoman, Steve Sisney)

### HIGHEST INSURED CATASTROPHE LOSSES, 2009

The states are listed by their ranking and estimated insured loss.

*For Additional Information:*

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1. Texas, \$2.458 billion
2. Colorado, \$1.319 billion
3. Georgia, \$822 million
4. Kentucky, \$777 million
5. Oklahoma, \$605 million

Catastrophes are declared when the insured loss reaches at least \$25 million and affects a significant number of policyholders and insurers.

Source: ISO's Property Claims Services unit

The May 10 storms bearing hail and tornadoes that swept through central [Oklahoma](#) will cost insurance companies about \$595 million, according to an estimate by ISO's Property Claim Services unit, which tracks catastrophic insured losses.

However, that estimate does not include damage from a major hailstorm that battered the metro area May 16.

Losses from the hail likely will exceed those of the May 10 storms, said [Marc Young](#), Oklahoma assistant insurance commissioner.

If the hailstorm damage approaches that of the May 10 storms, the combined losses would top \$1 billion.

Some insurance companies have been processing more than 700 hail-damaged vehicles per day, Young said. Other companies have assessed [northwest Oklahoma City](#) neighborhoods where more than 90 percent of the roofs needed to be replaced, he said.

"There was a very serious series of storms, and the insured losses continue to rise," Young said. "We had an absolutely horrendous month of May."

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[Jerry Johns](#), president of [Southwestern Insurance](#) Information Service, said insurance companies doing business in Oklahoma "will consider this a major catastrophe," John said.

"It was an amazing amount of damage."

Oklahoma's most damaging storm of recent years was the May 3, 1999, outbreak that killed 44 people, destroyed more than 300 homes and caused \$1.41 billion in total damage — which includes more than just insured losses, according to the [Insurance Information Institute](#).

It's not clear whether the damaging storms will produce higher premiums. Most insurance companies evaluate losses in a geographic area over a number of years to determine premiums, and catastrophic losses may be assessed based on a period of up to a decade, Young said.

[Oklahoma Insurance Commissioner Kim Holland](#) said state-based companies will be harder hit by the May storm losses than regional or national insurance companies that collect premiums in states that haven't been hit by damaging weather. Many companies also balance claims losses with investment gains, [Holland](#) said.

Oklahomans already pay among the nation's highest average premium for personal property insurance, mainly because of damage from high winds and hail, Holland said.

"Our storms are really something here," said Holland, who recently bought an Oklahoma City home that was severely damaged by the May 16 hailstorm.

A state law bars insurance companies from dropping homeowners' coverage after a single claim, and Holland said the state's "robust market" allows consumers to shop around for providers.

The estimated insured losses from the May 10 storm includes about \$475 million in personal property damage, \$40 million in commercial losses and \$80 million in vehicle damage. These damage estimates do not include losses involving such as uninsured publicly owned properties and utilities or agricultural, homes and businesses insured through the [National Flood Insurance Program](#), Johns said.

ISO reported the average claim from the May 10 storms for personal losses was \$9,500, for commercial losses was \$8,888 and for auto damage was \$2,285.

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