



Southwestern Insurance Information Service

WWW.SIISINFO.ORG

INSURANCE NEWS

Date: June 24, 2010
Source: Galveston Daily News
Author: Laura Elder

SIIS Office: (512) 795-8214
SIIS Cell: (512) 965-4001 Jerry
(512) 468-6965 Sandra

TWIA won't pay evacuation expenses

[By Laura Elder](#)

The Daily News

The governing board of the Texas Windstorm Insurance Association this week voted unanimously against paying for evacuation expenses when policyholders flee hurricanes.

The nine voting members of the board also rejected paying additional living expenses for policyholders who weren't able to return to their properties because of damage caused by flood or other perils.

The state-backed association does pay some evacuation and additional living expenses when wind damage keeps policyholders from their properties.

But covering the cost of gasoline and lodging for all policyholders who evacuated ahead of storms in 14 coastal counties — even if their properties weren't damaged — would be exorbitant, board members and association staff members said. So would paying for additional living expenses for damage caused by flood, association officials said.

The windstorm association includes all casualty and property insurers in Texas. It provides coverage to 66,094 commercial and residential policyholders in Galveston County and 232,172 in Texas.

Texas Insurance Commissioner Mike Geeslin asked the association to consider providing coverage for evacuations and additional living expenses for damages caused by perils other than wind.

"Individuals purchase a base homeowners policy, wind coverage through TWIA and a flood policy," Geeslin said in a March 9 letter to Garry Kaufman, chairman of the association's governing board and president of Galveston Insurance Associates.

"A complex claims settlement process can ensue as to cause of loss and the applicable forms of coverage,

For Additional Information:

8303 N Mopac, Ste B-231
Austin, TX 78759

Phone: (512) 795-8214
Fax: (512) 795-9363



Southwestern Insurance Information Service

WWW.SIISINFO.ORG

INSURANCE NEWS

through the ALE (additional living expenses) costs continue while the claims are in limbo. Hence, you have a policyholder that has secured all the necessary and available forms of coverage, though the policies do not work in concert with each other to address the total financial risks associated with the storm."

Providing evacuation coverage to all and additional living expenses for damages not caused by windstorm isn't priced into coverage, Jim Oliver, manager of the association, said.

The association would have to implement a steep rate increase to offer such coverage, Oliver said. Geeslin has been reluctant to allow sharp increases.

At its quarterly meeting Tuesday, the association approved 5 percent premium rate increases for commercial and residential policies effective Jan. 1. That was the most it could do without seeking Geeslin's approval.

Very few private insurers pay for evacuation expenses because the industry would pay tens of million of dollars to policyholders whether hurricanes caused damage or not, Oliver said.

The windstorm association was formed in 1971 after private insurers began fleeing the storm-prone coast. The association's mission is to lose policyholders to the private market. But in recent years, more private insurers have fled, swelling the association's books.

Offering evacuation coverage and additional living expenses for non-wind damage would make the association more competitive and more attractive, which is counter to its mission of being an insurer of last resort, Oliver said.

For Additional Information:

8303 N Mopac, Ste B-231
Austin, TX 78759

Phone: (512) 795-8214
Fax: (512) 795-9363