



Southwestern Insurance Information Service

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INSURANCE NEWS

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TWIA board defers decision

The governing board of the Texas Windstorm Insurance Association on Friday deferred deciding whether to raise rates and whether to offer coverage that would pay for evacuation expenses when policyholders flee hurricanes.

The 10-member board will consider in March whether to raise rates and decide on the costly and unusual measure of providing coverage for such evacuation expenses as gasoline and lodging.

Private insurers don't pay for evacuation expenses because the industry would pay out tens of millions of dollars to policyholders whether hurricanes caused damage or not, said both Mark Hanna, a spokesman for the Insurance Council of Texas, and Jerry Johns, a spokesman for Southwestern Insurance Information Service.

Both men represent trade groups that would be opposed to the state-backed windstorm association offering such coverage at low rates while directly competing with the private industry.

Texas Department of Insurance Commissioner Mike Geeslin asked the windstorm association to provide coverage for evacuations. But the association would have to determine what rates to charge for such coverage, said Garry Kaufman, who Friday was elected chairman of the windstorm association board. Kaufman is president of Galveston Insurance Associates.

"You could imagine every time a city called for an evacuation and then you had a hurricane hit Louisiana — everyone who evacuated would file a claim."

The association is the insurer of last resort to about 215,000 residential policies and 13,800 government and commercial policies.

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