



Southwestern Insurance Information Service

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Insurance News

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Hurricanes blow windstorm premiums up 12 percent

By **HEATHER NOLAN**

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Many Texas coastal residents will continue to absorb Hurricane Ike costs into 2009, when their windstorm insurance premiums increase more than 12 percent.

The Texas Department of Insurance on Monday approved rate increases of 12.3 percent for residential and 15.6 percent for commercial policies for the Texas Windstorm Insurance Association. These represent the largest increases since at least January 2006.

The rate increases are effective Feb. 1, 2009.

The state windstorm association covers a sizable number of the property owners in the 14 coastal counties of Texas now that most private insurers have withdrawn their wind coverage, citing too much liability as the reason.

"We learned a valuable lesson from Hurricane Ike and the Windstorm Association has to have the money to pay the vast number of claims they get," said Jerry Johns, Southwestern Insurance Information Service president. "As we're entering the 2009 hurricane season, we have to have the premium to pay the claims in the event of another storm."

State law caps rate changes for the Windstorm Association at 10 percent, but the Texas Department of Insurance has the authority to suspend the cap after catastrophic losses, according to a news release from the insurance department.

Johns said the higher rate is a precaution so the windstorm association will be adequately funded going into next year.

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The windstorm association imposed residential rate increases of 8.2 percent in February 2008 and 4.2 percent in January 2007, according to the Texas Department of Insurance.

As of June 30, the windstorm association was handling 221,390 coastal policies, according to its Web site. Of that figure, about 10 percent - 23,601 - are in Jefferson County. That's up from the 16,327 policies in Jefferson County in 2007 and from the 3,700 policies in Jefferson County on the day before Hurricane Rita struck on Sept. 24, 2005, according to The Enterprise archives.

"These rate increases are a continuation of our long term goal to build up the financial strength of TWIA," Texas Insurance Commissioner Mike Geeslin said in a prepared statement. "While some may argue that they need to be higher, we need to be mindful that our coastal region is in recovery. Coastal residents are overburdened as it is."

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