



Southwestern Insurance Information Service

WWW.SIISINFO.ORG

INSURANCE NEWS

Date: November 17, 2010
Source: Dallas Morning News
Author: Terrence Stutz

SIIS Office: (512) 795-8214

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

Texans paying highest home insurance rates nationwide

11:36 PM CST on Tuesday, November 16, 2010

By **TERRENCE STUTZ** / Austin Bureau
tstutz@dallasnews.com

AUSTIN – Texas has reclaimed the distinction of having the most expensive homeowners insurance premiums in the nation, according to new figures from the National Association of Insurance Commissioners.

After slipping behind Florida a year ago, Texas jumped back into the top spot among the states with an average annual premium of \$1,460 for the most common type of homeowners policy sold across the country.

Also Online

[Link: National Association of Insurance Commssioners](#)

[Link: Texas Department of Insurance](#)

[Get insurance tools and tips](#)

Florida was second at \$1,390, and the national average was \$791. Only five states had average premiums higher than \$1,000 a year.

The study was based on premiums collected in 2008 – the most recent year for which figures are available.

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

Consumer groups said Tuesday that the results should be no surprise to Texas homeowners.

"We have been among the highest in the nation for as long as anyone can remember and have always been significantly higher than the national average," said Alex Winslow of Texas Watch, a consumer group active in insurance issues.

Winslow said that until the Legislature enacts "meaningful reforms" to hold down rates, Texas homeowners "can expect to keep paying overpriced premiums for inadequate coverage."

Industry representatives, on the other hand, said the rates reflect the high risks for insurers selling policies in Texas.

Jerry Johns of Southwestern Insurance Information Service, an industry trade group, said the ranking for Texas reflects that "there is probably not another state in the country that is more susceptible to severe weather in every region of the state."

He cited two hurricanes that hit the state in 2008 – Ike and Dolly – as well as numerous hailstorms in North Texas and other parts of the state over the past few years that caused extensive property damage. Ike was the third costliest hurricane in terms of property damage in U.S. history.

"Rates are set to prepare insurers for future losses based on weather history, construction costs, property values and a number of other factors. The last thing consumers want is for an insurer to say it has run out of money and can't pay claims," he said.

[Mark Hanna](#) of the Insurance Council of Texas said the NAIC comparisons do not reflect the variety of homeowners policies sold in the state – many of which are less expensive than the type used in the comparison.

The so-called HO-3 is the most widely used policy in Texas, according to the NAIC study, which also noted that about 80 percent of the national market is covered by HO-3 policies.

"All this report accomplishes is confusion and frustration," Hanna said, adding that despite Texas' weather, "nearly 100 companies continue to sell homeowner policies in the state, which makes for a competitive market and stable rates."

The average premium in Texas was up slightly from last year's comparison, but Florida saw its rates decrease by nearly 10 percent. Nationwide, the average premium dropped about 4 percent.

The rate comparisons come as the Legislature prepares to consider a sunset bill for the Texas Department of Insurance and all its regulations in the 2011 session. Consumer groups want to see tighter control of insurance rates, including a new regulation that requires prior state approval of all rate increases.

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

Insurance companies are adamantly opposed to such a change. Now, companies can increase premiums once they notify the insurance department. The insurance commissioner has authority to review increases and can try to halt the rates retroactively if he finds them unjustified.

Much of the support for tighter control of rates came from [Democrats](#) in the Legislature, who will comprise a much smaller bloc in the House after the elections earlier this month. The partisan mix in the Senate was unchanged, although [Republicans](#) still hold a 19-12 majority.

"The industry will no doubt be emboldened by the elections to seek even more special protections, but lawmakers have a duty, regardless of party identification or ideology, to make sure their constituents are not being taken advantage of," Winslow said.

Renters insurance in Texas averaged \$216 a year, the same as in New York and about \$8 a year less than in California, according to the NAIC study. The national average was \$176.

For Additional Information:

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

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