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## INSURANCE NEWS

**Date: March 9, 2011**

**Source: Amarillo Globe News**

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### **Many wildfire victims cope with no insurance**

#### ***Texas homeowners face highest premiums in US***

By [Madelyn Bankhead-Vieth](#)

For at least 20 homeowners, February's firestorm brought two harsh realities: losses in the flames and the absence of insurance to cover the cost.

Now those families face a critical question: What next?

Curtis Brown said Tuesday that he and his wife, Tommie, plan to rebuild after losing their uninsured Palisades home of 35 years in the Feb. 27 wildfires. Seventy homes were destroyed and 20 others damaged. The cost of the destruction is estimated at \$13 million.

"We are working on drawings of (our home), then we'll take it to the bank to see if we can get a loan on it," Brown said. "Everybody we see has offered to help."

The Browns' case is part of a quandary that grips Texas: The state is prone to disasters ranging from hailstorms to tornadoes, making homeowners insurance a vital safeguard against the worst nature has to offer, but average premiums at \$1,460 annually were the highest in the country in 2008, the latest year for which data were available.

"(W)e are subject to just about every weather-related disaster known to man except earthquakes," said Jerry Johns, president of Austin-based Southwestern Insurance Information Service, the public affairs arm of the insurance industry in Texas and Oklahoma. "That's a major contributor to higher insurance rates."

Almost half of 44 local cases being handled by the Red Cross involve uninsured homes, said Martha Riddlespurger, Red Cross director of disaster services.

The precise number of uninsured homes damaged in last week's fires isn't known, local officials said, but the Red Cross figures roughly match national estimates cited by Johns.

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Fifty to 70 percent of homeowners nationwide lack adequate insurance to cover a catastrophe like the February fires, he said.

"It's very tragic. It comes to light primarily when we do have wildfires and people discover that they may be as much as \$100,000 short on what it's going to take to replace their homes," Johns said. "It's not only heartbreaking to lose a home, but it's very heartbreaking to find that you're left holding the bag for many thousands of dollars."

In the Palisades development, "some issues with water supply" increase insurance costs further, said Kevin Starbuck, the emergency management coordinator for Potter and Randall counties and the city of Amarillo.

Estimates show Palisades residents were "typically uninsured or underinsured because of the cost of homeowners insurance in that area," Starbuck said. Another factor contributing to uninsured homeowner numbers was the age of homes in the Mesilla Park and Palisades areas, Starbuck said.

"Typically, if a home has a mortgage, then it has insurance. That's usually a stipulation for a mortgage," he said. "Given the age of Mesilla Park and Palisades, most of those homes were built at a time where at this point (homeowners) don't have a mortgage on them."

People who decide to "self-insure" are in the minority in Texas, Johns said. He was not aware of any insurance research organizations that tracked those numbers statewide.

"That's a decision each person is going to have to make based upon their economic condition. If they have sufficient financial reserves to replace the home, certainly that is their choice," he said. "From our perspective, it's better to be insured and not have to shell out tens of thousands of dollars to replace a home."

For homeowners in that predicament, the Red Cross stands ready to help, said Vicky Richmond, executive director of the organization's Panhandle chapter.

"It's really important that they get in touch with us," Richmond said. "We do provide not only emergency needs but on an as-needed basis, we provide first month's rent."

In addition, the Red Cross provides referrals to partner agencies such as the Salvation Army for clothing and household items, Richmond said. Needs are established on a case-by-case basis, she said.

Curtis Brown said the Red Cross gave his family of five a \$1,400 gift card to cover immediate needs such as food and clothing.

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"We're going to rebuild where we were before," he said. "We've got our clean-ups done, now it's just chasing down things like copies of life insurance policies ... and just trying to figure out what bills were due, because they were all laying on the desk."

Brown's employer of 21 years, Pioneer General Contractors, is helping the family rebuild. Contractors from electrical to flooring companies have donated \$30,000 to \$40,000 in materials and labor to help reconstruct the family's home, he said.

State Rep. John Smithee, R-Amarillo, said the lack of adequate fire protection in some areas contributes to higher premiums and a correspondingly high proportion of uninsured homeowners.

"There is really nothing for them except get some help from groups or networks that help people in need," Smithee said. "There is not a lot of government help."

Ten days before last month's fires, Gov. Rick Perry renewed a disaster declaration for the area based on the continuing wildfire threat.

Florida was second to Texas in 2008 with average insurance premiums of \$1,390 annually. Insurance researchers speculate that Florida will surpass Texas on the list of highest average statewide premiums when new statistics are released.

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