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## Insurance News

**Date: March 19, 2009**

**Source: Corpus Christi Caller-Times**

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### Windstorm bill threatens region

Proposal could raise insurance price by 60%

CORPUS CHRISTI — Texas coastal property owners beware.

If a bill filed by the chairman of the House Committee on Insurance gets through the Legislature, the price of windstorm insurance — required of all coastal property owners — would soar by as much as 60 percent, it wouldn't cover nearly as much and for certain properties, it would not be available at all.

“This thing is an absolute economic death sentence, a disaster,” said Nueces County Judge Loyd Neal, who intends to join Coastal Bend business and community leaders planning to attend a House Insurance Committee hearing in Austin on Tuesday, where the bill will be laid out for a first vote.

The Texas Windstorm Insurance Association, a state risk pool, became the wind damage insurer for hundreds of thousands of coastal residents after private-sector companies pulled out of the coastal wind market following hurricanes Katrina and Rita in 2005.

The fund, which serves property owners in 14 coastal counties including Nueces, Aransas, San Patricio, Kleberg, Kenedy, and Refugio, was depleted last year by claims associated with Hurricane Ike, a Category 2 storm that devastated parts of Galveston and Harris counties. Prior to the start of hurricane season in June, coastal and inland lawmakers want to revamp the system to cover claims in the event of another storm and replenish the fund.

House Bill 911, by Rep. John Smithee, R-Amarillo — so numbered the lawmaker has said because of the emergency nature of windstorm insurance reform — would assess windstorm insurance rates based on geographical location, meaning coastal residents would pay more than inland residents. It would cap coverage on residential, commercial and government property at much less than what it is now. And property owners

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would not be able to get coverage for condominiums, apartments, multi-family units, rent houses or vacation homes.

Smithee contends that people who choose to live on the coast should have to pay for their choices. People who don't should not be forced pay the same rates as those who live in high risk areas, he has said.

He did not return phone calls Wednesday.

Coastal lawmakers, the business community and county and city officials in the Coastal Bend say Smithee's bill would wreak havoc on the Texas coast, devastating the economy and killing any future development and growth. It's unclear whether people would be able to get mortgages at all, because lenders won't go beyond the \$250,000 cap on insurance and a 60-day delay for coverage would stall closing on any property because proof of insurance is required to close, local officials said.

"If you own a piece of real estate in Corpus Christi or on the coast, if you own any kind of structure, you should be concerned about House Bill 911," said Foster Edwards, Corpus Christi Chamber of Commerce president and CEO, who spoke against the bill during a news conference Wednesday. "We have great concerns and we have to mobilize as a community and coastline to do something about this."

Others at the news conference included Realtors, homebuilders, representatives from Corpus Christi Independent School District and the city of Ingleside. They plan to travel to Austin along with representatives from other coastal cities to protest the bill Tuesday, when the insurance committee will discuss it.

Neal, a retired insurance executive, questioned what would happen if the windstorm pool eliminates policies and the state continues to allow the voluntary insurance market to refuse to write windstorm coverage in almost all parts of the 14 counties bordering the gulf.

"If there is not a viable alternative solution, you shut down the Gulf Coast which is one of the fastest-growing areas in the state," Neal said. "You shut down the home industry, you make it impossible for governments and schools to survive. What kind of idiotic logic is this?"

The committee that will consider the bill Tuesday is made up of four coastal lawmakers, including Rep. Todd Hunter, R-Corpus Christi; three, including Smithee, from areas far inland; and two, Houston Rep. Senfronia

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Thompson and San Antonio Rep. Trey Martinez Fischer, whose districts don't include the coast, but have close economic ties to districts that do.

Should the bill make it out of committee, it would face several more steps before final approval, which could put the measures in place by June 1.

Hunter and Rep. Craig Eiland, D-Galveston, on Monday asked the Texas Windstorm Insurance Association and the Texas Department of Insurance for the impact on rates, what additional premiums would be for coastal policyholders to pay back state funds used to shore up the windstorm pool and documentation showing losses paid for tornado, hail and other windstorm events in non-coastal Texas, over the past decade.

Hunter said he does not believe that the bill will get out of committee as written, but he stressed that the coast must make itself heard.

"What many overlook is that the coastline of Texas not only supports the state of Texas economically, but supports the rest of the United States economically," Hunter said. "We have on the coastline several ports and many petrochemical and refineries located from East to South Texas.

"The economies of the U.S. and Texas are impacted positively by the coast and we certainly don't want anything to negatively impact a positive economic generator like the coast for the rest of the state," Hunter said.

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