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## Insurance News

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**Author:** Jaime Powell

**SIIS Office:** (512) 795-8214

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

### ***Windstorm talks continue***

The argument over controversial windstorm legislation continued Tuesday in a state House committee hearing, but it missed the detail coastal property owners want — an affordable compromise.

Rep. Todd Hunter, R-Corpus Christi, sparred with inland lawmakers including Rep. John Smithee, R-Amarillo, and Rep. Carl Isett, R-Lubbock, over proposed reforms before the House Committee on Insurance including Smithee's House Bill 4733, which would raise rates by at least 35 percent for coastal property owners.

Both sides agreed the state must fund the Texas Windstorm Insurance Association, the insurer of last resort for 14 coastal counties including Nueces, Aransas, San Patricio, Kleberg and Kenedy, before June 1, the start of hurricane season.

Smithee said he filed House Bill 4733 as a starting place rather than where he hopes reform will end.

"Two things I have insisted on, one is that it be done according to sound business and insurance principles," Smithee said of successful windstorm reform. "Secondly that the funding sources have to be honest, transparent and they have to make sense."

Hunter stressed that the Coastal Bend hasn't had a major hurricane since the 1970s and said it's unfair for the coast to be punished with prohibitively high rates and coverage limits. He suggested tapping into the state's general fund, the state's rainy day fund or finding a way to use federal stimulus dollars to shore up the windstorm insurance system to prepare for catastrophes.

Smithee and Isett said an acceptable solution shouldn't hinge on their constituents and other inland property owners subsidizing coastal windstorm coverage. Smithee conceded that some windstorm rescue could come from the general fund rather than additional premiums for inland policy holders.

After 2008 with an estimated \$2.4 billion in losses to Hurricanes Dolly and Ike, the coast cannot single-handedly afford the premiums that result from major losses, said Texas Windstorm Insurance Association director Jim Oliver. And private insurers won't write policies in places such as Nueces County, South Padre Island or Galveston.

*For Additional Information:*

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

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

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"That being said, if the companies won't write it there must be a method of funding for the coast that they can afford," Oliver said.

The final answer could lie in a complex combination of any number of several funding options discussed Tuesday including higher premiums for coastal property owners, bonding, larger assessments to insurance companies, surcharges on policies statewide and purchasing reinsurance which would cover billion dollar losses but come with a price tag in the hundreds of millions.

"The question is, 'What do we do with windstorm?'" Hunter asked. "Do we set up a system that works or a system that doesn't work? Do we set up a Band-aid or do we get down and do what will help the whole state of Texas? How do we fund this?"

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