



Southwestern Insurance Information Service

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Insurance News

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Do hailstorms bring Oklahoma higher insurance rates? Experts say single events rarely have effect

If it seems as if the sounds of hail pounding your rooftop have been more frequent the past few years, you're not imagining things.

For the period of January to June this year, [Oklahoma](#) received 60 reports of significant hail — 2 inches in diameter or larger — and 73 reports in 2008, according to the [National Weather Service](#).

The rear window of this car was smashed by hail during a July 16 hailstorm at Hudiburg Chevy/GMC in Midwest City. About 300 of the dealership's 400 to 500 vehicles were damaged

The three years before that? No more than 19 reports were made in a single-year period. But just because those hailstones — and the roof damage and car dents that often accompany them — have been making more appearances as of late, it doesn't necessarily mean insurance premiums are going to rise. "Typically, it takes a pretty significant weather year for storms to impact insurance rates," said Jerry Johns, president of the Southwestern Insurance Information Service.

For the most part, insurance companies base rates on projected future losses, Johns said. Severe weather trends influence these projections, but there must be significant losses in a single year to directly affect rates. As for a single weather event, there would have to be \$750 million worth of damage statewide for rates to be affected, Johns said.

Claims on the rise

John Wiscaver, a spokesman for State Farm Insurance, said the company has seen hail-related claims increase. "We've had more significant hail events in Oklahoma than we've seen in some time," Wiscaver said.

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Still, State Farm bases its rates on future predictions and a much longer time period than several years, he said. They look at future anticipated losses for up to the next 10 years, and a severe weather spike over a few years will not affect rates, he said.

Allstate Insurance Co. has seen an increase in hail and wind claims recently, said Shelley Frost, spokeswoman for the company. Allstate combines hail and wind claims.

The amount of claims is a factor in determining rates, but it's only one of many, she said. "It's more of a big picture analysis," Frost said.

As for hail, one option homeowners have is to get coverage with a different deductible for hail than for other storm damage, she said. Often, homeowners will select a higher deductible for hail — a popular practice in Oklahoma she hasn't seen much in other states, Frost said.

State rates in top 4

The increase in hail recently may not directly affect insurance rates, but the weather is a major factor in Oklahoma's high premiums.

"Oklahoma does have a significant amount of bad weather," Johns said.

That bad weather contributes to Oklahoma's status as the state with the fourth-highest average homeowner's insurance premium in the nation, according to the National Association of Insurance Commissioners.

Using data from 2006, the study shows Oklahoma's average premium is \$1,018, trailing only behind that of Louisiana, Florida and Texas.

Johns said if you're not happy with your current rate, you probably can find a better one at a different insurance company. "The housing insurance market in Oklahoma is very competitive," he said. "If you're going to shop around, now is the time."

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