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Coast has big influence on Texas and Louisiana property insurance markets

After two mild catastrophe years, the two states hope to share better coverage options. Texas and Louisiana share a lot. Besides sharing a common border, they share the Gulf of Mexico – both its bounty and its battering, in the form of tropical storms and hurricanes. The latter greatly influences the rates consumers of homeowners insurance pay and the coverage they are able to secure in both states, even during quiet catastrophe years. It's been more than two years since Hurricanes Katrina and Rita brought back-to-back devastation, but policyholders in both states are still feeling their effects. After those storms, insurers pulled back from writing coverage in coastal areas, premiums soared and the numbers of policies sent into their respective "insurers of last resort" – Texas Windstorm Insurance Association (TWIA) and Citizens Property Insurance Company in Louisiana (Citizens) – swelled.

Louisiana is hoping to see some changes soon as the result of a state-backed incentive program to bring insurers into Louisiana, as well as the influx of new insurers coming into the state on their own initiative. The state attracted the insurers it hoped for when the Insurance Commissioner Jim Donelon and then Governor Kathleen Blanco convinced the legislature to back the Insure Louisiana Incentive Program with \$100 million to lure the insurers to the state and take 25 percent of their writings from the Citizens book of business. Donelon said "we have 170,000 Citizens policies total and expect by June 1st 35,000 to move into the private sector and out of Citizens".

It could be said the Texas homeowners market hit rock bottom after the mold crisis six or seven years ago. As a whole, the market has recovered since then, in large part because of regulatory reforms enacted by the state legislature in 2003 that allow companies flexibility of rate and form and ushered in well-received file-and-use rating system. But the coastal areas are as problematic as always, the 2005 hurricanes just exacerbated the problems. And many are concerned about the growth of TWIA, which is the insurer of last resort for wind and hail in 14 coastal counties and in parts of Harris County, and its ability to handle claims should a Katrina-like hurricane hit areas like Galveston or Houston. The Chairman of the House Insurance Committee, Jim Smither said, "Last year was a mild season, loss wise. There was some activity but all the companies made money. So now what we are seeing is some companies have had time to think through their windstorm strategy and analyze where they're overexposed on the coast and where they still have some room."

You can help your insureds keep their premiums to a minimum by keeping claims cost down. Having an Emergency Preparedness Plan in place before a disaster strikes will help your insured respond more quickly to a loss thus minimizing damage and ultimately reducing the overall claim payout. The Gerloff Company has prepared over 100 of these Emergency Preparedness Plans for School Districts and Businesses throughout the state of Texas at no cost to the district or companies. If you or someone you know would be interested in having the Gerloff Company provide an Emergency Preparedness Plan for you at no cost please contact Mark Dicks at (210) 490-2777 or Toll Free at (800) 486-3621.

Source: Insurance Journal