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For Immediate Release

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Texas Lawmakers Make Changes for Hurricane Season

Members of the Texas Legislature don't plan to have the state paying out millions of dollars to lawyers following the next hurricane that hits Texas. Texas lawmakers agreed during a special session of the legislature in June under HB 3 to encourage mediation and arbitration if policyholders can't agree with insurance adjusters on the damage to their property.

"Texas lawmakers came up with legislation that will greatly reduce the number of lawsuits following a hurricane," said Mark Hanna, a spokesman for the Insurance Council of Texas. "Every claim that should be paid, will be paid. The process of settling all hurricane claims will be expedited."

If there is a dispute on whether hurricane damage was the result of wind or water, such as in a storm surge, a new expert panel will be appointed by the Texas insurance commissioner to make recommendations on how those claims should be handled. The issue of wind vs. water was a major concern in the damage caused by Hurricane Ike. Ike had a 20 foot storm surge that wiped away homes and businesses on Bolivar Peninsula and inundated structures in five counties along the Texas coast. Ike's wind gusts were estimated at 100 miles per hour.

The storm caused \$12 billion in insured losses. The Texas Windstorm Insurance Association (TWIA) had to seek a quarter of a billion from the state General Revenue Fund to pay all its claims and resulting lawsuits. Claims from Hurricane Ike which made landfall on September 13, 2008, are still coming in. That, too, will change. During the special session Texas lawmakers said TWIA policyholders will have one year to file a claim.

The next major hurricane that causes \$2.5 billion in insured losses to TWIA will see the claims paid through a multi-tier system of bonds and reinsurance. The bonds will be repaid by TWIA policyholders, surcharges to both homeowner and vehicle owner policyholders and assessments against property and casualty insurers. The surcharges would be take effect after a review by the Texas insurance commissioner. All of the legislative changes passed in the special session under HB 3 take effect September 28.

In the meantime, a legislative committee will conduct an interim study to determine other alternatives to provide needed insurance coverage along the Texas coast and whether TWIA should be changed or eliminated.

The Insurance Council of Texas is the largest state insurance trade association in the country consisting of approximately 500 property and casualty insurers writing business in Texas. For more information click on www.insurancecouncil.org or <http://www.facebook.com/insurancecounciloftexas>

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