

## TEXAS HURRICANE INSURANCE FACT FILE

September 2008

- The costliest Texas hurricane in recent years was Hurricane Rita, which caused nearly \$2 billion in insured losses in 2005 (about \$2.1 billion in 2007 dollars). While not a hurricane, Tropical Storm Allison resulted in \$2.2 billion in insured losses in 2001 (nearly \$2.6 billion in 2007 dollars). These losses do not include flood damage covered under the federal government's National Flood Insurance Program (NFIP). NOTE: Standard homeowners policies typically do not cover flood damage.
- The most costly Texas flood event resulted from Tropical Storm Allison which caused \$1.1 billion in flood insurance losses in 2001 (\$1.3 billion in 2007 dollars) paid by the NFIP.
- There was a 40.5 percent increase in the number of flood insurance policies sold in Texas by the NFIP in 2006, the year following hurricanes Katrina and Rita in 2005. However, 25 percent of those policies were not renewed in 2007.
- The 1900 Galveston hurricane was the deadliest in U.S. history with more than 8,000 lives lost. Some believe fatalities exceeded 12,000.
- If the Galveston hurricane occurred today, it would result in \$33 billion in insured losses based on adjustments for inflation, growth in the number and value of coastal properties and increases in property insurance coverage.<sup>1</sup>
- More than \$2.3 billion in new construction was under way in Galveston in 2007.
- The total value of insured coastal property in Texas was more than \$895 billion in 2007, an increase of 21 percent, or \$255 billion, since 2004. Only Florida (\$2.5 trillion) and New York (\$2.4 trillion) have more property exposed to hurricane loss.
- The Texas Windstorm Insurance Association (TWIA) provides wind and hail insurance for Texas Gulf coast residential and commercial property owners in the event of catastrophic loss.<sup>2</sup> It is the state's insurer of last resort for wind and hail coverage in 14 coastal counties and parts of Harris County.<sup>3</sup>
- The number of structures insured by TWIA and its exposure base is growing rapidly. As of August 31, 2008, the total number of policies in force in TWIA was 224,468, up from 216,008 at January 1, 2008. TWIA's exposure to loss (not including Additional Living Expenses or Business Interruption) has surged by more than 400 percent in the eight years from \$12.1 billion in 2000 to \$60.9 billion at August 31, 2008. Total TWIA exposure, including Additional Living Expenses and Business Interruption, is \$66.6 billion.

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<sup>1</sup> Source: AIR Worldwide Corporation.

<sup>2</sup> <http://www.twia.org>

<sup>3</sup> Part of Harris County—when located inside Houston city limits and east of highway 146, the following portions of Harris County are also included: LaPorte, Morgan's Point, Pasadena, Seabrook, Shore Acres.