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Hurricane Ike Claims total \$12 Billion in Texas

Hurricane Ike's devastating storm surge and 110 mile per hour winds made it by far the costliest weather catastrophe in Texas history. Total windstorm claims in Texas according to ISO totaled \$9.8 billion. The National Flood Insurance Program said Texans filed nearly 44,000 flood claims from Hurricane Ike costing \$2.175 billion, placing the storm's total insured losses just under the \$12 billion mark.

"Hurricane Ike took the same path as Galveston's 1900 storm that claimed more than 6,000 lives," said Mark Hanna, a spokesman for the Insurance Council of Texas. "Thankfully, coastal residents had been adequately warned for Hurricane Ike, but few were prepared for Ike's destructive storm surge. Many residents who lost everything did not have flood insurance."

Hurricane Ike struck Galveston on September 13, 2008. The hurricane's 16 foot storm surge destroyed homes and businesses on Bolivar Peninsula as well as communities surrounding Galveston Bay and all along the shoreline and inland from Orange down to Freeport. More than half of Galveston Island was submerged from the rising water. Fortunately, most of the area's coastal residents heeded evacuation orders after the National Weather Service (NWS) issued a warning saying people living in one or two story homes along the coast would face certain death. The NWS said Hurricane Ike was directly attributable to 20 deaths, most of them from drowning.

The Texas Department of Insurance reported Texans filed more than 800,000 windstorm claims from Hurricane Ike, including claims from Texas Windstorm Insurance Association (TWIA) policy holders. Sixteen months after the storm, TWIA is still receiving damage claims from the hurricane. TWIA is eventually expected to pay out \$1.8 billion in Ike claims.

Texas wasn't the only state heavily damaged by Hurricane Ike. After blowing through Texas, the remnants of Ike reignited over the Midwest. Louisiana reported \$318 million in flood losses, while ten other states reported flood losses amounting to \$137 million. Hurricane-force winds in Ohio created insured losses in excess of \$1 billion making it the costliest weather catastrophe in that state.

Prior to Hurricane Ike, Tropical Storm Allison had been the Texas' costliest weather catastrophe. Allison caused \$3.5 billion in insured losses, when it dumped more than two feet of rain on the city of Houston on June 8, 2001. Hurricane Rita, which made landfall about 60 miles up the coastline on September 24, 2005, caused \$2.8 billion in insured losses in Texas and a similar dollar loss in Louisiana.

The volume of claims that poured in from Hurricane Ike was compounded by Hurricane Dolly that struck South Padre Island six weeks earlier causing wind and flood losses of \$500 million. Only one insurance company was unable to meet the financial demands from the 2008 hurricane claims and its insolvency was not totally attributable to the storms.

TWIA remained solvent by using all of its \$470 million Catastrophe Reserve Trust Fund, \$1.5 billion in reinsurance and assessing insurance companies \$530 million to pay all of the hurricane claims.

“These two storms within seven weeks of each other cost TWIA all of the written premiums (\$1.825 billion) it had received from coastal policyholders dating back to its inception in 1971,” said Hanna. “We can only hope that the next hurricane to make landfall in Texas is many years from now.”

Out of 800,000 Hurricane Ike claims, Texans filed 2,683 justified complaints with the Texas Department of Insurance giving insurers a complaint ratio of .33 percent.

The Insurance Council of Texas is the largest state insurance trade association in the country consisting of more than 500 property and casualty insurers writing business in Texas. For more information turn to ICT’s Web site at www.insurancecouncil.org.

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