



## **WIND AND HAIL UPDATE**

*South Carolina Wind And Hail  
Underwriting Association  
P. O. Box 407  
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October 6, 2006  
06-10

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### **TERRITORIAL EXPANSION FAQ'S**

The Association has been receiving a number of letters and phone calls in regards to the possible expansion of the SC Wind Territory. Since this is such a "hot issue," we thought we would share the questions and answers with you.

#### ***When will SC Wind expand its territory?***

It is important to understand that the Association has **no** authority to change its territory. The territory is set by state law. Only the Legislature or the Director of Insurance (using her emergency powers) can increase the territory.

This is a complex issue and must be resolved in terms of public policy.

#### ***What action is currently taking place?***

The emergency powers of the Director of Insurance require that the Department of Insurance conduct a thorough market review prior to issuing an expansion order. The Department has devoted a significant amount of time to this effort.

#### ***We were told that the Board of SC Wind and its Executive Director has come out in favor of expansion. Is this true?***

Neither the Board nor its Executive Director has issued an opinion on expansion.

#### ***We were told that the Board of SC Wind and its Executive Director has come out against expansion. Is this true?***

Neither the Board nor its Executive Director has issued an opinion on expansion.

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***This is not true. We have heard Association Staff speak on expansion.***

Representatives of the Association have spoken on the pros and cons of expansion. There are many factors involved in this decision. Our staff is attempting to offer an overview on all facets of this matter.

***My agent told me that SC Wind is not cooperating with the Department on expansion.***

Not true. Since January of this year, the Association has been assisting the Department on Coastal Issues including Territorial Expansion.

In addition, Association Staff Members have been at the Department three to five days per week for the last seven weeks for work sessions on expansion and other alternatives.

The Association has responded promptly to every request from the Director of Insurance and her staff. This includes data calls and aggregate policy information requests.

***We have been told that if the territory is expanded, insurance companies will not exclude wind on existing business. Companies will also start freely writing property insurance in the expanded area.***

Based on our conversations with insurance companies, you should expect companies to exclude wind on a portion of their existing books of business. We have not heard from a company that plans on writing more new business with or without wind coverage.

The keys to insurer actions will include reinsurance availability and pricing, hurricane model results, rating agency standards, the 2006 storm activity, and many other factors at an individual company level.

***What rates will be used by SC Wind in the expanded portion of the territory?***

The Association will make a separate rating filing for the expanded portion of the territory.