

A View from the Coast
May 14, 2009

As full time residents of Port Aransas (Port A), we have followed the proposed changes to windstorm coverage with shock and horror! We are full time residents of Port A and are approaching retirement age. We have watched as our retirement savings have been decimated by this recession. Real estate sales are at a standstill as a result of the recession, so we can only guess how far home values have already fallen. Now your proposals would likely further decimate our home value, our only remaining source of retirement savings. Your timing is horrible!

We have lived in Port A for sixteen years. During those years, we have evacuated only once for a small storm that did no damage. We have packed to leave on several other occasions, most recently when Ike threatened this area before turning north toward Galveston. We recognize we are very fortunate. As previous storms have moved inland, we always search out reports of damage inland from high wind, tornados and flooding from torrential rains. Whenever we evacuate, we want to insure we are as safe as possible from adverse effects of any storm. Experience has shown we must go beyond 100 miles inland to escape the worst of the damaging weather, although any hurricane / tropical storm can spawn tornadoes and heavy rain across the entire state. Please note that 100 miles from the coast includes the cities of Beaumont, Houston, Victoria, Corpus Christi, Brownsville and the rest of the Rio Grande Valley.

There are hundreds of homes and condos in our small community of 3300 people that would be sold or abandoned if they could not be insured or if insurance costs escalated beyond the already high current amounts. We can envision one of two scenarios: property not insurable would not be maintained, resulting in our town looking shabbier and shabbier, until we finally get hit by "the big one". Afterward, many homes would simply be bulldozed or abandoned. Tourism, our only industry, would suffer as fewer people want to come to run-down blighted areas. Crime rates would likely rise as a decreasing tax base pays for less law enforcement for fewer homes. An alternate scenario would have only the very wealthy moving here (those who could afford to lose their investment) with no affordable places for ordinary tourists to stay. Imagine the push to close the beaches to the "riff raff" if that occurs. Under neither scenario could local businesses and schools continue to operate.

Based on proposed windstorm insurance legislation reported recently, we have several questions we want you to answer before passing final legislation.

1. Why would you treat an insurance claim for tornado damage or flooding from a downgraded hurricane any differently for residents living inland than for residents along the coast?
2. About half the homes in my neighborhood are part time homes. If insurance becomes available only to full time residents, who will buy the other half of these homes? At what discounted price to current values? How will we be compensated for this unexpected loss of our biggest investment?

3. Drastically increased insurance rates would likely cause local businesses to close and move elsewhere. This would result from a combination of fewer residents and fewer tourists who could afford to come here, as the higher rates are passed on in the form of higher prices on everything. Who would reimburse the local business owners for the loss of their businesses?
4. Drastically increased insurance rates would drive away enough full time residents that our local school district would be unsustainable. Who will reimburse the holders of the bonds issued for school improvements in recent years? Many local residents own those bonds and would get a double whammy if the bonds default and their property devalues significantly.
5. Drastically increased insurance rates combined with considerable uninsurable property would decimate the tax base of our city. Who would reimburse the holders of the bonds issued for city improvements in recent years? Again, many local residents own those bonds, too.

We're sure there are many more unintended consequences that would result from your proposed windstorm insurance legislation. Tourism is a vital part of our state economy. Generations of Texans have enjoyed family outings to our beaches, staying in second homes or rental units. Full time residents and local business owners help make our coastal towns welcoming communities for all to enjoy. Please take the time to carefully consider those consequences and find a better way to restore funding to the TWIA and insure that fund will serve its intended purpose in the future.

Robert and Carolyn Chancellor
Dedicated Residents
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