



## **How Hurricane Harvey will affect insurance premiums for property owners nationwide - by Izzy Green and Sol Eisenberg**

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In the aftermath of Hurricane Harvey, the state of Texas is facing catastrophic housing, auto and business losses. Hurricane Harvey has already forced more than 30,000 people into shelters. Government officials estimate this figure could rise to 450,000, which is expected to be greater than

following Hurricane Katrina. Texas is turning into an economic catastrophe—with damages likely to stretch into tens of billions of dollars and an unusually large share of victims lacking adequate insurance, according to estimates.

Reports are stating that less than one third of the losses will be insured. Most people with flood insurance buy policies backed by the federal government's National Flood Insurance Program. As of April, less than one-sixth of homes in Houston's Harris County had federal coverage, according to Aon. That would leave more than 1 million homes unprotected in the county. Coverage rates are similar in neighboring areas. Many cars also will be totaled.

Evergreen Insurance, a NY-based company, insures thousands of real estate holdings across the State of Texas and the directly affected Houston Market. Our clients range from owners of apartment and office buildings, multifamily dwellings and commercial centers such as strip malls. Our thoughts and prayers go out to those who have endured this tragic event.

The telephone calls have been streaming in all week and our staff is working all week to assist. We are counseling and advocating on behalf of our clients through this devastating and stressful period. Our claim partners are already boots-on-the-ground helping our clients in need.

From a historical perspective, a decade after Hurricane Katrina, insurance rates have flattened and in many geographic markets a "soft market" has developed, translating into lower insurance costs for insurance coverages nationwide. Hurricane Harvey is said to create pressure for stronger capitalization for insurance companies meaning these rates for building insurance for buildings across the country are soon expected to be on the rise. Building insurance rates could go up as high as 30%. Additionally, rating agencies are expected to add additional pressures to insurance companies most affected by Harvey, reviewing the extent of their losses and plans to replenish capital.

Once these immediate issues are settled, we expect rating agencies to begin exerting pressure on companies writing catastrophe-exposed business to:

- A.) Further improve their catastrophe risk management systems and controls; and
- B.) Provide stronger capitalization to support the risks inherent in this type of business.

Although new technologies, particularly geographic mapping and catastrophe models, have vastly improved insurers' exposure management capabilities, we expect that even where the exposures are already relatively well understood (as they are in personal lines), companies' tolerance for risk concentration will decrease.

At Evergreen Insurance our objective is to find the most comprehensive coverage on behalf of our clients while being mindful of the economics at hand. It's unfortunate to have these types of catastrophes impact our clients, yet inevitable. It is through these events where the team at Evergreen Insurance and Risk Management can truly shine and navigate the evolving insurance

landscape which only comes with decades of experience.

Izzy Green is the CEO and Sol Eisenberg is the co-founder and head of large claims management at Evergreen Insurance & Risk Management, Monsey, N.Y.

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