

## Letter to the Editor

Dear Sir:

Your article by Thomas Birkland of Thursday, August 20, 2009, "Still too much risk in the Beach Plan," was grossly inaccurate and misleading on a number of critical which I should like to address.

First, it contends that beach owners will "...benefit from state-sponsored below-market insurance rates." Surely he jests. Our rates are three to five times higher than Charlotte, and if the state were in any way subsidizing us, surely it would show up in the Beach Plan surplus which is currently about \$800 million and growing rapidly. The reason it is growing rapidly is not that so many people are signing up, but that our rates are increasing ever faster. The late Insurance Commissioner approved rates of approximately 30% all up and down the beach and substantially higher on the Inner Banks counties as well. My question for Mr. Birkland, is "where is the subsidy?" I'm not aware that the state of North Carolina has put any money into the Beach Plan and over 30 counties received rate *decreases* in the past ruling, many of which have not had increased insurance premiums in over 15 years.

Secondly, he informs us that the insurance rates, "...may not reflect the real risk of storms like Hurricanes Fran or Floyd, not to mention a mega storm like Hurricane Katrina." Hurricane Fran did approximately \$625 million worth of damage in the non-coastal counties, almost twice the damage on the coast. Floyd had more than twice as much damage in the rest of the state as it did on the coast. As for Katrina, Mr. Birkland needs to research his hurricane history with a little more precision. We've never had a Katrina in North Carolina. We've never had a category 5, and we've only had one category 4 in the entire history of North Carolina, and that was Hazel. Hazel, it will be remembered, did substantial amounts of damage in the Piedmont as well as on the Coast because it essentially tracked up I-95, just a few miles from Raleigh. Of course, Mr. Birkland, as do all critics of the Coast, conveniently forget to mention Hugo. Hugo did \$406 million of damage in the state and only \$3.5 million of that was on the Coast.

Finally, he informs us that with only about \$2.5 to \$3 billion in resources, a Fran/Floyd sized storm could overwhelm these resources. That would take some imagination, because in over 20 years, the total claims in the coastal counties has amounted to \$765 million (compared to \$2.2 billion for the remainder of the state). So, my last question for Mr. Birkland is this: If it takes little to imagine that a Fran/Floyd sized storm would overwhelm the \$800 million we currently have, plus the \$1 billion from insurance companies, plus their insurance acquired by the Coastal Wind Pool, how come a 20 year period which included Fran, and Floyd, and Hugo, and 10 other hurricanes, never even approached \$1 billion in losses?

Very Truly Yours,

Tommy G. Thompson  
President NC 20