



November 11, 2013

Governor Nikki Haley
Office of the Governor
1205 Pendleton Street
Columbia, SC 29201

Dear Governor Haley

As residents of Beaufort County, South Carolina, we are concerned about the cost of property insurance in our area and have recently attended a presentation where several issues were discussed.

- South Carolina residents pay some of the highest premiums in the nation, especially those living along the coast.
- Despite the fact that Beaufort County is a coastal town, the chance of a major hurricane strike is “relatively low” according to meteorological data and is due to the following factors:
 - a. A mid-latitude jet stream moves southward out of Canada each fall and touches a warm low pressure front along the coast of South Carolina that moves 75% of all hurricanes out to sea.
 - b. The inward curvature of our coast helps to guide hurricanes north as hurricanes follow the deeper Gulf Stream waters.
- The South Carolina Legislature passed a law in 2004 authorizing automatic approval of insurance hikes proposed by insurance companies as long as the rate increase was 7% or less (South Carolina Code of Laws Section 38-73-220 (A)). This law has been used by insurance companies to systematically increase rates because they know the increases will not be challenged.
- The insurance companies no longer use the National Hurricane Center data to establish hurricane risk by region but instead use catastrophe models developed and paid for by the insurance companies.

The mission statement of the South Carolina Department of Insurance is “to protect the insurance consumers, the public interest, and the insurance marketplace by ensuring the solvency of insurers; by enforcing and implementing the insurance laws of this State; and by regulating the insurance industry in an efficient, courteous, responsive, fair, and equitable manner.”

We firmly believe that the South Carolina Department of Insurance has not challenged the catastrophe models used by the insurance companies and further, the agency has not accessed whether insurance premiums charged to South Carolina consumers are unfairly high in comparison to the associated risk. In addition, they have not properly evaluated how our rates compare with other coastal regions more likely to have major storms.

Although actions have been taken recently to evaluate the catastrophe models used by the insurance companies due to the grassroots efforts by citizens, we urge you to evaluate this issue in depth and make recommendations to change regulations and operating policies & procedures guiding the South Carolina Department of Insurance.

Sincerely,

James F. Grove
28 Middleton Gardens Place
Bluffton, SC. 29910

*Keep up
the good
work!*
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