

From: Patel, Swati

To: Soura, Christian <ChristianSoura@gov.sc.gov>

Date: 3/22/2013 10:20:40 AM

Subject: FW: Insurance Reform Bill (Draft)

Attachments: Coastal Property Insurance - draft bill from Sen Davis with edits 03.13.2013 v2 (clean copy).docx

Coastal Property Insurance - draft bill from Sen Davis with edits 03.13.2013 v2.docx

Have you seen this? Tom is asking if N will support it. Thoughts?

From: Tom Davis [mailto:tom1960davis@yahoo.com]

Sent: Wednesday, March 20, 2013 11:19 AM

To: Pitts, Ted; Cashion Doulet; Mark Nix; Patel, Swati

Subject: Insurance Reform Bill (Draft)

All,

Attached is the draft bill. My working premise is: 1) wind-insurance premiums being charged by insurance companies for buildings along the coast are not commensurate with the risk being assumed by the companies for providing such coverage, that is, they are too high; and 2) the remedy for this market failure is **not** to abandon market-based solutions in favor of a more activist and interventionist insurance commissioner, but rather to build upon the free-market reforms passed by the state legislature in the 2007 Omnibus Coastal Property Insurance Reform Act (S. 711; Act 78), in a way that results in the better-functioning market.

Stated broadly, I want the bill to result in more insurance companies writing wind-insurance policies in South Carolina and for consumers to be more informed and aggressive in shopping for insurance and, as a result, forcing companies to compete with one another for business, thereby driving down premium prices. That was the approach taken by South Carolina in 2007, at a time when other states, like Florida, took a statist approach to reform and had their insurance commissioners become very interventionist in the marketplace, which resulted in an exodus of private insurance companies.

I would like key stakeholders like the Realtors and Homebuilders, and most importantly Gov. Haley, to be on board with this approach. Then-Rep. Haley was a primary sponsor of the 2007 Omnibus Coastal Property Insurance Reform Act and I believe Gov. Haley supports the market approach to reform I am taking. Ray Farmer, the newly appointed insurance commissioner, has assisted me with this. Please review this bill and give me your thoughts. Thanks.

Tom