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May 7, 2019

**Senate Committee on Business & Commerce
Texas State Senate**

SUPPORT: H.B. 1306

Members of the committee,

I write you on behalf of the R Street Institute in support of H.B. 1306, an act relating to the provision of flood coverage under insurance policies issued by surplus lines insurers. R Street is a think tank devoted to pragmatic free-market solutions to public policy challenges that has engaged on Texas property insurance issues since our founding seven years ago.

H.B. 1306 would free Texas property insurance consumers from diligent search requirements when they seek to obtain flood insurance coverage from the surplus lines market, provided that that coverage is provided by an authorized insurer that meets minimum financial strength requirements.

While the amended version of H.B. 1306 that passed the House unanimously is narrower in scope than when originally drafted, it would nonetheless aid consumers by streamlining the process to obtain private flood insurance. According to projections by the actuarial firm Milliman, 92 percent of single-family homes in Texas could find more affordable coverage in the private flood insurance market than from the National Flood Insurance Program, including 88 percent of those in the highest-risk coastal zones.

There were \$63.2 million of private flood insurance premiums written in Texas in 2018, according to S&P Global, up 18 percent from 2017 and roughly double 2016's total. H.B. 1306 would allow even more Texans to take advantage of private coverage, including millions of homeowners who currently have no coverage at all for flood.

Sincerely,

A handwritten signature in black ink, appearing to read 'R.J. Lehmann', with a horizontal line extending to the right.

R.J. Lehmann
Director of Finance, Insurance and Trade
R Street Institute