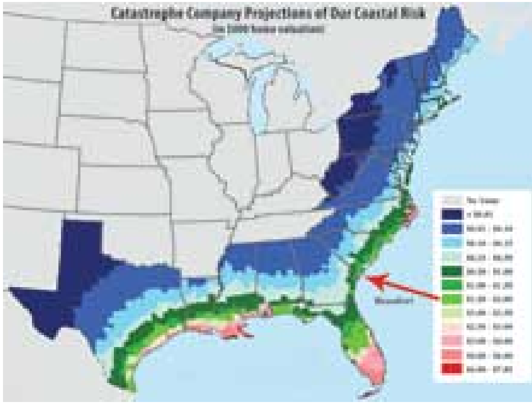
Part Two: Enter a "Deep Throat"

[Read Part One: The Discovery](#)



It took three years of digging. I had solved the dinner party question. Hurricanes usually turn away from our coast during the fall season. And now I know why. Yes, it is possible for them to break through; but it is rare. What lay ahead of me was nothing short of a Sherlock Holmes story. But in this case, it was a true story... one that I will never forget. And this story involved a "Deep Throat."

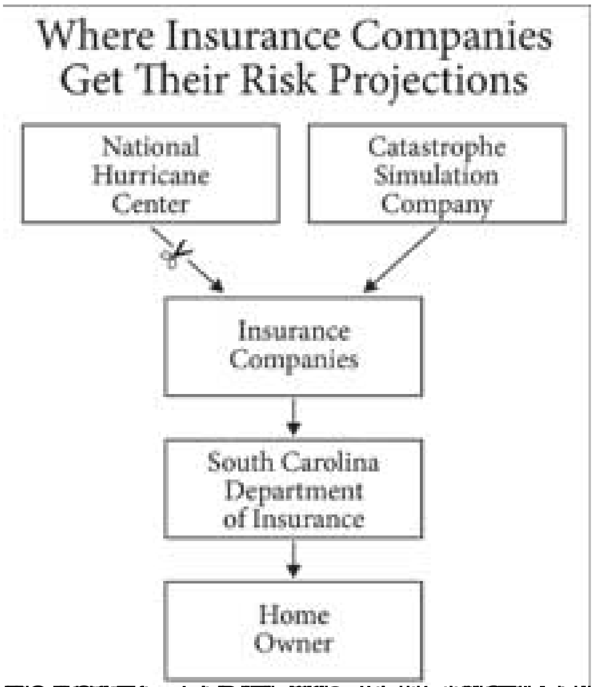
The minute I reviewed the findings, I asked myself, "If it is true that hurricanes tend to avoid southern South Carolina during the fall, why are my homeowner insurance rates so high?" I live on a bluff overlooking the Whale Branch River. Engineers tell me that the area has the highest elevation in the county. My foundation is 23 feet above mean tide. I don't carry any flood insurance. However, I considered my homeowner's insurance very high. So, I asked myself, why is it so high? I called my insurance company and laid out a test. My idea was this: I would compare my homeowner's bill to that of a house of the exact value . . . located in the heart of the Katrina Hurricane in Mississippi. Specifically, that would be Gulf Port, Mississippi.

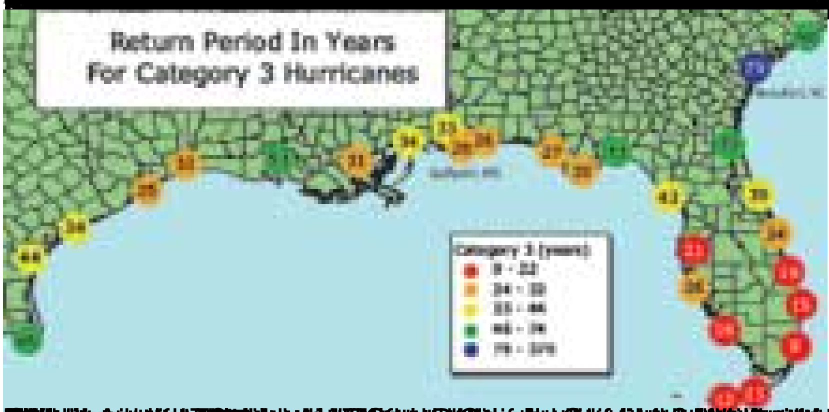
I knew from the National Hurricane Center that Gulf Port, Miss. has a hurricane risk that's at least 2.5 times greater than Beaufort County's. Thus, I told myself, I would expect their rates to be proportionally higher.

I made my call. I told the service rep. that I was considering moving from my existing location. I informed her that I either wanted to rebuild a $400,000 home on my existing lot or purchase a house of the same value in Gulf Port, Miss. The house would be several miles from the Gulf. The representative got back to me quickly. She informed me that her insurance company does not cover wind insurance in Mississippi . . . but that homeowners insurance would be $488. The cost for insuring the same house on my lot in Beaufort County – without wind and flood insurance – would be $1,400.

This shocked me! Even if the insurance company excluded future "wind" costs, why would insurance rates in Beaufort County be three times that of Mississippi? -

I wanted to immediately call the South Carolina Department of Insurance and see if they had the answer. But I reminded myself that I'd better check and see how an insurance company now gets its assessment of coastal risk. I am glad that I paused. I quickly discovered that insurance companies no longer use hurricane risk projections from the National Hurricane Center. In the early 2000's the industry got clobbered with losses from a series of hurricane strikes along the Gulf coast. They ran out of reserves. They then turned to Catastrophe Simulation Modeling Companies.





[Read Part One of The Billion Dollar Coastline]