



# **The Town of Hilton Head Island Intergovernmental Relations Committee Regular Meeting**

**Monday, June 17, 2013  
10:00 a.m. – Conference Room #3**

## **AGENDA**

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**As a Courtesy to Others Please Turn Off All Cell Phones and Pagers during the Meeting**

- 1. Call to Order**
- 2. Freedom of Information Act Compliance**  
Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 3. Approval of Minutes**
  - a. Regular Intergovernmental Relations Committee Meeting of March 18, 2013.
- 4. Chairman's Report**
- 5. Unfinished Business**
  - a. Update of General Assembly issues.
- 6. New Business**

None
- 7. Adjournment**

**Please note that a quorum of Town Council may result if four (4) or more of Town Council members attend this meeting.**

TOWN OF HILTON HEAD ISLAND  
**INTERGOVERNMENTAL RELATIONS COMMITTEE**

Minutes of the Monday, March 18, 2013  
Regular Meeting

*Members Present:* George Williams, *Chairman*; Lee Edwards, *Council Member*; Marc Grant, *Council Member*

*Members Absent:* None

*Others Present:* Bill Harkins and Kim Likins, *Council Members*; Joe Croley, *Lowcountry Inside Track*; Jocelyn Staigar, *Hilton Head Area Association of Realtors*; Andy Twisdale, Daryl Ferguson, Terry Ennis and David Ames, *South Carolina Competitive Alliance*

*Staff Present:* Greg DeLoach, *Assistant Town Manager*; Brian Hulbert, *Staff Attorney*; Susan Simmons, *Director of Finance*; Jill Foster, *Deputy Director of Community Development*; and Lynn Buchman, *Administrative Assistant*

*Media Present:* Brian Heffernan, *The Island Packet*

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**1. Call to Order**

The meeting was called to order at 10:06 a.m.

**2. Freedom of Information Act Compliance**

Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

**3. Approval of Minutes**

February 19, 2013 Meeting

Mr. Edwards moved to approve and Mr. Grant seconded. The motion was unanimously approved by a vote of 3-0.

**4. Chairman's Report**

None

**5. Unfinished Business**

**a. Revised 2013 Intergovernmental Relations Committee Meeting Dates**

Chairman Williams noted that it had been discussed at the last meeting that a change in the Committee date to the third Monday of the month may enable a local representative to attend a Committee meetings to discuss issues, since they have been unable to attend because the legislature is in session on Tuesdays. Mr. Grant moved that the Revised 2013 Intergovernmental Relations Committee Meeting Dates set forth in the Agenda Packet be adopted, and Mr. Edwards seconded. The motion was unanimously approved by a vote of 3-0.

Greg DeLoach, Assistant Town Manager, gave the Committee a quick update on letters sent to members of the General Assembly's Medical Affairs Committee, with copies to the Lt. Governor and the Beaufort County Legislative Delegation opposing the Business Freedom to Choose Act, which is the solid waste control bill. He also noted letters had been sent to Senators Graham and Scott seeking to preserve the use of the tax-exempt financing for municipal bonds. He reported that the House has given final reading to this year's budget, with the Local Government Fund proposed to be funded up to 81% of the statutory level, which statutory level can be changed at any time by the General Assembly.

## **6. New Business**

### **a. Reform of Insurance in South Carolina Presented by Andy Twisdale and Daryl Ferguson**

Andy Twisdale, with the SC Competitive Alliance, related the origins of the group and showed a PowerPoint presentation, which included data gathered from the National Hurricane Center indicating Hilton Head Island is within the area of least amount of major hurricane activity since 1900. The risk of rating from the National Hurricane Center shows only 1 major hurricane in Beaufort County during the period 1851 -2009, with a projected return of a Category 3 hurricane in 79 years, a Category 4 hurricane in 210 years, and a major Category 5 hurricane in 500 years. Comparisons with other locations were noted. However, the difference in costs for homeowner insurance through a major insurance carrier without wind coverage showed almost 3 times higher costs in Beaufort County than in Gulfport, Mississippi. Mr. Twisdale noted that while we have the least risk on the entire coast, South Carolina ranks among the 6<sup>th</sup> to 10<sup>th</sup> highest in the nation for insurance rates, and is the lowest in risk for projected repair costs. Mr. Twisdale reported that Daryl Ferguson had presented his research at the hearing before the Senate Finance Committee for the new Commissioner of Insurance. He further reported that a Coastal Insurance Sub-Committee has been formed and Senator Tom Davis serves on that Sub-Committee. He encouraged support from the Town on this issue through contact with the Sub-Committee and Senator Davis. He noted articles in the Charleston News & Courier entitled "Storm of Money" which outlines a systematic approach by the insurance companies over the last 20 years to move the risk away from the insurance company onto the personal property owner and government with increased deductibles and exclusions.

Mr. Twisdale proposed the following through legislative action:

- To delete the current law authorizing automatic approval for insurance providers seeking a rate increase of less than 7%;
- To require the SC Department of Insurance to hold bi-annual public hearings on property insurance across the State;
- To require the Department of Insurance to produce annual reports to the House and Senate comparing revenues collected in SC and claims paid out by insurance companies; and

Mr. Twisdale noted his group also looks at this as an economic development issue, with the perception that the risk is greater in this area preventing business from locating here. He reported that Governor Haley has recently established a Governor's Regulatory Review Task Force.

Daryl Ferguson, also with the SC Competitive Alliance, outlined reasons that hurricanes stay away from this area. Contrary to the national press, Mr. Ferguson stated this area has the safest winter and fall weather in the entire south. Citing sources from both the National Hurricane Center and a senior official of one of the Catastrophic Modeling Companies indicating the risk as relatively low, he surmised that the insurance rates should be much lower. The reasons he cited for higher rates is the lack of regulation and leadership by the SC Department of Insurance and the 7% rule that has produced a reputation of the State being wide open for rate increases. He stated his opinion that

homeowners are overpaying 30 – 50%, and because of the high rates, the message is sent that we are a hurricane magnet. Mr. Ferguson noted the good news is that Hilton Head Island has the best coastline from Charleston to Jacksonville in the entire South combined with tourism assets. He cited the additional tourism income and job growth that could result, as well as a minimum of a 10% direct reduction in homeowners insurance, if the message can be reversed.

Chairman Williams and Mr. Twisdale discussed the fact that although some insurance companies do not provide wind and hail coverage in their homeowners policies and refer customers to the State coverage available, there are still insurance companies who do offer wind and hail coverage.

Chairman Williams questioned whether this was actually a statewide rather than a local Hilton Head Island issue. Mr. Twisdale advised that a Sub-Committee of the SC Association of Realtors has been asked to support the legislative action recommended and will be making a decision later in March. The biggest impact in his opinion is to the Hilton Head Island area, and the benefit would also be bigger than anywhere else. He suggested that a group be set up to study this big issue.

In response to Mr. Grant's inquiry about whether funding was being requested, Mr. Twisdale informed the Committee that an issues mobilization fund request has been made to the SC Association of Realtors for a 2-year plan of media and social media presence to publicize the data. That decision will be made on March 25, and depending on the outcome, Mr. Twisdale indicated that if Council support is given, he may return with a specific marketing outline and request funds.

Mr. Edwards indicated he had seen this presentation at a Greater Island Council meeting and expressed his surprise at our low risk and stated his support for their efforts to educate the public.

Bill Harkins, Council Member, shared with the Committee the exceptionally positive reaction received from the Governor's office at a meeting he had attended with the Greater Island Council group and Mr. Twisdale. He suggested a two-fold approach to include a detailed letter of support and continued monitoring of the issue by both Staff and Town Council. He encouraged a positive response to this presentation, as it would inure to the benefit not only of existing homeowners or business owners, but would remove a very difficult barrier for people thinking about moving here.

Jocelyn Staigar noted the full support from the Hilton Head Area Association of Realtors of this initiative. She encouraged a recommendation of support from Town Council with position letters, as well as possible funding.

After a brief discussion among the Committee Members, with comments from Mr. Twisdale and Mr. Ferguson, Mr. Edwards moved that the Intergovernmental Relations Committee recommend to Town Council that it support the property insurance reform initiative and write a letter or take further action to indicate our support to the Insurance Commissioner, as well as the Governor. Mr. Grant seconded. The motion was unanimously approved by a vote of 3-0.

Chairman Williams noted that the recent notice about the increase in flood insurance rates would likely have a larger impact on homeowners than wind and hail issues.

### **Adjournment**

At 11:10 a.m. Mr. Edwards moved to adjourn and Mr. Grant seconded. The motion was unanimously approved by a vote of 3-0.

Approved:

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George Williams, Chairman

Respectfully submitted:

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Lynn W. Buchman  
Administrative Assistant