

Insurance Reforms News From Several States

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State Farm settles after underpaying for screen enclosures in Florida;

Mississippi cases and investigations continue;

NY Times questions accuracy of hurricane modeling;

No reforms this year in Alabama, but beach condos are now a bargain if you can afford the insurance;

Insurers offer no premium relief for North Carolina homeowners who reduce their risks;

Hurricane insurance is an issue in Rhode Island;

Levee repair funds requested in Connecticut;

One company offers new models for insurers to identify communities to abandon.

Officials ponder how to get more payout from insurers - David Hammer, New Orleans Times-Picayune

Louisiana's

attorney general and officials from its hurricane recovery agency will meet today to come up with a strategy for trying to get private insurers to pay for more of the damage suffered by Road Home applicants. With a massive budget shortfall hanging over the program, Gov. Kathleen Blanco said Friday she would call on Attorney General Charles Foti to assert the state's rights to pursue claims against insurers who underpaid Road Home grant recipients. Foti responded Tuesday by contacting Blanco's recovery agency, the Louisiana Recovery Authority, to set up the strategy session, said Foti spokeswoman Kris Wartelle. The state's \$7.5 billion Road Home homeowner aid program is an estimated \$3 billion over budget, and the LRA, which designed the Road Home and set its budget, says lower-than-expected insurance payments account for about half the shortfall.

Insurer settles screen suit - Randy Diamond, Palm Beach Post

The State Farm

Florida Insurance Co. has agreed to pay a total of \$6.8 million to more than 12,000 policyholders in Palm Beach County and four other counties who were underpaid for damages to their screen enclosures during Hurricanes Wilma and Katrina. The payment, announced Thursday, is part of a settlement of a class-action lawsuit against the insurer. The agreement reached in Broward County Circuit Court requires State Farm to pay the full replacement value of screen enclosures damaged during the two hurricanes. The lawsuit charged that State Farm violated its own contract with policyholders, which stated the company would pay the replacement cost of damaged screens. Instead the company depreciated the screens and paid cash value, said Boca Raton attorney Eric Lee.

Work on Katrina claims ongoing - Anita Lee, Biloxi Sun Herald

GULFPORT -- The

microphones, TV cameras and frenzied activity inspired by Hurricane Katrina insurance cases has subsided at the U.S. courthouse in Gulfport, at least until a new round of trials begins this summer. Behind the scenes, cases are being settled and fought. Investigations and Katrina-inspired insurance legislation continue in Washington. In South Mississippi, policyholders are confronted with insurance rates that rival the cost of mortgage payments.

Can Science Outwit Storms Like Katrina? - John Schwartz, New York Times

Stand

atop any levee in the New Orleans area, and one question will offer itself, unbidden, to the mind: Is this pile of dirt tall enough to stand up to the next storm? The answer is complex, and a wary city has been waiting to hear it. After the New Orleans hurricane protection system failed under the onslaught of Hurricanes Katrina and Rita, the Army Corps of Engineers rethought the way it assesses hurricane risk. It devised new, flexible computer models and ran countless simulations

on Defense Department supercomputers to help it understand what kind of storms the region can expect, how the current protection system might perform against them, and what defenses will be needed in the future.

Insurance bill perishes in state Legislature - Brian Lyman, Mobile Press-Register

MONTGOMERY

-- Several local bills officially died Tuesday in the Legislature, including one that would have provided additional options for homeowners stressed out by soaring insurance premiums in the wake of hurricanes Katrina and Ivan and other recent storms. EAST HARTFORD - Tucked away in a proposed spending bill, somewhere in Washington, is the \$7 million East Hartford needs to fix its levee system. When federal levee standards were revised after Hurricane Katrina in August 2005, the town's 66-year-old levees were deemed inadequate and required repair within about a year. If those repairs aren't made, the federal government could decertify the levee system, forcing a large number of residents and business owners to buy flood insurance.

Buy at the beach for cheap - Sherri C. Goodman, Birmingham News

The threat of hurricanes wasn't enough to keep Nancy Carr from buying a condominium in Gulf Shores. The three-bedroom beachside unit in Island Winds East was too good a deal to pass up. The condominium, which might have gone for about \$500,000 a couple of years ago, was a steal at \$300,000. The Calera resident, who purchased the property with her husband earlier this year, will pay about \$500 a month to a condo association to help cover structural insurance in case another storm hits the shore. That's on top of her mortgage. She'll also have to insure her furniture and other belongings.

R.I. House Members to Introduce Hurricane Insurance Bills - Insurance Journal

The leaders of a special Rhode Island House commission studying the effects of natural disasters on property insurance costs plan to introduce legislation next week on insurance practices connected to hurricane risk. Commission Chairman Paul W. Crowley (D-Dist. 75, Newport) and Corporations Committee Chairman Brian Patrick Kennedy (D-Dist. 38, Hopkinton, Westerly), who is also a member of the commission, said they plan to introduce the two bills on Wednesday, May 30. The legislation pertains to regulatory and statutory issues raised during the commission's hearings this year on the homeowners' insurance crisis caused by reinsurers' post-Katrina expansion of their definitions of hurricane risk.

EHartford to look for \$7 million to fix levees - Ben Rubin , Manchester , CT Journal Inquirer

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Skittish Insurance Industry Skirts Hurricane-Prone Coastal Areas; - Proxix Solutions' CATUM Tames Storm-Surge Risk

Proxix Solutions press release

PALM HARBOR,

Fla., May 29 /PRNewswire-- A just-published White Paper prepared by Howard Botts, Ph.D., of Proxix Solutions outlines problems with current underwriting methodologies using distance to coast or distance to coast plus elevation to evaluate property risks in hurricane-prone areas.