

## House to consider Taylor Multiple Peril Insurance bill

Congress Daily article on House plans for the Multiple Peril Insurance bill (no link):

Allstate settles with Scruggs in Mississippi;

Florida's state-sponsored insurer of last resort will have 2 million policies and \$500 billion risk by year's end;

House Dems Inch Toward Federal Coverage of Wind Damage (no link) - Bill Swindell, Congress Daily

House Democrats are leaning toward expanding the federal government's flood insurance program to also allow wind-damage coverage in response to fallout from Hurricane Katrina, in which some Gulf Coast residents charged that insurance companies conspired to deny their claims.

Such legislation would be a victory for Rep. Gene Taylor, D-Miss., who lost his house because of the hurricane, and has become a leading industry critic.

In contrast, much of the insurance industry opposes any expansion of the flood program that Taylor has proposed. "This is just very, very dicey public policy," one insurance lobbyist said.

The compromise came as a result of a June 14 meeting that Taylor said he had with Speaker Pelosi, Majority Whip Clyburn, Financial Services Chairman Frank, Housing Subcommittee Chairwoman Maxine Waters, D-Calif., and Capital Markets Subcommittee Chairman Paul Kanjorski, D-Pa.

...Frank said his panel would hold a hearing on the issue after the Independence Day recess. He had originally planned to mark up the bill, but delayed it to allow a discussion on the Taylor language.

"If a whole bunch of people say this is an outrageous thing to do, then it [support for the bill] would probably be less. I am supportive of it. Maxine is. The speaker is. Evacuating a building because of a hurricane and coming

back three days later and trying to figure out what damage was caused by wind and what damage was caused by water: It's metaphysics of the most rarified sort. I don't know how you get to do it," Frank said.

Taylor argues that his legislation would settle issues over who is responsible for claims in the aftermath of Katrina.

...Taylor has stressed that coverage under his bill would be actuarially based and would not impose any cost on the federal government. But the industry and many conservatives disagree, noting the borrowing costs already racked up by the flood program -- an insurance line which the industry got out of in the 1960s because it could not affordably price it given the risks -- that will likely never be paid back.

"I know some of the property-and-casualty companies don't like it, but we are going to do it in an actuarially sound way. It has to be priced without subsidy, otherwise it would violate pay/go [rules]," Frank said.

Allstate settles with Scruggs Group - Anita Lee, Biloxi Sun Herald

Allstate Insurance Co. and the Scruggs Katrina Group have settled disputed claims over hurricane damage, lawyer Zach Scruggs said Monday.

Scruggs said a tentative agreement was reached two weeks ago and finalized Monday. Terms are undisclosed, including the number of disputed claims settled. The group had filed 280 lawsuits against Allstate in U.S. District Court in Gulfport, but the agreement also covers policyholder claims that have not resulted in lawsuits.

Allstate spokesman Mike Siemienas said, "We are pleased that these customers, who join the 99 percent of Allstate customers in Mississippi whose claims are settled, can move on with their lives...We will continue to work until all claims are resolved."

Siemienas said the publicly traded company has not released the total number of claims filed and amount Allstate has paid in Mississippi. The company has reported total Katrina claims losses of \$3.6 billion, he said, including automobiles.

### The Scruggs

Katrina Group had previously settled policyholder disputes with State Farm, Nationwide and Metropolitan Property and Casualty, bringing to more than 1,000 the number of cases resolved.

### Attempts failed

to result in a global settlement of Coast policyholder disputes with State Farm, however, resulting in a new round of litigation against the nation's largest property and casualty insurance company.

### Scruggs said his

group has filed or will file 200 lawsuits against State Farm, 200 against the state wind pool and 60 against the Mississippi Farm Bureau.

Citizens' business booms - Tom Zucco and Jennifer Liberto, St. Petersburg Times

Five years ago,

Citizens Property Insurance had about 500, 000 policyholders in Florida and there were concerns it had grown too large.

Today, the

state's insurer of last resort is on a blistering pace to add more than 100,000 new policies in June alone. The company originally designed as a backup for people who couldn't get insurance anywhere else is well on its way to shouldering at least half of the state's total property insurance risk.

In other words,

more than half of the estimated \$1-trillion total value of all insured homes in Florida could be insured by Citizens by year's end. No other state in the country comes even close to that kind of coverage for a public insurer.

"This is the

people's insurance company; we own it," said Florida Chief Financial Officer Alex Sink. She projected that Citizens could have 2-million policyholders by December.