

Clarion Ledger article on skyrocketing insurance costs, 8/27/07

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Residents cope with high cost

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By Natalie Chandler, Clarion Ledger

Skyrocketing costs to insure homes and businesses continue to stifle recovery efforts on the Mississippi Gulf Coast, residents and business leaders say.

Owners of Hancock Bank, the first beachfront business in Bay St. Louis to reopen last month, chose to self-insure after deciding premiums were too costly.

While more than half of the insurance lawsuits filed since Hurricane Katrina have some form of resolution, rising premiums have forced some small-business owners to shut down or move. Some have been denied insurance. Others remain optimistic that federal legislation will keep them afloat.

"It's important to be back in business, but to what extent are you going to go in debt to pay the insurance to get back in business?" asked Nancy Moynan, a gallery owner in Bay St. Louis who borrowed money to afford premiums.

The question hovers over the city's Old Town, where owners of antique shops, cafes and boutiques only months ago celebrated the bayside district's revival.

Premiums there have quadrupled since the storm decimated the area, and at least three businesses that attempted comebacks have closed or

are planning to shut down.

Business leaders across the Coast are trying to determine how many others have been unable to reopen or remain open. Most who chose not to reopen left the area, Hancock County Chamber of Commerce director Tish Williams said.

Those who stayed are "surviving through true grit and determination," she added.

Jody Compretta reopened his storage rental business in Bay St. Louis, but insurance costs "may force me to bankrupt that part of my business," he said.

"What do I do?" Compretta asked. "I can't increase the charge because people here can't afford the charge. It's a Florida coast cost of living with south Mississippi wages."

But others have been forced to raise rates. Pauline Conaway said premiums for her husband's dental office rose from \$2,400 to more than \$16,000. As a result, patients have seen a 5 percent fee increase for services. "You have to cover the cost of being open," she said.

All are "hoping upon hope" for legislation that would add wind coverage to federal flood insurance, Moynan said. The bill pushed by Democratic 4th District Rep. Gene Taylor of Bay St. Louis recently passed a House committee and is expected to come to the House floor next month. It faces hurdles in the Senate, from the White House and from within the insurance industry.

If it fails, "Hancock County will lose its tax base, and that will have a domino effect," Compretta said. "If we're not in business here, then what's the point of living here?"

Danielle Jewett is rebuilding her home near the beach in Gulfport after State Farm denied her insurance claim. The company since has offered to pay half, she said. She's not sure what the premiums will cost when she moves in, but she's worried.

"I know people have started to leave areas of Florida, and I think the Gulf Coast will start seeing the same thing," she said.

Hundreds of Mississippians sued insurance companies after they denied Katrina claims. Many companies blamed the storm's damage on its water, not its wind, and contended their policies do not cover flood damage.

Of 1,179 residents who sued their insurance companies, 728 cases mostly have been resolved, according to a spokesman for U.S. District Judge L.T. Senter, the judge hearing the cases. Some were sent to state courts, he said. Another 451 lawsuits are pending, he added. But he said lawsuits continue to be filed, the latest on Aug. 10.

Insurance Commissioner George Dale said 99 percent of claims have been resolved, and he hopes all will be settled by the end of the year. Dale said he based that number partly on information from Senter's office, but a Senter spokesman said he could not comment on that. Also, companies including State Farm and Nationwide have begun paying millions of dollars as they re-evaluate claims.