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Appeals court backs insurer

Wind damage coverage void with water

By Kate Magandy and Anita Lee, South Mississippi Sun Herald

In a blow to policyholders Coastwide, the 5th U.S. Circuit Court of Appeals has upheld insurance-policy language that voids coverage for a hurricane's wind damage when it occurs along with destruction by storm surge.
In the Mississippi case of Leonard v. Nationwide the court has said the policy language, called an anti-concurrent cause clause, is "unambiguous" and can be enforced.

Insurers Bear Brunt of Anger in New Orleans

By Leslie Eaton and Joseph B. Treaster, New York Times

NEW ORLEANS - Maxine Cassin, a prominent local poet, thought her homeowners insurance would be more than enough to cover the $100,000 of hurricane damage to her Uptown house here. But two years after Hurricane Katrina hit, Ms. Cassin and her husband, Joseph, are still stranded far from home; their insurer has offered them just $41,000.
Emile J. Labat III, a funeral home

owner and real estate investor, thought his $300,000 homeowners policy, along with federal flood insurance, would repay him for repairing his house on Elysian Fields Avenue. But now Mr. Labat feels he was deceived. Many of his losses were not covered, and he was stunned that his deductible worked out to be $16,000.
June Rees, a retired nursing professor, gave up on living in New Orleans and reluctantly moved 75 miles away to avoid skyrocketing insurance costs. The price of her homeowners and flood insurance was going to quadruple, to $8,000 a year, and it still would not have covered wind or hail damage.
"I've just been ripped out of it," Ms. Rees said of leaving her home in New Orleans, "as if somebody tore me away from everything I'm grounded to."

Insurance outlook gets brighter

More options likely, but rates still high

By Rebecca Mowbray, New Orleans Times Picayune

Two years after Hurricane Katrina, there are glimmers of hope that the exceedingly tight insurance market may be easing. Katrina took a weak insurance market and obliterated it, turning homeowners policies into a scarce -- and pricey -- commodity. But if the current hurricane season is a quiet one, consumers can expect to see new options for homeowners insurance begin to open up, possibly as soon as next spring. "I think we have reached the bottom. I think the bleeding has stopped," Insurance Commissioner Jim Donelon said. With rates elevated and the outlook for profits high, many believe that year three after Katrina will be the year the insurance companies return.

Should Citizens go all in?

With private insurers downsizing or fleeing, the state keeps taking on more risk. Is the time right for Citizens to write every policy in Florida?

By Tom Zucco, St. Petersburg Times

Call it the "All In"question. What if the state of Florida assumed complete control of the property insurance market and threw all its weight behind Citizens Property Insurance? As free-market economists and insurance agents run screaming from the room, consider this: In three critical areas, the state is almost there. Exposure. Between state-backed Citizens' 1.3-million policyholders and the recent expansion of the state's Hurricane Catastrophe Fund, more than half the property insurance liability in Florida is now covered by the state. Affordability. In 55 of Florida's 67 counties, Citizens' rates are lower than those of State Farm Florida, the state's second-largest property insurer. In nearly all counties, Citizens is now a mid-priced product. Availability. Nationwide dropped

40,000 policies last week, on top of the 35,000 it dropped two years ago. State Farm dropped 50,000 policies in July, and Allstate has dropped about 300,000 polices over the past three years. Many other companies, including Tower Hill, Liberty Mutual and USAA, are restricting their business. No state has ever attempted to insure all of its property. But no state faces the risks that Florida does. Is such an idea feasible?

State Insurance director loses insurance

By Jeremy Hsieh, Beaufort Gazette

Losing home insurance isn't funny for coastal homeowners, but Scott Richardson, a Hilton Head Island resident and director of the South Carolina Department of Insurance, couldn't help chuckling about the irony of losing his policy.
In February, Gov. Mark Sanford appointed Richardson, then a state senator, to the position to deal with the coastal insurance crisis that arose after Hurricane Katrina devastated New Orleans and its surroundings in 2005. Like thousands of other coastal residents before him, he received a letter about three weeks ago saying his policy would be dropped.
"I guess it just proves nobody's immune. If I'm not immune, then nobody is," Richardson said. "I'm shopping for insurance, too."

Coast condo industry pushes for action on rising insurance rates

By Garry Mitchell, Associated Press

MOBILE, Ala. (AP) - As Labor Day tourists take an end-of-summer beach trip, owners of thousands of condominiums that line the Alabama Gulf Coast say they're getting burned by soaring insurance premiums.
Insurance legislation aimed at making coverage available and affordable on the coast since rates spiked after Hurricane Katrina couldn't come soon enough for the resort real estate industry.
"It's horrible. Rates have gone through the ceiling," said Fort Morgan builder Greg Miller.
Miller said he paid $22,000 in coverage on four condo units until Katrina struck two years ago. He now pays $108,000 on his units for less coverage: "That's all we could get," he said. Rates began rising after Hurricane Ivan struck three years ago as insurers moved to avoid huge disaster losses from future storms.
"We actually have some documented 1,000 percent increases. Most are in the 300 to 400 percent range," said longtime insurance dealer and former Foley Mayor Tim Russell.

Uncertainty will doom legislative special session

Editorial, Tuscaloosa News

Gov. Bob Riley says he's considering calling a special session of the Alabama Legislature in October to tie up loose ends.

At this point, however, the governor would be ill advised to move forward. There are still too many unresolved issues among the lawmakers for a special session on the issues that concern Riley to have any chance of success.

The governor mentioned three issues that he wants to include in a call for a special session. They are legislation to help Gulf Coast residents who have been unable to collect from insurance companies on damage claims from Hurricane Katrina two years ago; switching Alabama's annual property tax appraisals to once every four years; and adopting a package of ethics legislation that includes a ban on PAC-to-PAC transfers.

...Riley has not made clear what he wants to do about the Katrina insurance payments. Is he proposing some measure to force insurance companies to pony up? Is he suggesting that the State Treasury take up the slack? Or is there a federal funding option? None of these possibilities seems the kind that a Republican governor would easily embrace.

AIR, RMS Comment on Felix

Insurance Journal

Both AIR Worldwide and Risk Management Solutions have issued bulletins commenting on Hurricane Felix. Its sudden formation and rapid strengthening into a category 5 storm are virtually unprecedented. "Since 1900, only four years have recorded more than a single Category 5 hurricane. Only one year-2005-has seen more than two," noted Dr. Milan Simic, Managing Director of AIR's London office. "That year, four Category 5 storms formed in the North Atlantic: Emily, Katrina, Rita and Wilma." RMS called this hurricane season "unprecedented," as the "first two hurricanes both reached maximum intensity." Dr Claire Souch, RMS senior director of model management, indicated that this is "only the fourth year since 1950 that we've had more than one Category five storm and it is unprecedented for the first two hurricanes of the season to reach this level of intensity."