

[Hurricane Headache - Insurance Costs Keep Climbing](#)

Fox

MOBILE, Ala. (WALA) – If you own a home along the Gulf Coast, you learn to dread hurricane season. You worry about damage to your home and the damage to your wallet caused by ever increasing insurance rates.

The problem is getting so bad, some folks are organizing to get something done. The big question is...can anything be done?

Charles Hall was born in his home in Fairhope. It's been in his family for years. But now, all the memories contained within its walls are at risk.

Hall and his wife don't have homeowner's insurance. He says the premiums have gotten too expensive. Hall told me, "Normally, I'm very, very nervous when I go to work in the morning to know that there's a possibility that something could happen."

Just a few years ago, homeowner's insurance on Hall's home cost \$1,750. The latest quote put the bill at \$3,400. I asked Hall, "Did they give you any reason why they doubled?" Hall said, "Well, our proximity to the Bay I presume, it's the 'south of I-65 theory'." I added, "But you're not anywhere near the water," and he admitted, "No, no I'm not."

In fact, Hall lives about 9 miles away from Mobile Bay. He told me, "I'm looking for the cheapest deal I can get, that I can afford."

The cost of homeowner's insurance in Alabama increased by two-thirds between 2001 and 2005 as insurance companies faced billions of dollars worth of hurricane damage claims.

To cut its losses, State Farm is pulling out of the homeowner's insurance market in Florida altogether.

[State Farm sent the following: Following months of discussions over its January 2009 plan to withdraw from the state's residential property insurance market, State Farm Florida and the Florida Office of Insurance Regulation (OIR) reached a settlement... The resulting Consent Order, which replaces the OIR's conditional approval of State Farm Florida's filing to withdraw from the Florida property insurance market, establishes a plan for State Farm Florida to non-renew 125,000 of its more than 810,000 property insurance policies. It also provides for the implementation of a base rate increase of 14.8 percent on homeowners and condominium unit owners policies.]

Allstate, Alfa and now Farmers will drop wind and/or hail coverage on thousands of policies in Mobile and Baldwin counties in the next year and a half.

Allstate spokesman Shane Robinson told me sometimes, companies have to make difficult decisions to preserve their capital and dropping wind and hail coverage was one of them. But he said those families losing coverage have other options. He told me, "... for those customers, they all fall within the Alabama windpool association, so they should be qualified to be written under the Alabama windpool." "Which can be very expensive coverage," I said. Robinson replied, "You know, honestly, I think you're right. It's probably a little bit more on the expensive side."

The Alabama Insurance Underwriting Association, more commonly called the windpool is a safety net with a big hole in it.

Just 5 years ago, the Alabama windpool insured \$300 million worth of property. It was prepared to cover \$30 million. It had to pay out \$150 million in claims.

Alabama State Senator Ben Brooks told me that now, the Alabama windpool insures more than \$2 billion worth of property. It simply doesn't have enough money to cover another 50 percent loss, a billion dollars. The bill would have to be picked up by Alabama taxpayers.

[Robert Groves of the Alabama Insurance Underwriting

Association disputes the claim. He says, “This is not an accurate statement. The Alabama taxpayers are not on the hook for any costs associated with the operations of the AIUA. All insurers who are licensed to sell property insurance in the State of Alabama are the ones who pick up the tab for AIUA losses that are not covered by reinsurance. It is the insurance industry, not the taxpayer, who pays for the losses.”]

[My response: Senator Brooks told me he believes Alabama taxpayers would eventually have to bear the cost of a catastrophic loss. He believes in that case, the AIUA would be forced to assess the insurance carriers, which would then go to the state for a rate increase to cover the cost, which would be paid by policyholders.]

Some of the insurance companies that remained have increased their rates or imposed what’s called a hurricane deductible. Say your house is insured for \$200 thousand and you have a hurricane deductible of 5%. That means, if you suffer damage from a hurricane, first \$10 thousand worth of repairs to your home comes out of your pocket.

Amy Bach is executive director of United Policyholders , a non-profit organization in San Francisco that helps consumers with insurance problems. She told me that groups like the Homeowners’ Hurricane Insurance Initiative in Alabama are doing the right thing, by putting pressure on the state Department of Insurance to serve as an advocate for consumers. Bach told me, “Alabamians have been paying relatively high rates for a long time. Why? You have to look to the regulator in that situation.”

Betty Gurley is a member of the Insurance Initiative. She says the regulator in this case, the Alabama Department of Insurance isn’t transparent enough. She told me, “The Department of Insurance I would say should be a vehicle for individuals. I don’t know that it is.”

Jim Ridling is Alabama’s Insurance Commissioner, who was appointed by Governor Bob Riley on September 15, 2008. He told me his department can’t distribute rate or claims information it doesn’t collect. “It’s not that we refuse to give them. We don’t have them.

Never had had them. The Department's never required companies to report on that basis, so that the information didn't exist...The Department's number 1 objective is, and always has been, representing the consumer and protecting the consumer."

That's where State Senator Ben Brooks comes in.

He's been working to pass a package of bills that will force the Department to be more transparent, and when it comes to insurance policies, balance availability with affordability. But he's had trouble getting folks in other parts of the state to go along with it. He said, "We unfortunately have some geographic issues where some that are in the far northern parts of the state don't quite empathize with the problems that we're having down here."

Brooks continued, "The average homeowner that is impacted by this is the homeowner in Theodore, Tillman's Corner, Grand Bay, Daphne, Foley."

Or in Fairhope. In the meantime, homeowners will have to wait, pay and pray we don't get another hurricane soon.

How do the gubernatorial candidates plan to attack the rising cost of homeowner's insurance in Alabama? Keep in mind, the governor appoints the insurance commissioner. Two weeks ago, I asked each candidate his or her stand on the homeowner's insurance crisis. Three replied; Roy Moore, Kay Ivey and James Potts. To read their answers, [click here](#) .

If you'd like to contact the Alabama Department of Insurance, [click here](#) . Its mailing address is P O Box 303351,

Montgomery, AL 36130-3351.

You can call the Homeowners' Hurricane Insurance Initiative at 251-928-3430. Ask for Michelle or Dan. Mississippi Congressman Gene Taylor maintains a database of hurricane reform information about Alabama.