

Insurance Companies Taking Heat from Clients

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They griped, they vented, they asked questions on how to fight back, and they vowed to make their voices heard.

“The insurance companies, I think they gave us bus fare,” said Homer Charles, whose family owns several properties in the Lower 9th Ward.

“They gave me \$2,300 to fix the roof,” complained mother and former bus driver Eiela W. Magee, who owns 1009-17 S. Telemachus St. “I said, ‘If you think you can fix the roof for \$2,300, you can have the job.’ ”

About 40 angry homeowners had plenty to say about the shortcomings of their insurance companies Wednesday night at the Musicians Mutual Protection Union on Esplanade Avenue in the third of four insurance forums sponsored by the California advocacy group United Policyholders.

The forums in Mandeville, Slidell, New Orleans and Abbeville were organized to give local lawmakers a chance to hear the insurance problems that people are facing as they try to rebuild their lives after Hurricanes Katrina and Rita before they get into the special legislative session that starts today and face armies of insurance industry lobbyists.

State Sen. Ed Murray and Reps. Cheryl Gray and Juan LaFonta, all Democrats from New Orleans, got an earful and encouraged residents to continue pressing their concerns.

“You have to stop being complacent,” LaFonta said, adding that he seriously considered having his FEMA trailer put on the front lawn of the Capitol and sleeping in it to remind lawmakers from around the state of the cramped conditions that New Orleanians continue to endure because of the slow pace of the rebuilding.

Amy Bach, executive director of United Policyholders, which got its start after the Oakland, Calif., wildfires in 1991 in helping people fight for the insurance proceeds that they’re owed after a disaster, said letting people’s voices be heard is essential.

Insurance policies aren’t “road-tested” until a disaster hits, Bach said, and people find out whether all the marketing about trust and neighborly behavior is just idle talk.

“When the dollars don’t flow, the recovery is slow. You’re seeing that here,” Bach said. “Every time this

happens, you see a community struggling with a second disaster. This is coverage that you paid for.” Consumer advocates around the country are watching what happens to property owners in New Orleans so they can use New Orleanians’ experiences to help draft a national policyholders’ bill of rights, Bach said, so that victims of future disasters aren’t stung by the same insurance snags as people in Louisiana. United Policyholders also hopes to use what it heard in its forums to work with Louisiana lawmakers on legislation to protect local policyholders.

“What we really need to fuel change is the stories coming out of your area,” Bach said. “The Katrina claims are going to push that.”

Many of the homeowners’ complaints dealt with the all-too-familiar refrains of loss-of-use claims being denied, multiple adjusters, low-ball adjustments and insufficient funds to meet the escalating cost of repairs.

“As soon as you get something concrete, they switch adjusters,” Mark Skinner said.

But other common themes were confusion about Louisiana Citizens Property Insurance Corp. , the state-sponsored insurer of last resort.

One man said that after he couldn’t get a Citizens adjuster to come out to a rental property he owned, he tried to find Citizens or its adjusting firm but couldn’t, making him worry that the company was a sham. Others said they thought they had policies with major insurance companies, only to discover they were insured by Citizens. Still others complained about Citizens’ slow pace of adjusting and paying claims.

“If that’s the best thing the state can offer us, God help us if another hurricane hits us,” said Russell Malcolm, who owns homes at 3120 Toulouse St. and 1404 Gallier St. “I’ve been sleeping on buckets and doors in a gutted house.”

Rosalind Peychaud, executive director of the Neighborhood Development Foundation, is concerned that when Rule 23, the special rule that has kept insurance in place since the storms, ends Dec. 31, too many people will be forced to take out policies with Citizens.

“The Road Home is still on its way home,” she said, urging lawmakers to get Gov. Kathleen Blanco or the Louisiana Department of Insurance to extend the insurance protection because of the slow pace of repairs.

Peychaud also said talk of refunds for the special assessments that were placed on property insurance bills to help pay for Citizens’ claims after Katrina are a Band-Aid on the larger problem of rising insurance costs. “I work with low- to moderate-income families. We don’t want the \$150 reimbursement. We’d rather have you sell insurance at rates we can afford.”

Peychaud and others urged lawmakers to fight back against insurance companies who want to yank property coverage by letting Citizens get into other more lucrative lines of insurance to compete with

them or pass an anti-cherry-picking statute: a law that would prevent insurers from selling life or auto insurance products if they weren't actively selling homeowners insurance.

"If you want to write my car insurance, if you want to write my life insurance, insure my home," Peychaud said.

Still other complaints concerned banks being too slow in doling out insurance money for repairs or forcing people to use their insurance checks to pay down a mortgage, leaving them nothing for repairs.

"The mortgage company made me pay off my mortgage. I had no money to rebuild," Angela Chalk, a state employee from the 7th Ward, said to a chorus of uh-huhs.

Tiffany Ryan, of 1914 Broadway, said her bank held onto \$90,000 of insurance money when she needed to make repairs. "I was forced to take my own money out of savings, which meant that I wasn't able to collect interest on it," Ryan said. "I'm fairly sure they were collecting interest on my money."

After hearing several hours of complaints, Bach said the most striking thing about the evening was that New Orleanians are still grappling with the insurance issues 15 months after the storm that disaster victims typically deal with three months after a storm, and had harsh words for Insurance Commissioner Jim Donelon.

"The commissioner hasn't been a leader. I know that his office has been working on the availability issue, but I don't seem him leaning on insurance companies to change their behavior. It's his job to protect these people," she said.

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