

CA: Bid to Bar Shift in Rates for Auto Insurance Fails

By Marc Lifsher, Times Staff Writer

SACRAMENTO — A state judge handed major insurance companies a setback late Wednesday, saying he was prepared to reject their drive to block new regulations on automobile insurance.

At issue are new rules from the Insurance Department that require that premiums be based on motorists driving records and experience, rather than their neighborhood or ZIP Code. They are to take effect Monday.

On Wednesday, Sacramento Superior Court Judge Loren McMaster issued a tentative ruling denying a request for a preliminary injunction from a trio of insurance industry trade groups and the California Farm Bureau Federation.

The groups argued that imposition of the new government regulations prohibiting so-called ZIP Code ratings were arbitrary and would cause "irreparable harm."

Insurers failed to show that the rules by state Insurance Commissioner John Garamendi were illegal, McMaster wrote.

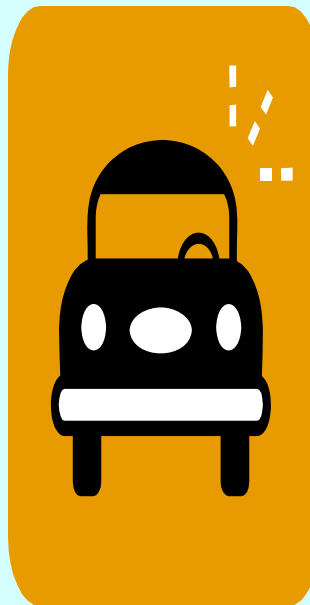
The tentative ruling, which will be discussed and probably reaffirmed

in a court hearing this afternoon, marks another victory for Garamendi and the consumer groups who contend that current industry rating practices punish urban drivers with unfairly high rates.

Garamendi says that Proposition 103, an automobile insurance initiative approved by voters in 1988, requires that premiums be based primarily on an individual's Department of Motor Vehicles record, number of years behind the wheel and annual miles driven.

"I'm obviously very, very pleased with the way the court has analyzed the lawsuit," Garamendi said. He predicted that all auto insurers would have new rating plans in place by the end of the year.

Two companies, the Auto Club of Southern California and USAA, have already submitted new premium schedules to the Insurance Department. Other companies face a Monday deadline.



FL: Gallagher Faces Ethics Charges Over Insurance

Stocks By KEVIN BEGOS The Tampa Tribune

TALLAHASSEE - Already far behind in polls, Republican gubernatorial candidate Tom Gallagher got more bad news Friday. The Florida Commission on Ethics found that he may have broken state law with stock trades of insurance companies that he ultimately regulated.

That gave Gallagher, the state chief financial officer, the unwelcome distinction of being the first member of the Florida Cabinet to face such a reprimand.

"There's never been a probable cause finding against a member of the Cabinet," said Kerrie Stillman, spokeswoman for the Commission on Ethics.

The Gallagher campaign was quick to note that the commission cleared him of more serious charges of misusing his office and giving preferential treatment to a company. Some violations were so minor that there probably will be no further action on them.

Two of the commission findings, however, will lead to further action - a distraction Gallagher doesn't

need with the Sept. 5 Republican primary fast approaching.

Gallagher's trading of insurance companies Penn Treaty American Corp. and Conseco Inc. drew the two most serious reprimands. Each owned subsidiary companies that were regulated by the Department of Insurance during the time Gallagher was making trades.

Gallagher was insurance commissioner until 2003, when he was sworn in as the state's chief financial officer. As CFO, Gallagher sits on the Cabinet which, along with the governor, oversees insurance regulation and several state agencies.

"He did not misuse his office, but they believe he may have committed a technical violation," said Pete Dunbar, a Tallahassee lawyer and former chairman of the ethics commission.

The most likely outcome, said Dunbar, a former Gallagher associate, is the commission will recommend to the governor that Gallagher pay a nominal fine of \$50 to \$500.

Gallagher owned up to 7,000 shares of Penn Treaty and made more than \$7,200 trading it. He

owned up to 3,000 shares of Conseco and lost more than \$1,000 trading it.

Gallagher or the state advocate in the case could reach a settlement before the Commission on Ethics takes its next step, holding a public hearing, Stillman said. The earliest possible date for a hearing would be Sept. 8.

Gallagher's attorney Richard Coates said he was "somewhat dumfounded" by the rulings, because he said previous ethics rulings indicated such minor holdings aren't a conflict.

Gallagher previously acknowledged he should have avoided trading in the insurance stocks to avoid the appearance of a conflict of interest. Gallagher now supports an ethics commission proposal that state Cabinet officers put their assets in blind trusts, which are administered independently.

Gallagher's tax returns showed details of stock market activity from 2002 to 2004, when he made hundreds of trades. Sometimes he worked out of his office in the Department of Financial Services, buying blocks of stock worth up to \$150,000 and selling them a few days later.

The ethics investigation found that Gallagher used his personal computer and that it took up very little time, so that by itself was not a violation.

At the end of the day, the Gallagher campaign released details showing that some members of the Commission on Ethics made campaign contributions to his Republican opponent Charlie Crist or Democratic gubernatorial candidate Jim Davis. Some members of the commission, however, were Gallagher supporters.

"I have earned the trust of the voters through almost three decades of work as a public servant, and I have always acted based on my experience, my principles, my understanding of complex issues, and my desire to serve the best interests of Floridians," Gallagher said in a prepared statement.

Mac Stipanovich, a lobbyist who supports Crist, said the ruling should concern voters. "I defy him to name one governor of Florida or one major candidate for governor of Florida to have been found by the ethics commission to have probably violated Florida's ethics laws."

Information from The Associated Press and Tribune archives was used in this report.

Florida Appeals Court Finds Mold Damage is a Direct Physical Loss Covered by the Homeowners Policy

A Florida family took its fight against Lloyd's to the Appeals level after the trial court said mold was not covered under the policy,

The trial court had determined that the mold damage to the personal property was not a direct physical loss caused by the discharge of water.

The appeals court agreed with the homeowners. (The case is *Fisher v. Certain Interested Underwriters at Lloyds*, 930 So. 2d 756 (Fl. App. 4th Dist. 2006)

The homeowners had an insurance policy underwritten by Lloyds that covered the dwelling and personal property. The dwelling was covered under an all risk option and the personal property had named peril coverage. The personal property was covered for direct physical loss caused by accidental discharge or overflow of water or steam from within a plumbing, heating, or air conditioning system.

After a month-long vaca-

tion, the homeowners returned home to discover that a water pipe had leaked under the foundation. The insurer denied coverage for damage to personal property that did not have direct contact with the discharged water. The homeowner's claimed that the mold damage to their personal property was not expressly excluded, so the insurer owed the coverage

The appeals court said that the mold damage resulted from the discharge of water, which was a covered cause of loss.

So, the question to be answered was whether that damage was a direct physical loss or merely a consequence of the named water peril.

In its reading of the policy provisions and in light of case law on the subject, the appeals court concluded that the mold damage was covered by the policy

In an interesting play on words, the court said that the mold damage was a direct consequence of a named peril. The discharge of water set into motion a sequence of events proximately resulting in mold damage to the per-

sonal property. The court decided that a proper definition of direct loss is loss proximately caused by a peril insured against, and that proximate cause is that cause which in a natural and continuous sequence unbroken by any new and intervening cause, produces a loss, and without which the loss would not have occurred

The court went on to say that mold is a damage commonly resulting from the discharge of water. It would make little sense to construe an insurance policy so narrowly that the consequential mold damage from the discharge of water is not covered. And, if the insurer desired to exclude the damage from mold, it could easily have done so. The opinion of the trial court was reversed.

Finally, an Appeals Court does the right thing!

The Appeals Court Opinion is posted on POA's website at this link:

http://www.policyholdersofamerica.org/fl_app_ct_mold_is_covered.pdf



FL: Sky-high premiums igniting a revolt by consumers

This year, Mike DePaz had to forgo a family vacation because his homeowner insurance premium nearly doubled to \$8,900. Add \$5,000 for property taxes, and the total nearly exceeds the annual mortgage payment on his East Kendall home.

"I have this internal rage that is affecting my quality of life," says DePaz. The realization has set in that South Florida has become too expensive a place to live for his family of three, given other rising costs and stagnant wages.

The rage DePaz feels is real. It's shared by thousands of other South Floridians who now dread any correspondence from their insurance companies, fearing double-digit or even triple-digit percentage rate increases.

Yes, the last two hurricane seasons are the problem: Insurers wrestled with nearly 2.9 million claims and paid out more than \$31.3 billion in losses from the eight storms that hit the state.

Insurance companies are running scared. Their remedy: Raise rates – in some cases 100 percent a pop – and cut coverage in order to limit potential future

losses. They have built into their forecasts more of what we've just experienced – multiple, massive storms hitting Florida each year.

Critics say regulators and lawmakers have done little to address the crisis.

A law passed by the Legislature in the final minutes of this year's session did appropriate state taxes to pay down a portion of the \$1.7 billion deficit faced by Citizens Property Insurance, the state-run insurer of last resort. Otherwise, consumers could have seen a 20 percent assessment tacked on to insurance bills.

But some provisions of that law raise rates even more, especially for Citizens policyholders. And a \$250 million low-cost loan program, money consumers can use to strengthen their homes, has not started yet.

"I've lost all hope and respect for politicians who have no answers to this gigantic problem," says DePaz.

To delve into this growing insurance crisis that is already rippling

through the economy, The Miami Herald brought together Florida Sens. Rudy Garcia and Steven Geller; Bruce Douglas, the chairman of Citizens' board; David Foy of the Office of Insurance Regulation; insurance agents Pablo Conde and Dulce Suarez-Resnick; Realtor Tom Dixon; and consumer activists Joy Marks and Heather Carruthers. We talked about the problem; we batted around solutions.

The issue is so broad that we are dividing it into two parts. Today, we focus on the homeowner crisis; in Business Monday we look at the business insurance crisis. What you will find inside are edited excerpts from the nearly two-hour conversation, arranged by topic.

On Monday at 11 a.m., join WLRN Miami Herald News (91.3 FM) for a call-in show on the crisis.

This conversation must continue. As one panelist, Suarez-Resnick, says: "You have to keep the ideas going."



Florida homeowners fight insurance hikes

By UPI

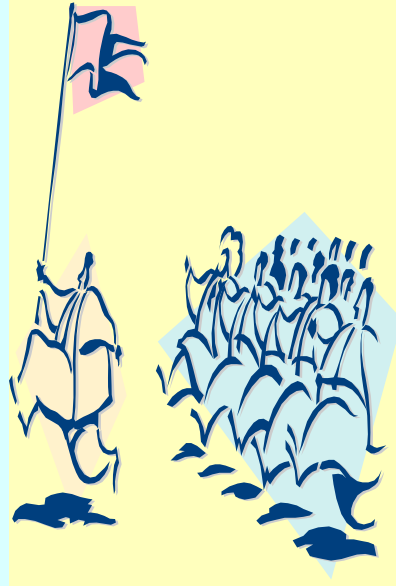
MIAMI, FL, United States (UPI) -- Florida homeowners are banding together in a revolt against double- and triple-digit insurance rate increases, it was reported Sunday.

The grassroots initiative has grown to represent tens of thousands of owners of homes and condominiums across the state, the Miami Herald reports.

From the Keys to the Panhandle, groups are raising money, firing off e-mails, holding meetings, sponsoring petition drives and hiring lobbyists and lawyers to make their case in the state capital to reign in skyrocketing rate increases.

'The insurance companies are going berserk,' Joe Fontana of the Miami Beach Condominium and Homeowners Alliance said at a recent meeting. 'There's no limit to what they will charge homeowners. We have to find a way to counteract this or the people in this city are going to be killed.'

Noting that it is election season, the group is urging its members, representing about 8,000 home and condo owners, to write and call their elected officials about controlling the premium increases for windstorm insurance.



In November, 2006, Floridians will go to the polls and insurance will be a key issue.

Everyone in Florida is feeling the heat from insurance companies. And, many Floridians cannot even secure insurance because so many carriers have been allowed to abandon the state.

A full list of POA's endorsements will be available in October. Be on the look out as POA has carefully combed through all candidates and their positions on insurance issues.

LA: Locking out New Orleans' poor. Almost a year after Katrina, public housing residents can't return home. Critics blame government negligence -- and hushed plans for big redevelopment. **By Bill Sasser, Salon**



Former St. Bernard tenant Stephanie Mingo.

Sitting under a homemade banner reading "Survivors Village" strung between two light poles, former residents of New Orleans public housing have vowed to stay camped out on a traffic median in front of the abandoned St. Bernard development until officials from the U.S. Department of Housing and Urban Development offer a plan for reopening their apartments. While lawyers representing the displaced tenants plan to file a class action lawsuit against HUD later this month, the protesters, who set up their tent camp under a blazing sun the first weekend of June, say they will tear down a government-erected fence on July 4 and begin repairs themselves unless housing officials respond.

"Nobody wants to disrupt their lives by going to jail or getting hurt, but July 4 is do-or-die for us," said Endesha Juakali, a housing activist and former St. Bernard resident who ran a community center and day care at the development. "These people have leases and they have been illegally evicted from their homes.

We're going in, we're prepared for dozens of people to go to jail, and there's no backing down on this." Former tenants had threatened to tear down the fence the prior weekend, prompting a public plea from HUD Secretary Alphonso Jackson not to break the law or expose themselves to the dangers of mold and lead in the hurricane-damaged apartments.

The FEMA housing assistance that many hurricane evacuees have relied on to pay rent in other cities will expire on June 30. HUD officials say that former residents of public housing in New Orleans are eligible for the agency's own disaster housing assistance program to continue receiving aid. "What they don't seem to understand is that people want to come home to New Orleans," said Juakali. "They don't want to sign another lease in Houston or somewhere else."

Ten months after the Katrina, at least 80 percent of public housing in New Orleans remains closed. Six of ten of the largest public housing developments in the city are shuttered, with the other four in various states of repair. Fewer than 1,000 of the 5,100 families who lived in the older housing developments before the storm have returned, according to the Housing Authority of New Orleans. HANO, as it is popularly known, has been under the direct control of HUD since

going into federal receivership in 2002. Jackson announced last month that HUD would invest \$154 million in rebuilding public housing in New Orleans, and that he would work with the city to bring displaced residents home. But critics say they see mismanagement and neglect echoing the disastrous government response in the early days of the catastrophe. And some fear that government officials and business leaders are quietly planning to demolish the old projects and privatize public housing.

Former tenants and housing activists say that many apartments that received minor to moderate storm damage could be quickly repaired, such as the second- and third-floor units at the St. Bernard development. With more than 3,000 people living there before the hurricane, St. Bernard was the largest public housing project in the city.

"Alfonso Jackson was not telling the truth when he said there's lead in these apartments," said Walter Smith, a 30-year employee of HANO who has been laid off since September. "I was one of the authority's first lead inspectors and we don't have lead paint in these buildings. As for mold, that's what happens if you have a flood and don't clean out your apartments for nine months. But mold was always a problem in St. Bernard before Katrina. People here learned to live with it."

Lawyers representing displaced tenants plan to file a class action lawsuit against HUD and the housing authority, claiming that the agencies have failed in their responsibility to relieve the severe housing shortage in the city and help residents return. "Most of the people not being allowed back in had leases, and there are federal laws governing under what circumstance HUD can get people out of their homes and keep them out," said Bill Quigley, director of the public law clinic at Loyola University and one of the lawyers working on the suit. "While the purpose of HUD is to get people into housing, since Katrina they have acted to keep people out. HANO has laid off a huge portion of their maintenance staff and focused on fencing off properties."

Plagued for years by drugs and crime, and once the focus of an intense community policing program, public housing in New Orleans was far from an ideal home for the city's poor. But activists and former tenants view the fences erected around St. Bernard and other developments starting in March as a clear sign that housing officials have no plans to reopen them.

"What we're seeing is a push to privatize low-income housing in New Orleans, using Katrina as an excuse and River Garden as the model," said Jay Arena, a

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housing activist. River Garden, a mixed-income redevelopment begun in the late 1990s, replaced the 1,500 housing units of the St. Thomas projects with more than 1,600 new apartments. In the end, only 120 apartments were designated for public housing at River Garden, with only about 40 occupied by low-income tenants to date. Both Jackson and Mayor Ray Nagin have praised River Garden as a model of how public housing in New Orleans should be rebuilt.

"HANO and HUD are playing a delay game with displaced tenants," Arena said, "hoping that the longer they take to reopen public housing, the fewer tenants will come back."

HUD officials contend that health and safety concerns prevent reopening St. Bernard. "Our first concern is always the well-being of our tenants, and our environmental studies have found the presence of mold in 90 percent of damaged public housing units in New Orleans," said Donna White, a spokesperson with HUD's public affairs department in Washington. "We also have a problem with the state of the neighborhoods where the developments are located. People have to have stores and schools and public transportation, and a lot of those services are not back yet."

Housing activists and former HANO workers counter that HUD is overstating safety concerns. Marty Rowland, a civil engineer who volunteers for a local housing advocacy group, said he conducted an informal survey of five buildings at St. Bernard last winter and found that while the first floors

had flooded, most second and third floors appeared to have little water damage. "There was flooding but no more so than other areas of Gentilly where buildings have been gutted and are being renovated," Rowland said. "If you got electricity back, people could move back in on those floors in short order."

Living in temporary housing in New Orleans or driving in from cities such as Baton Rouge, Houston and Atlanta, former tenants have organized in recent weeks to put pressure on federal and city housing authorities.

"I came back to New Orleans because this is where I want to be, but HANO is not giving us a chance," said Stephanie Mingo, a former resident of St. Bernard who returned from Houston last week. Mingo lost her mother during Katrina and saved herself, two daughters and a grandchild by floating on a refrigerator to the nearby Interstate 10 overpass. Since last weekend she has been camping on the traffic median in front of the development.

"My kids are stressing and I'm stressing," Mingo said. "Our young people are getting killed in Houston. Our elderly are getting sick and dying. I left on Thursday and I'm not going back to that place. We've offered to go into these apartments and clean up ourselves, but they don't want to hear what we have to say." Tens of thousands of evacuees moved into temporary housing in Houston last September. As the months have worn on, many say they now feel less than welcomed, and as outsiders, are facing more problems with crime than they did in New Orleans.

Taking on the feel of a homecoming block party with smoking barbecue grills and music thumping from a portable sound system, the protest at St. Bernard attracted a few dozen former

tenants and a hundred supporters, including Rep. William J. Jefferson, whose district includes the 7th Ward. "You all have the right to return," Jefferson told the crowd, calling on housing officials to reopen apartments that weren't flooded, as soon as possible. (Jefferson is currently under investigation by federal officials in a bribery case that gained national attention.) "You're not going to have a tourism industry here without your workers, and the folks that are out of town and want to come home kept this city going for years."

According to the housing authority, 49,000 people lived in public housing before Katrina, 20,000 in older, large-scale developments such as St. Bernard, and 29,000 in Section 8 rental housing, which was also devastated by the storm. HANO had been dismantling traditional public housing for nearly a decade before the storm through Hope VI, a Clinton-era program that favors vouchers and mixed-income developments. Troubled for years by mismanagement, HANO itself was taken over in 2002 by a HUD reorganization team, which prior to the hurricane got good marks from many observers for reforming a housing authority considered one of the worst in the nation.

But since Katrina, HANO has been sharply criticized for its management and treatment of former residents. Tenants who had been evacuated to temporary housing across the country were notified by the authority last fall that they had until Dec. 31 to remove property from the apartments or their possessions would be thrown out, a deadline that was extended to Jan. 15 and then dropped. While no effort has been made to clean out or gut flooded buildings, the authority has spent hundreds of thousands of dollars erecting fences and installing steel plates on doors to close off the

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developments – though it only installed the new security months after hundreds of units had been ransacked and looted. Meanwhile, housing advocacy groups have filed a lawsuit against HANO for leasing units at River Garden to 35 of its employees and to 11 New Orleans police officers, despite an extensive waiting list for public housing tenants.

In Katrina's aftermath, public officials in Louisiana have made some astonishingly frank comments. "We finally cleaned up public housing in New Orleans. We couldn't do it, but God did," Rep. Richard H. Baker, a Republican from Baton Rouge, was quoted as saying in the Wall Street Journal last September. Former New Orleans City Council president Peggy Wilson, a candidate in the recent mayoral election, declared that the city should keep out "pimps" and "welfare queens," while City Council president Oliver Thomas, who is African-American, said that public housing should be for people who work, instead of for "soap opera watchers."

Thomas, who later apologized for his comment, has proposed screening returning public housing tenants for work history and employability. "We have to build a working-class community that's able to take care of themselves," Thomas told New Orleans evacuees in Houston in March. "We've had three generations of poverty where people never expected to get better. If we have an opportu-

nity to make it right and make it better, we should."

Critics across the country as well as in New Orleans have called public housing a failed experiment that foments drug use, crime and poverty. Yet, before Katrina, crime was down at developments in New Orleans compared with previous decades. Data from the 2000 census showed that the majority of public housing residents in New Orleans worked. Employment among St. Bernard residents was 60 percent, while in the city overall 73 percent of residents had a wage-earning job or salary. (Residents of public housing also included many children, and tenants past retirement age.)

"I'm not going to say that public housing is the best thing in the world for people, or that we want it back exactly like it was, but this city is desperate for any kind of housing it can get right now, and we need to get as many viable units back on line as soon as possible," said Laura Tuggle, a public interest lawyer who works on housing issues for New Orleans Legal Assistance. Tuggle cited a recent call from a personnel manager at Harrah's Casino. "They had employees who lived in public housing and they want to get them back, but there's nowhere for them to live now."

After months in exile many former residents say they

are desperate to return and are taking an increasingly confrontational approach with HANO. At a protest at St. Bernard in April, several HANO officials and a dozen police officers stood by as a hundred former residents and supporters forced open a gate on the new security fence and briefly reentered the complex. Gloria Irving, 70, a grandmother living in Houston, led the demonstrators by driving her motorized wheelchair through the line of police and HANO security guards. No arrests were made.

Later that month, HUD Secretary Jackson replaced HANO's federal receivership team. At the first board meeting in May, Donald Babers, a career HUD official serving as the authority's recovery adviser, and William Thorson, the new federal receiver, yielded the first hour and a half to public comment after being shouted down by former public housing residents. A similar scene played out at a recent meeting of the City Council's housing committee, where residents demanded to know when HANO and HUD would present a schedule for reopening housing developments including St. Bernard. Officials for the agencies said they needed another 12 to 18 months to do assessments and develop a plan.

But housing advocates believe HUD already has plans, which the agency is refusing to make public. At the same City Council meeting, housing officials

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announced they were submitting 11 applications for low-income tax credits to the Louisiana Housing Financing Agency for rebuilding public housing. "If you go to the state agency asking for tax credits worth millions of dollars, you have to already have a plan for what you want to do," said Tuggle. "As I understand it, Secretary Jackson seems to be making all of the decisions about New Orleans and the public here is not being told much." Tuggle, who tracks housing issues closely, says she believes that "some pretty big redevelopment" is on the horizon.

While redevelopment could take decades, the old developments – some of which, like St. Bernard, were built as WPA projects in the late 1930s and early 1940s – were the social anchors of their neighborhoods and the only home many New Orleanians had ever known.

"I'm here today because my family lived here. We were born and raised in this place," said Kenneth Simms, 34, a former St. Bernard resident who drove to New Orleans from Baton Rouge. "My older sister lived right over there, my other sister lived over there, my older brother over there, and my aunties lived in the back. There are hundreds and hundreds of people we know and love

from here, and they want to come back and work. So what are we going to do?"

Jualaki, who ran the community center here, said he expects many displaced residents to return to the city this summer. He has joined with local ministers to create temporary housing in gutted-out churches.

"We're preparing shelters for people. These are people who were in New Orleans doing minimum wage jobs and haven't been able to come back," said Juakali, who is living in a FEMA trailer parked in front of his hurricane-damaged house across the street from St. Bernard. "We're expecting hundreds if not thousands to start coming home. What are we going to do with them? The city doesn't have a plan. The state doesn't have a plan. The feds don't have a plan."

-- By Bill Sasser



LA: Lawmakers considering insurance session; governor not

By Mike Hasten, Gannett

BATON ROUGE -- Several state lawmakers upset with Allstate's plan to withdraw hurricane insurance coverage for 30,000 south Louisiana customers are tossing around the idea of a special session on insurance matters.

Gov. Kathleen Blanco, who would call the session unless the Legislature sets a precedent and calls itself into session, isn't yet on the same page as those legislators.

"We are not considering a special session at this time," Blanco said in a message sent through her press office.

Roderick Hawkins, deputy press secretary for the governor, said the administration is "in conversations with the Department of Insurance about what options are available. The governor's office is doing due diligence and research on all options."

One of the things that lawmakers, including Rep. Troy Hebert, D-Jeanerette, say the Legislature should take another look at is a 1992 law designed to protect homeowners from having their policies canceled or altered.

The law says policies can't be changed if customers are current on payments for policies in effect at least three years, have not had more than two claims in three years and have not altered their property to increase risk. An exception is if a company is in danger of financial collapse.

Allstate officials argue that the law doesn't apply to their move to cancel wind and hail coverage for its coastal Louisiana customers who do not also have automobile insurance with the company.

Hebert said the session should not be limited and should be open to any ideas presented by legislators.

A special session focused on insurance matters "is the only way you're going to see serious insurance reform because the insurance lobby is so strong in this state," said Rep. Rick Farrar, vice chairman of the House Insurance Committee. "If you were rating industries by their power ranking, like they do college football teams, the insurance industry would be just below the oil industry."

Farrar, D-Pineville, said if insurance is the only subject in the session, "people would see what goes on in the House committee. The industry has eight or nine solid votes in the (17-member) committee and that's why all these consumer protection issues pass the Senate 38-1 and then get to the House and die."

With no attention focused on the committee "it's easier in the shadows to do the wrong thing rather than the right thing," he said. "It's hard to pull the old hucklebuck when everybody's watching."

"It's possible we should" have a session, said Sen. James David Cain, chairman of the Senate Insurance Committee. "But not if we're not willing to step up to the plate and tighten the belt on Citizens," the state's high-risk pool insurer. He said restrictions need to be placed on the company that would improve its service.

Cain, R-Dry Creek, said the Legislature should try again

to set aside \$50 million to help cover some of the assessments on every homeowner's policy being imposed to pay off Citizens' claims.

The administration blocked the move because it would have taken one-third of \$150 million set aside in the budget for future hurricane evacuation and shelter costs.

Cain said he would like to meet to discuss possible issues for a session with House Insurance Committee Chairman Karen Carter, who Farrar says is sometimes frustrated by her committee's unwillingness to impose restrictions on insurers.

During a recent hearing on problems with Allstate, Carter, D-New Orleans, said that "going into session without knowing what we're doing is probably not prudent. We still don't know what can be done. We need to lay out an agenda."

Commissioner of Insurance Jim Donelon said he agrees with Carter's idea of having a summit involving his department, legislators, the insurance industry and the governor's office "to brainstorm ideas on how to improve the market. There may be a need for special session to implement those ideas but that's the Legislature's and the governor's decision."

Donelon said Allstate's suggestion of developing a pool of funds similar to Florida's to cover wind damage losses is worth considering but he questions whether the state is large enough to have a stand-alone fund. He said Louisiana might need to join with surrounding states to raise enough from policy premium

contributions to build up a large enough fund.

Another Allstate suggestion was establishing a "named-storm deduction," which would mean policyholders would have to pay more of the repair cost for hurricane or tropical storm damage but the cost of their overall policy would not increase.

Donelon said if an insurance company wants to do that statewide, it doesn't need anyone's approval. If it wants to do it only in a region of the state, it would have to get policyholders' approval.

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The MORE you know about insurance, the faster you will get paid for your legitimate claim.

Louisiana Insurers Urged to Pay Claims or Be Fined

CLAIMS MAGAZINE

Insurers who fail to pay property damage claims in a timely manner will pay even more, according to an article by the Baton Rouge daily Times-Picayune newspaper.

According to reporter Robert Travis Scott, a bill passed by the House Insurance Committee last week would raise penalty prices for insurers who delay paying claims. The proposed legislation was created based on homeowners' frustrations from Hurricanes Katrina and Wilma.

Current Louisiana law requires insurers to pay claimants within 30 days once the damaged has been proved and the financial amount verified. Senate Bill 620, by Sen. Edwin Murray (D-New Orleans), would double insurers' late payment fee from 25 to 50 percent of the damages owed, said the Times-Picayune. The bill would also allow courts to mandate that insurers pay attorneys' fees.

Bill supporters said the proposed legislation would prevent insurance companies from sending multiple adjusters to evaluate a home's damage, holding back results, and prolonging the process. But a number of business groups — representing insurers, real estate agents, home builders, and auto dealers — disagree, saying that it would project a negative image for Louisiana, from a national insurance industry perspective, and ultimately lead to fewer companies offering coverage.



Now there's a novel idea! Penalizing deadbeat insurance companies. Duh...