

Dimensions of the Pain

How we experience the skyrocketing premiums associated with this Hurricane Insurance Crisis

This is a summary of thousands of interviews with Mobile and Baldwin families
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Tens of thousands of families are canceled. Thousands, if not tens-of-thousands of families have simply given up trying to find or pay the exorbitant premiums. Premiums have increased from 200 or 400 or even 1,000% over the last four years. A widow who has never made a claim despite living through Frederic, Ivan, and Katrina and numerous hurricanes in between, living off social security, pays three-times-per-thousand every year for her insurance than rich people in Mountain Brook who *have* made hurricane-related claims in the past. Most of every third social security check she receives – more than \$800 – is turned over to insurance companies every *quarter*. The inequities and anti-insurance measures imposed on southwest Alabama by insurance companies and state insurance-company-friendly regulations are unjust and could turn Mobile and Baldwin counties into ghost towns.

Fundamental insurance reform is necessary. A federal, state and private comprehensive, catastrophic plan is necessary not only for dealing with hurricanes, but all manner of catastrophes.

A more detailed summary of the stories

- Tens of thousands of families have had their insurance canceled suddenly. Rev. Joe Dees lives at the Escambia County line, an hour's drive above I-10 and his was canceled. The Mobile Press Register estimates that more than 27,000 families have been canceled in Mobile and Baldwin counties in the last two or three years. Tens of thousands more have had their premiums skyrocket. *This translates into more the 50,000 affected voters in these two counties.*
- When some of these families finally find an insurer, rates are increased by 200 to 600 percent, and even more.
- In many cases, families drop coverage altogether and put their most valuable asset – their house -- at risk. Probably thousands of families, now; maybe tens of thousands are at risk.
- Ecumenical Ministries and Eastern Shore Affordable Housing – two social service agencies in Baldwin County -- dropped coverage on their buildings because of the cost.
- People are paying \$100 to \$5,000 a month more than in the past and can't keep it up.
- Some are borrowing against the equity in their homes or taking out reverse mortgages. Some fear losing their homes.
- Some have to sell because they can't afford the insurance costs, but can't find buyers because the insurance costs scare a buyers off at the last minute; some can't sell, and may lose their homes.
- Affordable housing landlords have to add \$100 to \$200 (and even \$300) a month to the price of low income rental property, or carry no insurance at all. The threshold minimum income for Habitat for Humanity applicants has increased significantly. The owner of five trailers who rents to low-income people dropped insurance coverage because his tenants couldn't afford the rent increase. If his trailers are destroyed, affordable housing will be gone permanently.

- Habitat for Humanity homeowners find their monthly payments skyrocketing to meet insurance increases. Baldwin County Habitat for Humanity homeowners risk losing their homes because of the increase in their insurance rates. The cost of insurance is just about the same as the note.
- Real estate people are losing sales “at the last minute” because of insurance costs. Some real estate contracts now have a clause that makes the closing of a sale contingent on the buyer’s ability to find adequate insurance.
- Low-income workers have to come up with \$200 *a month* and more for insurance before even beginning to put money towards a mortgage.
- Retirees who carefully calculated how to spend their fixed incomes. Increases in homeowners’ insurance are not expected and many are considering relocating. Alabama will lose this source of revenue.
- Bankers make fewer and smaller housing loans.
- Insurance agents are worried about the loss of their livelihood.
- The negative economic impact depresses job availability.
- If damaged in the storm some business owners say they’ll have to bankrupt
- Under the worst case scenario south Mobile and Baldwin counties will become “ghost towns.” Thousands of families and numerous businesses and churches no longer carry coverage. If significantly damaged, the working poor will lose their primary source of wealth *and* have no home. Having to start over from scratch, they’ll leave the area.
- Under the opposite scenario: If the future is similar to the past 30 years, during which homeowners insurance cost about the same as the rest of the state, the insurance companies are charging one part of Alabama far too much. In this case, the insurance companies ought to give families thousands of dollars in rebates.
- In either case, fundamental changes in the insurance cosmos are necessary. This needs to involve the federal, state and private sectors.