

AFFORDABLE HOMEOWNERS INSURANCE COMMISSON

February 29, 2012

3:30 P.M. – 5:30 P.M.

Attendees:

Judge Tim Russell (Chair)	Aubury Fuller
Representative Joe Faust	Ben Woodruff
Representative A.J. McCampbell	Joe Ruffer
Representative Steve McMillan	Rux Bentley
Commissioner Julie Magee	Geoff Plott
Commissioner Jim Ridling	Jerry Workman
Sid Belcher	Michelle Kurtz
Carl Schneider	Donald Price
Tom Malone	

Opening Remarks:

Chairman Judge Tim Russell greeted the members of the Affordable Homeowners Insurance Commission (AHIC) and guests. After opening remarks, a prayer was given by commission member Aubury Fuller. The reciting of the Pledge of Allegiance followed the prayer.

Judge Russell then proceeded to ask the commission to introduce themselves to Commissioner Magee's guests from Auburn University to better acquaint the guests with the commission members and their role. Each member gave an introduction. The Commission has thirty-two (32) members, two (2) Ph.D. students, and one (1) professor.

During the introductions, Judge Russell honored Gary Tanner from Mobile, AL. Mr. Tanner has been a County Commissioner for a number of years and a State Senator for one term. He represents E-911 and is currently its Assistant Director.

Judge Russell asked Commissioner Julie Magee to introduce Dr. Don-Terry Veal from Auburn University. Dr. Veal is the Director of The Center for Governmental Services. He also serves as Director for Research and Development. He holds a Ph.D. from Northern Illinois University in Public Finance, a Master's Degree from The University of Mississippi and a B.A. from Southern University in New Orleans, LA.

Speaker:

Dr. Don-Terry Veal – Auburn, AL

Dr. Don-Terry Veal has been involved in a number of projects throughout the world. He presently serves as Director of Auburn University's Center for Governmental Services. The Center for Governmental Services (CGS) represents Auburn University's commitment to excellence in state and local government and non-profit organizations. Since 1976, the Center has provided technical assistance, training, and survey and policy research to meet the changing needs of Alabama governments and public officials.

The Center's mission is to improve and transform governance through innovation, research, technical assistance and training. Through partnerships with Alabama governments, CGS strives to improve the lives of Alabama citizens by promoting the improvement of management and operation of government at every level.

Dr. Veal gave an overview of a number of projects his program has facilitated, including commissions involving Hurricane Katrina in New Orleans and the BP oil spill in Baldwin County.

Dr. Veal introduced two colleagues from the Center. Maria Tamblyn is the Human Resources Program Manager and Julia Heflin is the Training Program Manager.

Dr. Veal was brought in to help the commission find the best process to go forward with its mission and help to facilitate or moderate the issues. He provided a handout with a questionnaire to the commission members to help identify the needs and interests of the commission. Once that is accomplished, Dr. Veal's organization will recommend someone appropriate to moderate that particular issue.

The broad issue categories were initially identified as (1) Market-Based Issues, (2) Education Issues, (3) Regulatory Issues and (4) Statutory Issues. It was agreed that some modification and additional issues may be included emphasized that this is merely a starting point.

By utilizing Dr. Veal's format and with the Committee's response to the questionnaire, Dr. Veal said common ground issues can be found and consensus reached. The next step in the process is to prioritize and rank the results. The ranking would be based on a 5-point system wherein each Committee member would place up to five dots on a particular issue. Those issues with the highest number of dots would be considered a priority. Dr. Veal stressed that this process involves everyone's input and enables the sharing of ideas through group discussions, either as the entire committee or in subcommittees. The group discussion sessions allow participants to seek further clarification on any ideas they may not understand.

Dr. Veal noted that this process is designed to allow everyone an equal opportunity for verbal input, written input and verbal clarification. While this is Dr. Veal's suggestion as a way to proceed, he stressed the need to identify a process which works and works quickly.

Committee member Michelle Kurtz asked how the broad issue categories were determined. Commissioner Magee replied that she offered the categories as a starting point and every committee member has the opportunity to suggest categories. Commissioner Magee explained, for example, that Market-based issues are non-statutory, non-regulatory issues and would include things that would entice an insurer to do business in Alabama.

It was suggested that perhaps a Pricing category could be utilized. Member Kurtz asked if a statement of 'what the problem is' has been identified. She added that such a statement would guide us to the categories. The questionnaire was then changed to (1) Market-based issues, (2) Education-based issues, (3) Regulatory/Statutory issues, (4) Financial issues.

Dr. Veal specified we must deal with facts. Facts help us direct decisions and eliminate assumptions.

There was discussion of how much time should be allotted for the different phases of the process.

Committee member Don Price stated his concern is the issue of disparity of rates charged to Alabama homeowners. Mr. Price cited examples of annual average homeowner policy premiums for comparable properties located in north and south Alabama counties. Average annual premiums were \$800 in northern counties, compared to \$2,500 in Baldwin and Mobile counties. Such contrast causes one to question whether the differential in rates is justifiable or merely arbitrarily set. The perception shared among many citizens of Baldwin County is that they are unfairly charged.

The differences in rates have a harmful impact on a segment of Alabama citizens. After Hurricane Opal, 65 of 67 counties were declared disaster zones, but insurance rates increased in only two of the 65 affected counties. Committee member Price stated the commission was originally started as the Coastal Insurance Commission, but the tornados caused this to become a statewide issue with the goal of affordable, available quality insurance protection for all of Alabama.

There was brief discussion of the proposed Clarity Bill which would provide information regarding policy count by county. However this information is not currently available. Additionally, there was discussion on RMS modeling.

Dr. Veal stated if the commission stays with the proposed process, the complicated issues will reveal themselves. Dr. Veal said the commission could submit their questionnaires electronically and he will compile the results as quickly as possible and return them to the committee.

Questions or comments can be emailed to [hfljib@auburn.edu](mailto:hfljib@auburn.edu).

The next commission meeting is scheduled for Monday, March 12, 2012, in the same location. In the event of scheduling conflicts, etc., the location may be moved to the Archives Building. Commissioner Magee will advise the commission members on exact details.

Commissioner Magee adjourned the meeting.