

AFFORDABLE HOMEOWNERS INSURANCE COMMISSION  
Tuesday, August 30, 2011  
6:00 P.M.

Minutes / Action Items

Attendees:

Judge Tim Russell	Joe Demos
Commissioner Julie P. Magee	Tom Malone
Senator Ben Brooks	John Caylor
Aubury Fuller	Representative A.J. McCampbell
Geoff Plott	Representative Joe Faust
Sid Belcher	Representative David Sessions
Michelle Kurtz	Joe Ruffer
Carl Schneider	Ragan Ingram (on behalf of Commissioner Jim Ridling)
Don Price	
Jerry Workman	

Opening Remarks – Upon entering the meeting, Commissioner Tim Russell greeted the audience and the Affordable Homeowners Insurance Commission (AHIC). After his opening remarks and prayer, Commissioner Russell passed the microphone to the Dothan Region Chair and Alabama Revenue Commissioner Julie Magee. Magee addressed the audience and thanked those responsible for helping with the event. The format for the event was to be two 1-hour segments for public comment with a five-minute break between each segment. Individuals would be allowed to address the Commission and representatives at length (due to the small number of speakers). At the completion of the two 1-hour segments the Commission would enter into the final hour of the meeting to discuss the previous two hours of comments from the public. The final hour of the meeting remained open to the public.

Speakers:

- Scott McCume - McCume expressed concerns about replacement costs and appraised values for homes and how the insurance companies use these numbers. McCume charged the members to find out why replacement values continue to go up while appraisal values have been decreasing. He also wanted to know why one company may charge more for a home than another. Commission Member Demos urged McCume to make sure he is getting the same policy priced into each quote.
- Following McCume's time, Commissioner Russell responded about the history of the insurance crisis in Alabama and how Alabama ranks #1 in the nation per capita in states exposed to all 4 majors disasters (hurricanes, tornadoes, floods and earthquakes). Commissioner Russell gave the microphone to Representative David Sessions to further explain why the Commission believes it is not just a coastal problem. Representative Sessions passed the microphone to Senator Ben Brooks to explain some of the past legislation that has been introduced and explain why the state needs to work together. Don Price, a professor at Samford University, then spoke about statistics regarding the strengthening building codes. Although better building techniques have yet to have an impact on premiums, the effects of these can be seen through tests, notably in a new testing facility in South Carolina. Mr. Price also pointed out that many homes are going to have to be rebuilt in Alabama from the tornadoes damage suffered earlier this year. This needs to be addressed immediately in order to avoid a potentially similar situation in the future.

- Becky Hancock, a resident of Enterprise, wanted to bring attention to problems she has experienced with companies canceling insurance policies for the houses that they do not live in, but use for rental properties or vacation homes. Hancock emphasized that this canceling of landlord policies is a concern, especially to our service men and women who are overseas, and has a direct effect on the economy and the housing market in areas surrounding military bases. Hancock wants insurance companies to cover homes if they are going to cover cars and other property. She said they should not be able to “cherry-pick” the properties they want to insure.
- Jenna Grant - Grant shared her experience with insurance problems following the black-water flood in her home. A black-water flood is when plumbing problems back up into the home. Grant wants accountability of insurance agents and adjusters because everything in state government is all about accountability.
- Commissioner Magee’s comments concluded the consumer forum portion of the program. A 10-minute break followed the nearly two-hour debate prior to the open meeting portion of the forum.

Issues addressed by the Commission:

- Commissioner Geoff Plott, Chairman of the Tuscaloosa Forum, began this portion of the meeting with comments about the Tuscaloosa Forum, which will be held on Monday, Sept. 12, 2011. Plott discussed some of the educational opportunities that the university and students in the insurance school will offer to the Commission prior to the consumer forum. Citing the establishment of the agenda committee at the prior meeting, Commissioner Kurtz asked that all speakers and potential materials be submitted to the Agenda Committee for consideration. Commissioner Reagan Ingram added that there will possibly be some citizens who need help with their claims and that the Insurance Commissioner’s Office will have people there and forms to aid these people.
- Commissioner Joe Demos, Chairman of the Guntersville forum, acknowledged that a place and time have not been set for the meeting, but insurance claims would be a hot topic, the same as Tuscaloosa. Demos also explained the Guntersville forum was added because of the tornadoes that affected the area. Commissioner Russell confirmed that claims issues would be in another room and would not hinder the public comment portion of the meeting.
- Although Commissioner Brooks has a set of bills which he has pushed for many years, he expressed that he intends to follow the format established by the Commission to finish the consumer forums before looking into possible legislation. Brooks wants to be able to go through his bills with the Commission following all of the forums and education phases.
- Commissioner Magee concluded the discussions by speaking of the Facebook page that has been set up and how the public can go on Facebook and post comments.

After no further business, Commissioner Russell adjourned the meeting at 8:30 P.M.