

What is the Clarity Bill and why is it needed?

Background:

- Three years ago, HHII determined two immediate solution strategies and one long-term strategy: (1) The Clarity Bill; (2) a special insurance district; (3) long-term mitigation fortifying the coast.
- None of these three strategies depends on upstate Alabama subsidizing the coast.
- Which strategy and combination of strategies is needful depends on what happens in the future
- If Al Gore is right, and the next 100 years is like the last 10, all three solution strategies are needed. Immediately.
- If the next 100 years is basically like the last 100, the Clarity Bill is a silver bullet.
- In either case, the Clarity Bill is needed now.

The Logic of the Clarity Bill:

- Over time, is Fairhope, for example, or Robertsedale really more costly to repair due to wind-and-hail than, say, Tuscaloosa or Birmingham?
- The fundamental assumption of the Clarity Bill is that coastal counties are not 300% more expensive to repair due to wind and hail than the rest of the state.
- Strong circumstantial evidence suggests that the coastal counties have no more wind-and-hail damage than the rest of the state, over time – or less than 50% more.
- If – over time -- the coastal counties suffer no more damage than inland counties, then the DOI should not permit companies to charge coastal counties any more than the rest of the state.
- If historical, zip code data showed coastal counties are no more expensive on average, then a \$3,000 policy with a \$5,000 deductibles should be the state average: \$850 with normal deductibles.
- If – over time – the coastal counties suffer less than 50% more damage, then \$3,000 policies would plunge to about \$1,300 with a normal deductible.
- Were this to happen, the crisis is fixed.

What is the Clarity Bill:

- The Clarity Bill requires the DOI to gather, aggregate by zip code, and put on its webpage three things: (1) annual dollar amount of claims; (2) annual dollar amount of premiums; (3) number of policies.
- This information provides what is needed to determine mathematically, using actual data not experimental models, if coastal counties are more costly to repair due to wind and hail than other counties around the state. If they are, it would show how much more costly.
- The bill also requires that the DOI use the historical data as a guide when requiring equitable premiums around the state.

What the Clarity Bill does NOT do:

- This does not set the prices that insurance companies charge. It does not set or expose profits. It would allow insurance companies to charge tens of thousands of dollars per policy, and try to make 1,000% profits, if they dared. It would only require that whatever they do, it must be done equitably, around the state, based on actual historical data.

The results:

- If the HHII-garnered facts and circumstantial evidence is right, this bill will produce facts, and these will fix the crisis on the coast almost overnight.

Find more info at www.hhi.us Questions? Call Michelle at 251-928-3430