



For Immediate Release

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**Chaney Appears Before Alabama Legislative
Committee on Coastal Insurance Issues**

Montgomery – Mississippi Insurance Commissioner Mike Chaney told an Alabama House of Representatives subcommittee Tuesday that the keys to holding down insurance premiums on the Alabama Coast are strong enforcement of building codes, proper land use and mitigating homes against future disasters.

Chaney appeared before the House Insurance Regulations Subcommittee at the request of Alabama Insurance Commissioner Jim Ridling, who asked Chaney to give advice and direction to Alabama lawmakers stemming from Mississippi's experiences in the aftermath of Hurricane Katrina, which devastated the Mississippi coast in August, 2005.

"This is not a simple issue," Chaney said. "It's an issue that you've got to address with great caution."

Chaney repeatedly stressed the importance of encouraging competition between private insurers, enforcing strong building codes and limiting the number of people using the state's wind pool. Chaney, who helped write Mississippi's wind pool regulations as a state senator, cautioned against relying on state subsidies to bring down coastal premiums.

The Mississippi Windstorm Underwriting Association, the insurer of last resort for coastal properties, has used state subsidies to lower skyrocketing premiums after Hurricane Katrina,

Chaney told Alabama legislators, but cautioned that if state subsidies continue the wind pool could end up offering a better deal to policyholders than private insurers. This will attract more policies and more risk, making the wind pool unable to pay all the claims from a major hurricane, Chaney said.

"Continued subsidies are not economically feasible," Chaney told the Alabama legislators.

Chaney also said he supports premium discounts for home mitigation, but believes they should be voluntary and not mandated by state law. Recent legislation enacted in Alabama does not set an exact discount amount although insurance companies in Mississippi may grant 30 percent or more for homes mitigated to withstand up to Category III hurricanes.

The Mississippi Wind Pool currently offers up to 30 percent discounts for mitigated homes.

Chaney also stressed cooperation between coastal states. "While coastlines vulnerable to hurricanes from Texas to Maine may differ in size, the problems created are uniform, the foremost one being skyrocketing premium rates," Chaney said. "If coastal states work together to present workable, uniform solutions such as mitigation discounts and strong building codes, we can help drive premium rates down and see to it that our coastal consumers are protected in the event of catastrophic storms."

Chaney also told the lawmakers that the Mississippi Insurance Department is continuing to work on the development and implementation of its Hurricane Wind Mitigation Program. A cost-benefit study of the program is expected to be completed this month