

HOME INSURERS MUST BE PRUDENT

AUTHOR: Robert Hartwig
DATE: February 28, 2008
SOURCE: (New York) Newsday
PAGE :Page A40

ABSTRACT:This letter to the editor, written by Robert Hartwig, president of the Insurance Information Institute, is in response to an editorial entitled "Insurers' retreat is legal but nasty," published in the paper on February 21. The editorial expressed surprise that some homeowners insurers want to reduce their exposure on Long Island "because the Island may be hit by a hurricane in the future." Hartwig explains that properties on Long Island are worth hundreds of billions of dollars and that most homeowners insurers who conduct business there also write coverage along the Eastern Seaboard and Gulf Coast and must prudently manage their exposure to maintain the financial resources necessary to pay tens of billions of dollars to millions of policyholders from future megadisasters wherever and whenever they occur. He notes that insurers must also meet increasingly stringent rating requirements set forth by state insurance departments. Hartwig concludes that no one likes to receive a nonrenewal notice from his or her homeowners insurer, but insurance on Long Island remains generally available, albeit at rates that reflect the risk of living on a hurricane exposed coast. Insurers know that it isn't a matter of if but when the next hurricane will hit Long Island.

IC: 2008022804

STATE FARM DEFENDS CUTTING LI (LONG ISLAND, NY) HOMEOWNERS

AUTHOR: James Bernstein
DATE: February 16, 2008
SOURCE: (New York) Newsday
PAGE :Page A16

ABSTRACT:On February 15 State Farm spokesman Jawanza Ali Keita offered a justification for his company's decision to not renew some homeowners policies on Long Island, saying the insurer needed to take into account forecasts by meteorologists that hurricanes could strike the island, resulting in large damage claims. Keita said the company has been considering the move for over a year and wanted to do what's best for State Farm and for its customers. Keita said the phase out would last three years and that ultimately 1.13 percent of homeowners policies in the state would be affected. The article reports that on February 14 New York Sen. Charles Schumer criticized the move and sent a letter protesting the decision to State Farm chief executive Edward Rust Jr.

IC: 2008021908

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R.I. FIRM OFFERS POLICIES ON CAPE, COASTAL AREAS

AUTHOR: Kimberly Blanton

DATE: January 9, 2008

SOURCE: The Boston Globe

PAGE :Page C1

ABSTRACT:On January 8 Narragansett Bay Insurance Co. said that would expand the number of homeowners policies the company provides on Cape Cod and other coastal communities in Massachusetts, a market that has long been underserved by home insurers. The expansion of Narragansett Bay is attributed to \$200 million in new capital from financier George Soros and other investors. The company plans to increase its sales throughout the state and offer policies to homeowners who have been forced to obtain coverage from the Massachusetts Fair Plan, the state's insurer of last resort. After the terrorist attacks of 2001 and Hurricane Katrina in 2005, insurers reduced the amount of coverage available in coastal areas. The rates charged by the Fair Plan increased significantly as the number of policies it provided expanded rapidly. Last year the Fair Plan increased the rates charged to Cape Cod homeowners 25 percent because of the higher risk of hurricanes. Stewart Steffy, Narragansett Bay's chief executive, said that the company sees an opportunity to become a major regional homeowner insurer in New England. Steffy said that Narragansett Bay will offer the qualifying owners of mid priced houses rates that are 10 percent to 40 percent below the Fair Plan's average premium of \$1,500.

IC: 2008011107

INSURANCE INFORMATION REGARDING HURRICANE NOEL

DATE: November 2, 2007

SOURCE: Insurance Information Institute: News Release (Media Advisory)

PUBLISHER: Insurance Information Institute, 110 William Street, New York, NY 10038
(212)346-5500

PAGE :Two pages

ABSTRACT:This media advisory cites the availability of insurance experts to conduct interviews on the insurance ramifications of Hurricane Noel. The current trajectory of the storm, says the Insurance Information Institute, is such that it is likely to strike Eastern Long Island and a number of parts of New England. The advisory points out that after Florida, New York has the second highest amount of insured coastal exposure in the U.S., in excess of \$1.9 trillion. Also, more than half of the insured property in Connecticut, Maine and Massachusetts is coastal. Wind damage from hurricanes is covered under standard homeowners and business insurance policies, while flooding coverage is available under the National Flood Insurance Program (NFIP). Additional information is available at www.floodsmart.gov. A table showing total value of insured coastal exposure in 2004 accompanies the advisory.

IC: 2007070808

CONTROLLING THE COVERAGE; (NY) SENATOR CHARLES SCHUMER TOUTS LEGISLATION THAT WOULD INCLUDE WIND DAMAGE IN FED'S FLOOD POLICIES TO STOP UNREGULATED PRIVATE HOMEOWNER INSURERS

AUTHOR: Keith Herbert
DATE: October 23, 2007
SOURCE: (New York) Newsday
PAGE :Page A18.

ABSTRACT:New York Senator Charles Schumer cited the increasing need for New Yorkers to seek property coverage from unregulated excess lines insurers as further proof that the federal Flood Insurance Program should offer a multiple peril policy that also covers hurricane wind damages. The number of excess lines policyholders in New York has risen from 3,100 in 2002 to over 7,000 in September 2007, Schumer noted. Excess lines policies are more typical for homeowners with unusually expensive homes or property close to a potential hazard who are unable to purchase insurance in the standard market. The coverage is more expensive and the companies who provide it are not regulated by the state. The New York Department of Insurance says there are 1.7 million homeowners policies in effect in New York's coastal areas. Since early 2006 several companies, including Allstate, Liberty Mutual and State Farm, have not renewed thousands of Long Island homeowner policies on the grounds that the area is overdue for a catastrophic storm

IC: 2007102409

HOME INSURERS CANCELING IN EAST

AUTHOR: Paul Vitello
DATE: October 16, 2007
SOURCE: The New York Times
PAGE :Page A1

ABSTRACT: Homeowners more than a thousand miles away from the coastline where Hurricane Katrina made landfall in 2005 are being affected by the devastating storm as home insurers take steps to limit their exposure to future storms. This summer some policyholders on New York's Long Island received a letter from Liberty Mutual Fire Insurance Company explaining that their coverage was being canceled because hurricane events over the last two years forced the company to limit its exposure. Although these homeowners have been able to obtain coverage from other companies, Eric Dinallo, the head of the state's insurance department, and consumer advocates are expressing concerns about these cancellations, and in September Dinallo sharply criticized Liberty Mutual. Over the last three years over three million homeowners have had their policies cancelled as insurers work to avoid losses from another storm of the magnitude of Katrina, which cost the industry approximately \$40 billion. The controversy between officials and insurers about rising rates and the withdrawal of services began in the South and is spreading to the Northeast. Over the last year Allstate, State Farm, Liberty Mutual and other insurers have decided not to renew policies not only in areas where hurricanes are frequent, such as Florida and Louisiana, but also in New York and other states in the North that have not been hit by a hurricane in years. These insurers are also turning down new business in New

Jersey, Connecticut, Rhode Island, Maryland, Massachusetts and eight downstate counties of New York. Robert Hartwig, president of the Insurance Information Institute, said that considering what happened between 2003 and 2005 and considering that the best meteorological minds are telling us that for the next 15 to 20 years hurricane activity will be heavier than normal, insurance companies would be out of business if they did not reduce their exposure. Hartwig explained that insurers were not worried so much about a hurricane in New York as about hurricanes in New York and Florida at the same time. The article includes maps showing the course of the seven hurricanes of Category 3 or higher that have hit the Northeast since 1869.

IC: 2007101601

MORE INSURERS BACKING AWAY FROM COASTS

DATE: October 16, 2007

SOURCE: Boston Globe

PAGE :Page N/A

ABSTRACT: This article reports the withdrawal of business has accelerated as more insurance companies, facing higher costs of reinsurance for hurricane risk in vulnerable coastal areas of the state, have either stop writing or severely restricted property insurance coverage along the entire Massachusetts coast, beyond Cape Cod and the southeastern areas. More than 40,000 homeowners in areas northward to Boston and the North Shore have been forced to find new coverage. Because of the Cape's vulnerability, the state's FAIR plan now insures more than 40 percent of the homes there; however, agents say they have so far been able to place most homeowners who have been nonrenewed in areas beyond the Cape with private insurers that have less restrictive underwriting requirements. The article notes the Massachusetts Legislature is planning to investigate why so many companies are retreating from the coastal market. The attorney general is calling for a reduction in FAIR Plan rates. The FAIR Plan is seeking a 13.8 percent increase in statewide average rates and a 25 percent hike on the Cape, Nantucket and Martha's Vineyard, and much of Plymouth County. Several insurance company spokespersons comment on the issue.

IC: 2007072201

(MASS.) AG SEEKS BIG CUT IN FAIR PLAN RATE

AUTHOR: Bruce Mohl

DATE: October 10, 2007

SOURCE: The Boston Globe

PAGE :Page C1

ABSTRACT: On October 9 Massachusetts Attorney General Martha Coakley accused the state's Fair Plan, the homeowners insurer of last resort, of ripping off homeowners while earning more than \$100 million in profits since 2004. Coakley countered the plan's request for an average statewide rate increase of 13.8 percent and a 25 percent increase in coastal and coastal island areas of the state, calling instead for cuts of 18 and 29 percent, respectively. Coakley said the plan's rate request was based on inflated expenses and loss projections and that she believes the plan should offer reasonable rates to homeowners who

find coverage in a dysfunctional market. Jack Golembeski, the president of the Fair Plan, said the company's rate request was actuarially justified. The article notes that in recent years insurers have nonrenewed more than 43,000 policies on the state's coast and islands. Now, according to an interim report from a special legislative commission studying the homeowners insurance market, the plan is the state's largest home insurer, with more than 203,000 policies in force.

IC: 2007101107

SPECIAL FUND PROPOSED FOR HURRICANE INSURANCE

AUTHOR: Joseph Treaster

DATE: October 9, 2007

SOURCE: The New York Times

PAGE :Page C4

ABSTRACT:Insurance companies have expressed reservations about a proposal by New York regulators that would require insurers to set aside additional reserves to cover damage from a major hurricane. The plan is intended to hold down the increasing cost of insurance along the Atlantic and Gulf Coasts. The proposal would require insurers to transfer profits to contingency funds set up to pay for hurricane losses. The regulators argue that the funds would prevent financial shocks from major storms and eliminate the need for sharp increases in premiums. On October 9 the insurance committee of the New York Senate is holding a hearing on coastal insurance problems. Robert Hartwig, president of the Insurance Information Institute, said that no one wants to be at loggerheads over this, but this becomes very difficult. Hartwig said that the insurance department is basically asking businesses to spend hundreds of millions of dollars that they will not be able to record as an expense for perhaps many, many years. Kirsta Conte, a spokeswoman for Allstate, said that the company needed to know more about the proposal before making a decision about supporting the approach. Jonathan Freed, speaking for State Farm, said that it is unclear whether the plan is workable. Jay Fishman, CEO of Travelers, on the other hand, welcomed the plan, saying it would not increase his costs and is "a great first step."

IC: 2007100902

THE AVAILABILITY AND AFFORDABILITY OF HOMEOWNERS INSURANCE IN NEW YORK'S COASTAL AREAS

AUTHOR: Steven Weisbart

DATE: October 9, 2007

SOURCE: Insurance Information Institute, special report

PAGE :34 pages

ABSTRACT:This PowerPoint report, made by the Insurance Information Institute's vice president and chief economist, was presented before the New York State Senate Insurance Committee. The presentation includes an overview of the history of hurricane damage in the Northeast and a discussion of potential losses in New York State if a major hurricane were to strike. It notes that commercial exposure in the state is three times higher than residential exposure and that the insured value of New York's coastal properties rivals Florida's \$2

trillion. Sections of the report explain the reasons insurance buyers may misperceive the risk, the role of flood insurance and the role of profits for the homeowners insurance industry. The full presentation can be accessed on the I.I.I. Web site at <http://www.iii.org/media/met/nycoastal/>.

IC: 2007101602

**SETTING ASIDE FUNDS FOR A RAINY DAY; INSURANCE FIRMS MUST
CREATE HURRICANE RESERVE SO THEY'LL BE READY WHEN THE BIG
ONE HITS**

AUTHOR: Eric Dinallo

DATE: October 8, 2007

SOURCE: (New York) Newsday

PAGE :Page A37

ABSTRACT:This opinion from New York's insurance superintendent sees the series of hurricanes in 2005 as proof that the current system of insuring against catastrophes needs to be changed. Dinallo characterizes the current form of insuring as the worst possible situation, since insurance becomes increasingly expensive and even unavailable for consumers and businesses and insurance companies incur huge losses after major storms. A number of proposals have called for state or federal funds for claims payments, and some suggest that the federal government's flood insurance program should also cover hurricanes. Dinallo proposes that the government require insurance companies to set up catastrophe reserves, a proposal that he sees as a simple approach to improving insurance coverage against catastrophes without huge government subsidies or a complete government takeover. Dinallo explains how insuring against hurricanes differs from other types of insurance, such as auto insurance. Insurance accounting and tax practices allow insurance companies to reserve only for the accidents that happen in a particular year, a system that is effective for auto insurance because historical data allows insurers to predict the cost of claims and spread the risk.

IC: 2007100803

**PLAN TO ENSURE INSURANCE: (NY) STATE REGULATOR PUTS FORWARD
IDEA OF A FUND TO PAY CLAIMS AGAINST HURRICANE DAMAGE AND
REDUCE NONRENEWALS**

AUTHOR: Keith Herbert

DATE: October 5, 2007

SOURCE: (New York) Newsday

PAGE :Page A8

ABSTRACT:As a committee in the New York State Senate prepares to hold hearings on the homeowners insurance crisis on Long Island, Eric Dinallo, the state's insurance superintendent, is proposing a regulation that would require companies to create a reserve fund to cover hurricane claims. Dinallo says that over a period of five to 10 years, the fund would serve to lower premiums and reduce nonrenewals. Early last year six insurance companies began issuing nonrenewal notices to New York homeowner policyholders

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because of hurricane risks. Residents of New York's Long Island have complained about the difficulty of finding coverage and report having to pay high premiums and accept large windstorm deductibles.

IC: 2007100505

TO THE EDITOR: EDITORIAL: INSURANCE FOR THE NEXT BIG ONE

AUTHOR: Robert Hartwig

DATE: October 4, 2007

SOURCE: The New York Times (online edition)

PAGE :Page N/A

ABSTRACT:This letter, written by Robert Hartwig, president of the Insurance Information Institute, was published in the paper's hurricane blog, "Eye of the Storm." Hartwig responds to an October 1 editorial "Insurance for the Next Big One," arguing that the editorial vastly understates the costs to taxpayers of government managed insurance programs that deliberately ignore the true magnitude of risk. Hartwig notes that federal and state insurance programs racked up deficits totaling \$22 billion as a result of Hurricane Katrina and other storms that struck the United States during the 2004 and 2005 hurricane seasons, a sum that will be dwarfed when the inevitable Big One strikes. He says that the reason for this fiscal folly is simple: premiums are kept artificially low by politicians to curry favor with voters and developers. Rather than follow this road to financial ruin, private insurers are pricing coverage to match a rising risk. Hartwig concludes that ultimately the true risks of coastal living will have to be reflected in the cost of insurance, no matter who is offering the coverage.

IC: 2007100507

STORM FORECAST CUT BACK: HURRICANE EXPERT REDUCES PREDICTION TO FOUR INSTEAD OF FIVE NAMED STORMS DURING THIS MONTH AND NEXT

AUTHOR: Associated Press

DATE: October 3, 2007

SOURCE: (New York) Newsday

PAGE :Page A26

ABSTRACT:On October 2 William Gray, the hurricane expert, slightly lowered his forecast for the current season and now predicts that there will be four named storms in October and November, including two hurricanes, with one of the hurricanes being a major storm. In their earlier forecast for the two months, Gray and his team at Colorado State University predicted five named storms. Phil Klotzbach, lead author of the hurricane forecast, said that October and November were expected to be very active. In April Gray predicted a very active season, with 17 named storms, including nine hurricanes, five of them major. So far a total of 13 named storms have developed, including four hurricanes, two of which were major.

IC: 2007100303

INSURANCE FOR THE NEXT BIG ONE

AUTHOR: Editorial

DATE: October 1, 2007

SOURCE: The New York Times

PAGE :Page A24

ABSTRACT:Although it is not reasonable to expect taxpayers to cover the risks of people who decide to live along the coast, where they are exposed to hurricanes, or above a major geological fault, with more than half of the residents of the U.S. living within 50 miles of the coast and insurance becoming more difficult to obtain, the government may be compelled to provide assistance. The editor acknowledges the moral hazard of a program that could encourage people to make risky choices and calls for a program that prices insurance in a way that leads to careful consideration of building locations and zoning policies. A well designed program is seen as a reasonable alternative to millions of Americans not being covered by insurance. After the record \$50 billion in insured losses from Hurricane Katrina, private insurers have increased their rates by as much as regulators would allow and dropped coverage of some homes when they could not raise rates sufficiently to manage risks. If millions of homeowners lost their insurance or were unable to afford coverage, taxpayers would be required to support a federal relief effort. Congress is currently considering a proposal that would expand the National Flood Insurance Program to cover wind damage and make the federal government the sole provider of hurricane insurance in coastal areas. Some lawmakers are also considering measures that provide tax deferrals to allow insurers to build reserves against future catastrophes. In September Representatives Ron Klein and Tim Mahoney, Democrats from Florida, sponsored a proposal that would build on the \$33 billion catastrophe funds set up by Florida and financed by premiums paid by insurers by setting up a federal catastrophe fund as a pool of state funds.

IC: 2007100101

THE NEXT HURRICANE; SEEKING SHELTER FROM A STORM

AUTHOR: Karla Schuster

DATE: September 28, 2007

SOURCE: (New York) Newsday

PAGE :Page A17

ABSTRACT:On September 27 New York City Mayor Michael Bloomberg announced a competition for architects to come up with ways to shelter large numbers of victims of a major hurricane hitting New York City, a dense metropolitan area that does not have enough room for trailers or other types of existing temporary housing. The contest is co sponsored by the city Office of Emergency Management, the Rockefeller Foundation and Architects for Humanity New York. Mayor Bloomberg said, "Getting people out and

keeping them safe during the storm is one thing, but let's say there was enormous damage done to the housing supply in this city then what?" The article notes that while the average density of a trailer park is 10 households per acre, in Manhattan the density of households is 20 times that number. The contest provides a scenario for an imaginary hurricane.

IC: 2007100110

IF: THE NEXT HURRICANE; SEEKING SHELTER FROM A STORM

AUTHOR: Karla Schuster

DATE: September 28, 2007

SOURCE: Newsday (NY)

PAGE :Page A17

ABSTRACT:This article describes the architectural design competition the city of New York's Office of Emergency Management is holding to design long-term temporary housing for residents who are displaced by a hurricane or other disaster. The city is seeking to address the specifically urban problem of locating the space to put alternative housing units for single families. The winning design will be shared with other urban areas. The scenario involves a fictional neighborhood, based on a composite of the elements of 12 New York waterfront communities, that is hit by a Category 5 storm, leaving 38,000 families homeless. The housing must be able to be assembled and disassembled for re-use at another time, yet sturdy enough to live in for a year.

IC: 2007070115

TEMPEST BREWS OVER (MASS.) STORM INSURANCE

AUTHOR: David Kibbe

DATE: September 21, 2007

SOURCE: Cape Cod (Mass.) Times

PAGE :Page N/A

ABSTRACT:On September 20 a meeting of the Massachusetts legislature's Special Commission on Homeowners Insurance met to hear to hear testimony on why coastal home insurance premiums were rising so rapidly and whether anything could be done about the problem. At the hearing former FEMA director James Lee Witt said he supported a proposed catastrophic storm fund that would lower homeowners insurance costs by offering cheaper, taxfree reinsurance to insurance companies. The plan would require the state to contribute \$7.5 million annually for two years, with insurance companies making up the rest of the fund. Insurance companies blame the premium hikes on the high cost of reinsurance. For the time being, only Florida has this kind of fund, but 14 other states, including New York and New Jersey as well as Massachusetts, are considering one. Responding to the question why coastal homeowners keep seeing their premiums rise when the region hasn't been hit by a major storm in decades and insurers profits are high, Robert Hartwig, president of the Insurance Information Institute, said that profits are needed to offset years with deep losses. A report from the commission is due in October.

IC: 2007092407

COASTAL EXPOSURE & CATASTROPHIC RISK IN MASSACHUSETTS

AUTHOR: Robert Hartwig

DATE: September 20, 2007

SOURCE: Insurance Information Institute, special report

PAGE :67 pages

ABSTRACT: This PowerPoint report, presented by Robert Hartwig, president of the Insurance Information Institute, before the Massachusetts Special Commission on Homeowners Insurance, emphasizes the fact that the value of Massachusetts' insured coastal property now exceeds \$660 billion and that the state is far more vulnerable to hurricane risk than is commonly recognized. The presentation reviews U.S. insured catastrophe losses and the recent history of hurricane damage in the nation before focusing specifically on coastal exposure in Massachusetts and hurricane risk in the Northeast. The presentation offers a Massachusetts coastal county analysis and a discussion of growth in the state's property market of last resort. It also provides a summary of ideas and proposals for managing coastal exposure. The report concludes with an overview of profitability in the P/C insurance industry. <http://www.iii.org/media/met/massachusetts/>.

IC: 2007092101

MASSACHUSETTS' RAPID COASTAL DEVELOPMENT POSES DILEMMA FOR INSURERS, LAWMAKERS

DATE: September 20, 2007

SOURCE: Insurance Information Institute: News Release

PUBLISHER: Insurance Information Institute, 110 William Street, New York, NY 10038,
(212) 346-5500

PAGE :Two pages

ABSTRACT: Dr. Robert Hartwig, president of the Insurance Information Institute (I.I.I.), testified that Massachusetts could be hit with billions of dollars worth of property damage should a major hurricane make landfall in the state. Such damage would also significantly strain the resources of the state's FAIR (Fair Access to Insurance Requirements) Plan, he added in testimony before the Massachusetts state Legislature's Homeowner's Study Commission. "The number of Massachusetts residents living in hurricane-prone parts of the state has grown dramatically over the past three decades along with the value of the properties in which they live," he said and continued that "Massachusetts is also home to insured coastal properties value cumulatively at almost \$700 billion, and only Florida, New York and Texas are at greater financial risk in this regard." This I.I.I. news release cites other aspects of Dr. Hartwig's presentation including a brief outline of the state's FAIR Plan, a prediction by AIR Worldwide that the state faces a 15 percent chance of a catastrophic storm in the coming decade, and the FAIR Plan's current financial position. A June 2007 I.I.I. white paper, Residual Market Property Plans: From Markets of Last Resort to Markets of First Choice, is available at www.iii.org/media/research/residualmarket/.

IC: 2007042916

POLICY REVERSAL: ALLSTATE AGREES TO COMPLY WITH (NY) STATE ORDER AND END PRACTICE OF USING AUTO INSURANCE AS CRITERIA FOR RENEWING HOMEOWNER POLICIES

AUTHOR: Keith Herbert

DATE: September 13, 2007

SOURCE: (New York) Newsday

PAGE :Page A3

ABSTRACT:On September 12 New York officials said that Allstate Insurance has reversed an earlier decision and will no longer consider whether its customers have auto insurance with the company as a factor in decisions about renewing their homeowner policies. The state Insurance Department considers the practice illegal. In August Liberty Mutual decided to stop using auto insurance in its homeowners insurance renewal decisions and said that it would reinstate 380 residents of New York's Long Island who had received nonrenewal notices. Although Allstate officials had maintained that the practice was legal and would continue to consider auto insurance, the company recently acknowledged the insurance department's authority to interpret and determine violations of state law and notified the department that it will fully comply with its determination. Krista Conte, spokeswoman for Allstate, said that the company will rescind any nonrenewal notice that had not taken effect as of August 28.

IC: 2007091304

TAKEN BY SURPRISE

AUTHOR: Daniel Pimlott

DATE: September 10, 2007

SOURCE: Financial Times

PAGE :Page Risk Management 2

ABSTRACT:This article, in a special section on risk management, discusses what might happen to New York City if a major hurricane were to strike. It notes that even a heavy rain storm that hit the city on August 8 put a severe strain on New York's infrastructure, with thousands losing electricity and subway and commuter trains brought to a standstill. The article references the 1938 Long Island Express, a Category 3 hurricane that caused massive flooding and destroyed homes, noting that today such a storm would have caused damage estimated at more than \$40 billion. A major hurricane could put some parts of New York under as much as 30 feet of water and cause insured damages in the city and parts of New Jersey of over \$110 billion, according to estimates by the Insurance Information Institute (I.I.I.). Losses to the economy could exceed almost twice that amount. Robert Hartwig, president of the I.I.I., said, "Clearly the city has all sorts of contingency plans. But when it was paralyzed in the wake of a mere thunderstorm, one can only imagine what would happen if you bring heavy rain and high winds. It might be worse than 9/11." Discussing the impact of such a major weather event on businesses, Hartwig explains that the number one cause of business failure after Hurricane Andrew was not property destruction but the lack of business interruption coverage. "Having enough to rebuild but not enough to tide you through the time after the hurricane is an exercise in futility," Hartwig said.

IC: 2007091005

INSURERS WARNED; STATE REGULATOR TELLS TWO COMPANIES SERVING LI (NY) THAT THEY CANNOT LINK HOMEOWNERS' POLICY TO AUTO COVERAGE

AUTHOR: Keith Herbert

DATE: August 29, 2007

SOURCE: (New York) Newsday

PAGE :Page A3

ABSTRACT:On August 28 Eric Dinallo, superintendent of the New York Insurance Department, told insurers that they could not take into consideration whether a policyholder had auto insurance with the company in deciding whether to renew homeowner policies. The announcement came in part as a result of consumer complaints concerning the practice against two insurers, Liberty Mutual and Allstate. Liberty Mutual said it would comply with the order and renew 640 policies in the state that were scheduled for nonrenewal. Allstate said it had previously informed the insurance department of its use of the practice, which it believes to be in compliance with the law, but was willing to discuss the issue. Dinallo acknowledged that both companies had told state insurance officials 18 months ago of their plans to consider auto insurance in determining whether to renew homeowner policies, but that the prior administration had not ruled on the plans. Dinallo has been in office for seven months.

IC: 2007083006

(N.Y.) INSURANCE IN EYE OF STORM

AUTHOR: Keith Herbert

DATE: August 27, 2007

SOURCE: (New York) Newsday

PAGE :Page A2

ABSTRACT:The New York State Insurance Department is reviewing claims that two insurance firms, Allstate and Liberty Mutual, denied coverage to homeowners on Long Island, New York, in part because the policyholders had auto insurance with other companies. Insurance regulators say insurers can legally decide not to renew a policy because a home is vulnerable to a hurricane but that using the fact that the policyholder doesn't have auto insurance with the company is questionable. The Liberty Mutual complaint resulted from a letter received by a customer who wanted to know why his homeowners policy of 30 years was not being renewed. The letter cited "hurricane events over the past two years" that forced the company to "make some difficult decisions regarding our overall hurricane exposure along the East Coast, including New York" and added three specific reasons: the wood frame construction of the home, its proximity to the Atlantic Coast and the fact that the policyholder did not have an auto insurance policy with Liberty Mutual. Liberty Mutual spokesman Glenn Greenberg said the company would review the homeowners policy again. The complaint against Allstate is not discussed in the article. The article notes that under New York State law insurance companies are authorized to nonrenew up to 4 percent of their policies statewide On Long Island Allstate has 26 percent of the homeowners insurance market and Liberty Mutual has 8 percent.

IC: 2007082809

WHO WILL PAY FOR THE NEXT HURRICANE?

AUTHOR: Howard Kunreuther

DATE: August 25, 2007

SOURCE: The New York Times

PAGE :Page A15

ABSTRACT:This op ed piece, written by a co director of the Risk Management and Decision Processes Center and a professor at the Wharton School of the University of Pennsylvania, who is also a co editor of "On Risk and Disaster: Lessons from Hurricane Katrina," argues that we need a new approach to financing the costs of natural disasters and to encouraging people who live in hazard prone areas to undertake mitigation measures. He explains that two seemingly conflicting principles are at the base of a large research study being undertaken by the Wharton Risk Center in conjunction with Georgia State University and the Insurance Information Institute, with the help of firms and organizations from the public and private sectors, some of which are paying for the research. The first principal is that insurance premiums should be based on risk in order to limit development in vulnerable areas. The second is that any financial help that may be given to lower income residents in areas prone to hazards should be made available from public funding rather than through artificially low rates. The author explains in detail how this new approach based on the two principals would work and why he is convinced that it is the best solution.

IC: 2007082706

INSURERS URGED TO COVER LI (NY)

AUTHOR: Joie Tyrrel

DATE: August 24, 2007

SOURCE: (New York) Newsday

PAGE :Page A8

ABSTRACT:Both of New York's U.S. Senators are calling on insurers to continue providing the state's homeowners with coverage without significant increases in premiums as forecasters note that the state's Long Island area is overdue for a major hurricane. On August 23 Senator Charles Schumer called for the enactment of legislation that would set up a 16 member commission to study insurers that have withdrawn coverage in areas with unusually high risks, such as Long Island. The commission will consider proposed solutions such as stronger building codes and zoning regulations that would reduce risks as well as a proposal for the creation of public private partnerships to pay for catastrophe recovery. The bill was approved by the Banking committee on August 1 and will now be presented to the full Senate. Krista Conte, a spokeswoman for Allstate, said the company was evaluating Schumer's proposal has been discussing a public policy solution for a long time. Earlier this month, Senator Hillary Clinton called on Allstate to reconsider a recent decision to reduce the number of homes the company insures on Long Island and asked Chief Executive Thomas Wilson for a detailed explanation of the decision.

IC: 2007082404