

## **ALABAMA HURRICANE INSURANCE FACT FILE**

- The costliest Alabama hurricane in recent years was Hurricane Ivan, which caused \$1.8 billion in insured losses in the state in 2004 (about \$2.1 billion in 2008 dollars). Hurricane Katrina also caused just over \$1 billion in insured losses in Alabama in 2005 (about \$1.2 billion in 2008 dollars). These loss statistics do not include flood damage covered under the federal government's National Flood Insurance Program (NFIP). Standard homeowners policies typically do not cover flood damage.
- Hurricane Ivan resulted in \$1.6 billion in total flood insurance losses paid for by the NFIP. Hurricane Katrina also resulted in \$16 billion in total flood insurance losses paid by the NFIP.
- There was a 27 percent increase in the number of flood insurance policies sold in Alabama by the NFIP in 2006, the year following Hurricanes Katrina and Rita in 2005. However, 23 percent of those policies were not renewed in 2007.
- The total value of insured coastal property in Alabama was \$92.5 billion in 2007, an increase of 22 percent or \$16.6 billion since 2004. Source: AIR Worldwide Corporation.
- The Alabama Insurance Underwriting Association (Beach Plan) was voluntarily formed in the early 1970s by the insurance industry in cooperation with the Alabama Department of Insurance as a market of last resort to provide property and windstorm and hail insurance in the coastal areas of Alabama.
- The AIUA provides two types of policies: fire and extended coverage (not as comprehensive as standard homeowners policies and provides no liability coverage); and a wind and hail only policy for homes, condominiums, mobile homes and commercial businesses located in the Gulf Front, Beach and Seacoast territories of Baldwin and Mobile Counties.
- AIUA policies have a hurricane deductible that applies only in the event of a hurricane. The standard deductible for all other perils is \$500.
- The Beach Plan's exposure base has expanded rapidly. At July 2008, the plan had 9,852 policies in-force for a total exposure value of \$1.70 billion. Total exposure to loss has surged by more than 400 percent from \$337.5 million in 2004 to \$1.70 billion as of July 2008.