

Alabama Beach Pool reports progress on coastal insurance issues

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FOLEY, Ala. – September 03, 2008 -- The Alabama Insurance Underwriting Association, known as the Beach Pool, today released a progress report on a series of coastal insurance recommendations made by a state task force following Hurricane Ivan in 2004. The 20-member Hurricane Insurance Issues Task Force released its final report in August 2005, just weeks before Hurricane Katrina came ashore.

“Unlike a hurricane which can strike swiftly and forcibly, it often takes time and deliberation to implement changes in policy,” said Robert Groves, AIUA Association Manager, “But members of the Beach Pool are proud to report the significant progress we’ve made over the past few years. The bottom line is that the Beach Pool response to Task Force recommendations has enhanced our ability to provide coverage to those coastal residents who cannot find an alternative choice in the private market.”

“Over the past six years, we’ve operated under the leadership of Alabama Insurance Commissioner Walter Bell,” added Groves. “As Commissioner Bell leaves state government to return to the private sector, we think it is appropriate to provide this progress report at this time.”

It should be noted that the Task Force divided its work into three committees: Alternative Markets, Coverage Restrictions and Exclusions, and Claims Coordination. The majority of Beach Pool issues were managed by the Alternative Markets committee. The recommendations from the committee called for the expansion of coverage, change in the make up of the board to include non-industry representation, review of rates, credits for wind mitigation and better construction, redefining territories, and the ability to build surplus.

In response to the Task Force recommendations:

- The AIUA Board of Directors has been expanded to include two Public Sector Members
- Available coverage was increased to \$500,000 as well as replacement cost and theft coverage
- Rating zones were redefined to create a “Gulf Front” territory
- Credits are available for wind mitigation and homes built to “fortified” standards
- Rules and rates were reviewed by the Alabama Insurance Department in May 2007.
- The 2008 State Legislature codified the “Beach Pool”, which previously had been referred to as a voluntary plan, and authorized the plan to retain earnings to build surplus.

“There is still much to be done and much to be resolved, but we are pleased with our progress to date,” Groves said.

A complete list of the Task Force recommendations and progress to date can be found at www.alabamabeachpool.org. AIUA currently insures approximately 10,000 properties with total exposures of \$1.7 billion.