



The face of H H I I

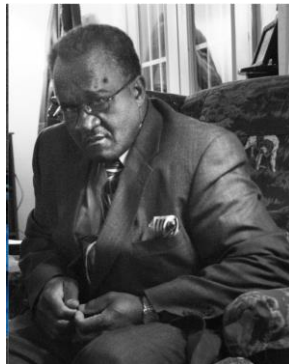
In 2006, for the first time in history,
the Alabama Department of Insurance
said people of Baldwin and Mobile counties
should be treated radically
different than the rest of the state.



Alabama Department of Insurance



90 years old, widowed, Foley High School graduate, never made a claim, charged \$3,000 a year more than her peers in the rest of the state because DOI said to treat Mobile and Baldwin counties radically different.



Dumped by insurance company though he lives in Little River – 70 miles from the coast; charged 3 times as much when he found another insurance company.



Charged 4 times the state average because DOI said Baldwin and Mobile counties should be treated radically different than the rest of the state.



Thousands of Mobile and Baldwin families have dropped their wind-and-hail insurance.



Treated radically different than the rest of the state



Treated radically different than the rest of the state

Treated radically different
than the rest of the state.



Thousands are “Functionally Uninsured”. . .
Though they have insurance, they don’t have the extraordinary deductibles.

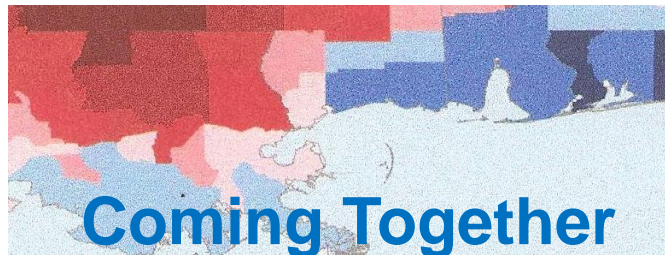


More than \$150 million a year syphoned out of Mobile-Baldwin economies because DOI believes they should be treated radically different than the rest of the state.



The Alabama DOI believes coastal counties should be treated radically different than the rest of the state . . .

. . . yet the new Clarity Law data says just the opposite.



Coming Together to Fix our Coastal Insurance Crisis



**500 People at HHII meeting at Foley First
Baptist Church – Nov. 2008**



Going to Montgomery to Testify at a Special Joint House and Senate Banking and Insurance Committee Hearing – March 2009



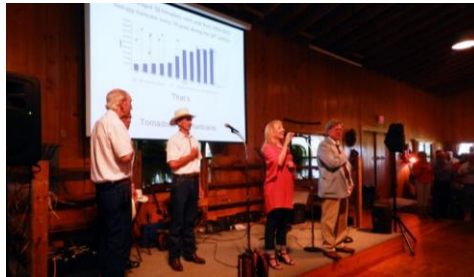
Then-Candidate now Alabama Governor Bentley at an HHI Gubernatorial Candidate Forum in May 2010



HHII meeting with Gov. Robert Bentley in 2011.
 Afterward he publicly announced his support of the Clarity Bill.
 Said coastal insurance is "unfair," when speaking on Uncle Henry's talk show on 710 am Radio.
 September 30, 2014.



Early Planning Meeting involving four Gulf Coast states

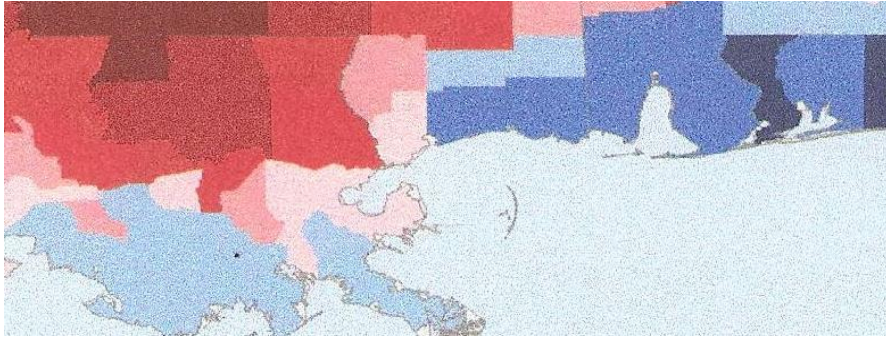


Louisiana Cajun Band and Christian Recording Artist Angie Lewis and Mobile Radio Talk Show personality Uncle Henry.

Michelle Kurtz discusses Multi-state initiative with Alabama Coastal Legislators – senators, representatives, Democrat and Republican

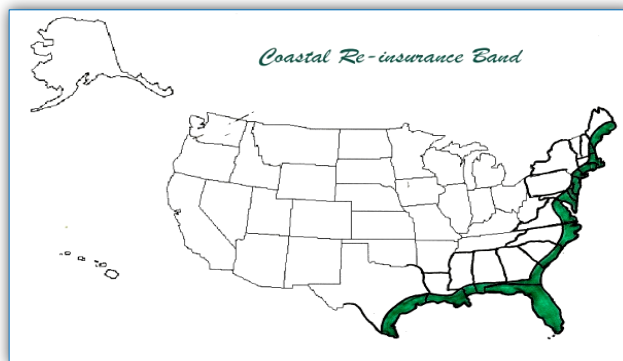


**Fish Fry Focused on Reaching Out across State Lines
– 1,000 Baldwin County people attended –
June 2013**



It is time to fix our
Coastal Insurance Crisis!
The Coastal Band

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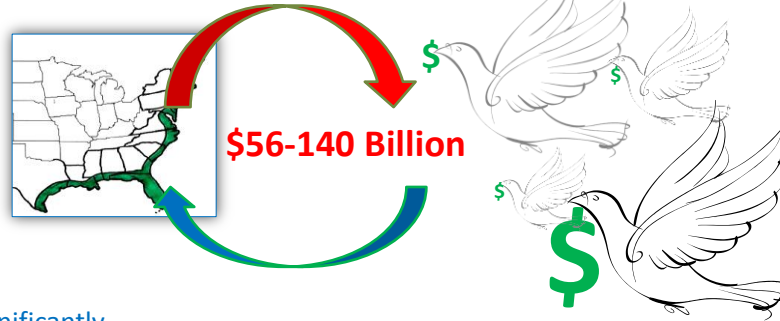
This Gulf-Coast-East-Coast/ HHII

Coastal Catastrophic Insurance Entity would:

- Be a band 70 miles inland from the beach, running from Maine to Mexico;
- Collect the hurricane premiums currently paid in the coastal band;
- Pay for wind damages that resulted from named storms in the band;
- Be crafted by a Congressional Act or Interstate Compacts;
- Be governed as a non-profit, by consumers.

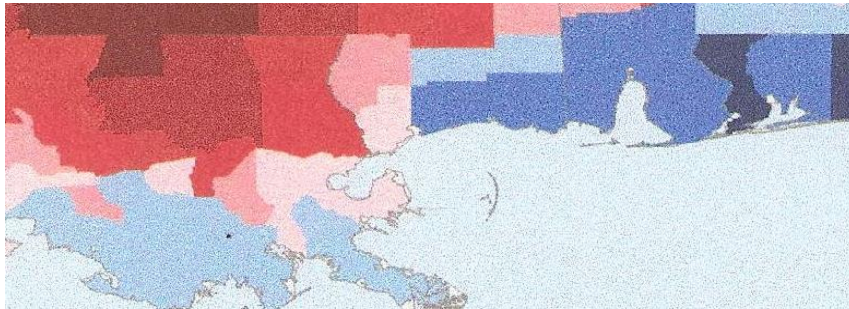
With wind premiums cut in half, this Plan. . .

- Insures our homes at an affordable price;
- Requires no tax money;
- Protects private insurance companies from catastrophic wind events;
- Brings these companies back to the coast in droves;



Very significantly . . .

- The band has no affect on inland constituencies, thus removing obstacles raised by inland politicians.



It is time to fix our

Coastal Insurance Crisis!

Clarity Law data

has been analyzed by the Homeowners Hurricane Insurance Initiative and the facts are startling.

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Reminder . . .

The state average for homeowners insurance is

\$950

with a \$1,000 deductible.

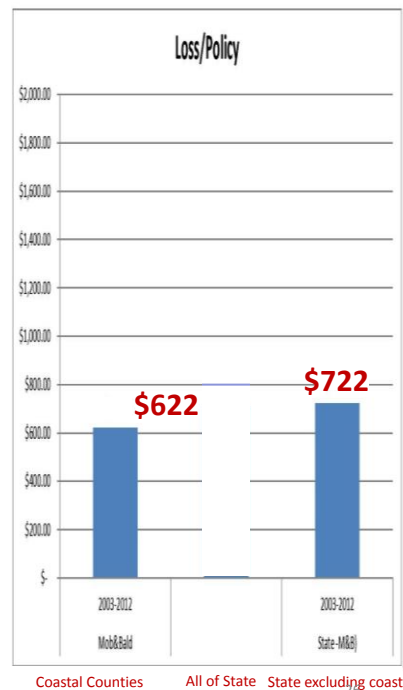
Mobile and Baldwin counties paid the state average until the Department of Insurance insisted on draconian changes based on experimental hurricane catastrophe models starting in 2006.

The DOI's fundamental assumption was that Mobile and Baldwin counties have

3 to 6 times the losses or claims-dollars paid out compared with the rest of the state.

The Clarity Law data shows this is not true.

It shows that the 10-year average coastal claims-dollars per policy is **\$622** (far left bar) compared to **\$722** (far right bar) for the rest of the state. The data includes our hurricane years.



A very significant unknown discovery:
coastal counties paid half their hurricane claims-dollars or losses with
premiums collected the very years of Ivan and Katrina.

Baldwin														
Year	County/ Zip	Premium	Policies In Force				Direct Insured Losses				Direct Insured Loss Ratios			
			Fire	Wind/Hail	Other	Total	Fire	Wind/Hail	Other	Total	Fire	Wind/Hail	Other	Total
2003	BALDWIN	\$1,539,966	3,280	3,280	3,280	3,280	\$248,435	\$21,228	\$27,239	\$296,902	16 %	1 %	2 %	19 %
2004	BALDWIN	\$45,450,613	2,340	28,360	28,287	47,621	\$3,032,540	\$93,983,208	\$15,803,118	\$177,614,392	7 %	207 %	35 %	391 %
2005	BALDWIN	\$51,875,467	3,327	30,397	30,275	47,797	\$1,553,151	\$20,848,025	\$14,433,119	\$49,829,860	3 %	40 %	28 %	96 %
2006	BALDWIN	\$30,211,958	33,618	34,920	33,641	51,448	\$2,100,703	\$4,045,754	\$2,685,403	\$12,241,862	3 %	6 %	4 %	21 %
2007	BALDWIN	\$80,209,980	37,510	39,048	38,168	60,986	\$4,145,907	\$4,192,091	\$3,101,075	\$15,310,476	5 %	5 %	4 %	19 %
2008	BALDWIN	\$85,631,033	34,682	37,569	36,703	59,483	\$6,145,382	\$2,116,998	\$2,825,855	\$14,352,625	7 %	2 %	3 %	17 %
2009	BALDWIN	\$84,311,804	32,514	35,199	34,750	58,689	\$5,372,676	\$2,120,138	\$5,414,027	\$18,781,169	6 %	3 %	6 %	22 %

Hurricane Ivan losses (Mobile & Baldwin). \$312 million
 Katrina losses \$276 million
Combined coastal losses **\$588 million**
 Coastal premiums in 2004 & 05 totaled . . . **\$275 million**

Very Significantly, the coastal counties paid for hurricane losses, plus
 company overhead, plus profits in the years before the storms. . .
 back in the days before the spike in prices,
 when we paid the state average.

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Looking deeper-

2004 Hurricane Ivan

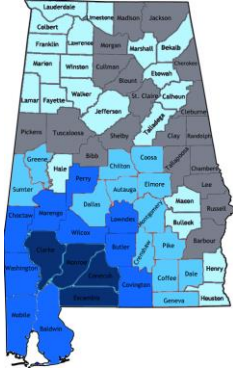
★ Four INLAND counties
 had greater
 claims-dollars-losses
 than Baldwin County.

★ TWELVE(!) inland
 counties suffered
greater
 claims-dollars than
 Mobile County.

Escambia	\$7,465.12	Coffee	\$1,082.88	Talladega	\$416.54
Monroe	\$6,598.73	Geneva	\$1,042.55	Lauderdale	\$407.02
Conecuh	\$4,407.63	Sumter	\$980.58	Calhoun	\$405.02
Clarke	\$3,879.30	Pike	\$879.59	Franklin	\$403.82
Baldwin	\$3,729.75	Elmore	\$803.91	Barbour	\$402.85
Wilcox	\$3,186.54	Hale	\$793.65	Cullman	\$391.43
Washington	\$2,136.23	Bullock	\$761.25	Morgan	\$388.17
Butler	\$1,913.39	Henry	\$651.31	Jackson	\$387.76
Covington	\$1,891.53	Walker	\$632.19	Blount	\$364.82
Lowndes	\$1,868.62	Houston	\$609.94	Tuscaloosa	\$357.31
Choctaw	\$1,735.39	Lawrence	\$546.40	Shelby	\$329.15
Marengo	\$1,653.14	Colbert	\$532.74	Chambers	\$322.63
Perry	\$1,606.87	Macon	\$532.01	Saint Clair	\$319.53
Mobile	\$1,482.68	Winston	\$501.93	Bibb	\$319.22
Crenshaw	\$1,465.59	Fayette	\$461.45	Madison	\$297.63
Dallas	\$1,384.71	Etowah	\$453.23	Tallapoosa	\$292.27
Greene	\$1,304.72	Limestone	\$451.28	Russell	\$281.37
Chilton	\$1,172.92	Jefferson	\$448.42	Randolph	\$256.76
Autauga	\$1,162.45	DeKalb	\$447.59	Clay	\$254.80
Coosa	\$1,148.80	Marion	\$442.65	Cherokee	\$251.11
Montgomery	\$1,103.24	Marshall	\$430.25	Pickens	\$248.12
Dale	\$1,102.63	Lamar	\$422.51	Lee	\$244.11
				Cleburne	\$233.00

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From another
perspective-
Ivan - 2004



★ **ALL** the counties
with blue stars Cost
insurance companies
money that year.

★ Escambia	\$7,465.12	★ Geneva	\$1,042.55	★ Baldwin	\$405.02
★ Monroe	\$6,598.73	★ Sumter	\$980.58	★ Franklin	\$403.82
★ Conecuh	\$4,407.63	★ Pike	\$879.59	★ Barbour	\$402.85
★ Clarke	\$3,879.30	★ Elmore	\$803.91	★ Cullman	\$391.43
★ Baldwin	\$3,729.75	★ Hale	\$793.65	★ Morgan	\$388.17
★ Wilcox	\$3,186.54	★ Bullock	\$761.25	★ Jackson	\$387.76
★ Washington	\$2,136.23	★ Henry	\$651.31	★ Blount	\$364.82
★ Butler	\$1,913.39	★ Walker	\$632.19	★ Tuscaloosa	\$357.31
★ Covington	\$1,891.53	★ Houston	\$609.94	★ Shelby	\$329.15
★ Lowndes	\$1,868.62	★ Lawrence	\$546.40	★ Chambers	\$322.63
★ Choctaw	\$1,735.39	★ Colbert	\$532.74	★ Saint Clair	\$319.53
★ Marengo	\$1,653.14	★ Macon	\$532.01	★ Bibb	\$319.22
★ Perry	\$1,606.87	★ Winston	\$501.93	★ Madison	\$297.63
★ Mobile	\$1,482.68	★ Fayette	\$461.45	★ Tallapoosa	\$292.27
★ Crenshaw	\$1,465.59	★ Etowah	\$453.23	★ Russell	\$281.37
★ Dallas	\$1,384.71	★ Limestone	\$451.28	★ Randolph	\$256.76
★ Greene	\$1,304.72	★ Jefferson	\$448.42	★ Clay	\$254.80
★ Chilton	\$1,172.92	★ DeKalb	\$447.59	★ Cherokee	\$251.11
★ Autauga	\$1,162.45	★ Marion	\$442.65	★ Pickens	\$248.12
★ Coosa	\$1,148.80	★ Marshall	\$430.25	★ Lee	\$244.11
★ Montgomery	\$1,103.24	★ Lamar	\$422.51	★ Cleburne	\$233.00
★ Dale	\$1,102.63	★ Talladega	\$416.54		
★ Coffee	\$1,082.88	★ Lauderdale	\$407.02		

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Meanwhile. . .

What about upstate
tornadoes and hail?

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2011

(Year of Tuscaloosa tragedy)



All the counties in
blue cost
insurance
companies.

Mobile & Baldwin counties
had almost the
LOWEST
claims-dollars-per-policy that year.

Tuscaloosa	\$5,557.83	Fayette	\$1,304.68	Lee	\$617.90
Lawrence	\$4,679.44	Greene	\$1,140.83	Monroe	\$607.66
Marion	\$3,725.37	Marengo	\$1,111.17	Clarke	\$600.24
Limestone	\$3,502.99	Colbert	\$1,080.29	Barbour	\$578.99
Cullman	\$3,334.30	Pickens	\$1,052.12	Lowndes	\$577.52
Franklin	\$3,329.51	Lauderdale	\$1,042.79	Dallas	\$526.04
DeKalb	\$3,068.87	Etowah	\$999.23	Autauga	\$513.92
Tallapoosa	\$3,010.17	Washington	\$946.25	Bullock	\$513.19
Walker	\$2,971.17	Bibb	\$932.93	Russell	\$499.98
Marshall	\$2,837.83	Coosa	\$920.89	Clay	\$497.18
Jackson	\$2,482.43	Conecuh	\$867.31	Henry	\$474.71
Jefferson	\$2,446.17	Elmore	\$848.99	Montgomery	\$446.50
Saint Clair	\$2,358.26	Dale	\$848.55	Covington	\$439.31
Madison	\$1,983.59	Perry	\$846.17	Lamar	\$432.94
Choctaw	\$1,735.89	Geneva	\$844.82	Pike	\$427.62
Blount	\$1,512.50	Sumter	\$840.52	Escambia	\$425.84
Cherokee	\$1,506.57	Chambers	\$816.41	Cleburne	\$395.91
Wilcox	\$1,495.78	Coffee	\$798.93	Randolph	\$390.72
Winston	\$1,437.62	Shelby	\$765.00		\$356.56
Hale	\$1,358.44	Talladega	\$758.60	Butler	\$334.23
Houston	\$1,346.71	Macon	\$750.73	Mobile	\$311.85
Calhoun	\$1,306.41	Morgan	\$704.60	Baldwin	\$296.55
		Chilton	\$652.20	Crenshaw	\$225.25

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Summarizing the non-hurricane years: There are 67 counties in Alabama.
This chart shows the 22 counties with the least claims-dollars-per-policy each year.

2006	2007	2008	2009
Montgomery \$379.54	Jackson \$325.36	Jefferson \$451.81	Escambia \$531.83
Russell \$374.51	Mobile \$324.05	Geneva \$448.27	Choctaw \$528.30
Mobile \$373.23	Franklin \$323.33	Talladega \$442.39	Pickens \$526.30
Autauga \$373.17	Dallas \$322.91	Washington \$431.15	Montgomery \$519.86
Barbour \$371.13	Marshall \$318.98	Barbour \$421.98	Clay \$515.75
DeKalb \$365.61	Talladega \$316.11	Pickens \$411.06	Houston \$507.03
Houston \$364.85	Tuscaloosa \$313.19	Shelby \$402.23	Lowndes \$493.16
Perry \$360.41	Shelby \$307.61	Crenshaw \$394.34	Randolph \$489.32
Crenshaw \$353.17	Lauderdale \$306.59	Perry \$394.33	Coffee \$488.57
Geneva \$326.16	Houston \$305.56	Coffee \$386.37	Elmore \$485.91
Tuscaloosa \$320.52	Covington \$302.28	Monroe \$381.75	Dallas \$475.97
Limestone \$314.65	Limestone \$300.69	Chambers \$380.81	Chambers \$469.53
Pike \$306.74	Bibb \$297.06	Dale \$378.50	Tuscaloosa \$463.49
Lee \$306.42	Bullock \$293.88	Covington \$365.63	Barbour \$443.18
Dale \$297.41	Choctaw \$290.97	Houston \$358.36	Washington \$428.67
Greene \$294.68	Tallapoosa \$286.46	Mobile \$350.59	Monroe \$415.09
Monroe \$294.05	Conecuh \$285.72	Hale \$345.75	Dale \$403.27
Covington \$287.30	Dale \$273.17	Tuscaloosa \$342.89	Covington \$393.22
Hale \$284.02	Crenshaw \$271.78	Pike \$339.67	Conecuh \$376.63
Butler \$283.97	Baldwin \$266.58	Tallapoosa \$334.76	Pike \$337.40
Coffee \$283.06	Sumter \$247.67	Choctaw \$326.10	Baldwin \$303.93
Pickens \$276.44	Escambia \$225.67	Randolph \$311.73	Butler \$293.73
Shelby \$267.57	Pike \$208.73	Lee \$301.34	Mobile \$285.89
Baldwin \$265.16	Lee \$208.54	Escambia \$287.98	Autauga \$279.89
Choctaw \$218.59	Pickens \$205.87	Butler \$271.74	Crenshaw \$250.15
Clay \$149.51	Clay \$174.06	Baldwin \$244.24	Sumter \$146.82
	Butler \$173.74		

- 2006: Mobile in bottom third; Baldwin third lowest
- 2007: Mobile in bottom third; Baldwin eight lowest
- 2008: Mobile in bottom sixth; Baldwin WITH LEAST LOSSES in state
- 2009: Mobile and Baldwin in the bottom six (the year of Tropical Storm Ida)

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Continuing the summary of the bottom-third counties with
the least amount of losses in Alabama

	2010		2011		2012
	Blount \$490.57		Talladega \$758.60		Bibb \$400.07
	Cherokee \$471.24		Macon \$750.73		Franklin \$397.63
	Choctaw \$461.61		Morgan \$704.60		Dale \$383.39
	Clarke \$457.73		Chilton \$652.20		Marengo \$382.22
	Tuscaloosa \$452.46		Lee \$617.90		Henry \$372.32
	Dale \$448.61		Monroe \$607.66		Conecuh \$367.09
	Houston \$436.71		Clarke \$600.24		Lee \$351.96
	Conecuh \$434.11		Barbour \$578.99		Lamar \$350.31
	Henry \$423.90		Lowndes \$577.52		Montgomery \$334.56
	Geneva \$422.98		Dallas \$526.04		Crenshaw \$332.09
	Elmore \$406.46		Autauga \$513.92		Dallas \$322.20
	Clay \$404.20		Bullock \$513.19		Bullock \$312.70
	Escambia \$398.77		Russell \$499.98	★	Mobile \$301.46
	Barbour \$374.13		Clay \$497.18	★	Pike \$299.05
	Russell \$372.93		Henry \$474.71		Cleburne \$293.67
	Pike \$363.63		Montgomery \$446.50		Covington \$269.22
	Lee \$359.17		Covington \$439.31		Escambia \$268.13
★	Mobile \$340.08		Lamar \$432.94		Coosa \$264.01
	Coffee \$335.90		Pike \$427.62		Monroe \$259.30
	Bibb \$319.62		Escambia \$425.84		Washington \$253.84
	Autauga \$306.68		Cleburne \$395.91		Barbour \$247.18
	Pickens \$300.75		Randolph \$390.72		Choctaw \$245.76
	Covington \$290.72		Butler \$334.23		Autauga \$234.57
	Crenshaw \$265.82	★	Mobile \$311.85		Butler \$224.49
	Butler \$246.48	★	Baldwin \$296.55		Fayette \$185.31
★	Baldwin \$228.73	★	Crenshaw \$225.25	★	Baldwin \$156.61

2010: Mobile in bottom ten; Baldwin in WITH LEAST LOSSES in state

2011: Mobile third lowest; Baldwin second lowest

2012: Mobile in bottom fourth; Baldwin WITH LEAST LOSSES in state

(NOTE: 2012 was the year of Mobile's Christmas tornados)

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South Alabama's coastal counties have lower losses per policy because:

-- hurricanes do significant damage statewide

&

-- only upstate counties have tornado alley and damaging hail

&

-- coastal losses in non-hurricane years are normally among the lowest in the state



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ALABAMA RATE STATUTES

Alabama statute says that rates must not be:

- * Excessive to the consumer
- * Inadequate to the industry
- * **Unfairly discriminatory**

The DOI agrees with these numbers but has written a
White Paper
 that challenges the nature of the data. In it they conclude that the data is
useless.
 It's their current official position.

Challenges with Drawing Conclusions from The Clarity Act Data

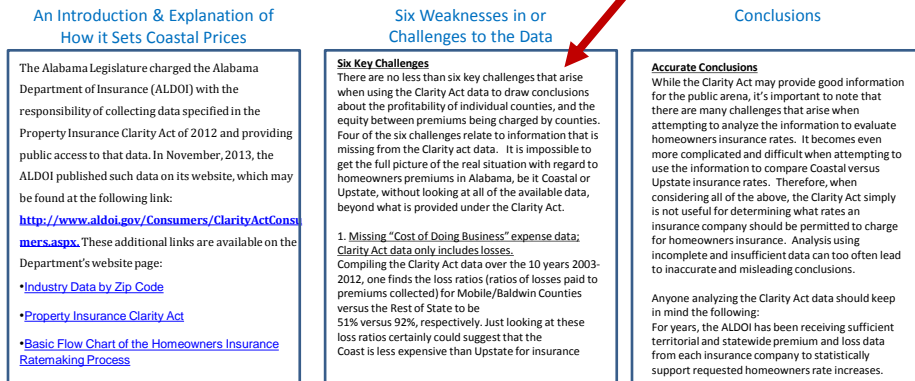
Alabama Department of Insurance
 March 17, 2014

A White Paper




Alabama Department of Insurance

The White Paper is divided into three parts.
The meat of the Paper is its list of six “key challenges.”



(These DOI complaints are what the media currently reports)

3) Hurricane vs. Tornado losses



Hurricane vs. Tornado losses: The Clarity Act data currently covers 2003-2012. This data for Mobile/Baldwin Counties includes hurricane losses from 2004 and 2005. These hurricanes were not atypical of hurricanes that we can expect to occur every 15-25 years on our Coast. The Upstate data includes numerous tornado losses, but especially includes the losses from the April 2011 Tornado Outbreak. Tornado computer models developed by

The DOI said: “If we exclude the rare April 2011 Tornado Outbreak losses from the Upstate data . . . we find that the Coastal 10-year average losses per policy are about 20% greater than the Upstate 10-year average losses per policy.”

One of the six complains that the data includes
the 2011 Tuscaloosa Tornado.
The DOI believes the Tuscaloosa Tornado data
should be excluded,
but all hurricane data should remain included.

Another one of the six complaints points out that surplus line insurance data is not included.

This is true, but if their data were added, coastal claims-dollars-per-policy would decrease, not increase.

Six Weaknesses in or
Challenges to the Data

Six Key Challenges

There are no less than six key challenges that arise when using the Clarity Act data to draw conclusions about the profitability of individual counties, and the equity between premiums being charged by counties. Four of the six challenges relate to information that is missing from the Clarity act data. It is impossible to get the full picture of the real situation with regard to homeowners premiums in Alabama, be it Coastal or Upstate, without looking at all of the available data, beyond what is provided under the Clarity Act.

1. Missing "Cost of Doing Business" expense data; Clarity Act data only includes losses. Compiling the Clarity Act data over the 10 years 2003-2012, one finds the loss ratios (ratios of losses paid to premiums collected) for Mobile/Baldwin Counties versus the Rest of State to be 51% versus 92%, respectively. Just looking at these loss ratios certainly could suggest that the Coast is less expensive than Upstate for insurance

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HHII analysts agree with three of the six DOI complaints.

But, when adjustments are made to account for these three weaknesses, coastal claims-dollars-per-policy only increases to \$816.

Coastal claims-dollars are . . . \$816
The Rest of the State is . . . \$722


Coastal losses may be
13%
higher than the
rest of the
state

Whether the data is taken raw, or adjusted for DOI complaints, coastal losses are Nowhere Near 400 to 600% higher than the rest of the state.

13%! ≠ 400%!!!!

ALABAMA RATE STATUTES

Alabama statute says that rates must not be:

- 
- * Excessive to the consumer
 - * Inadequate to the industry
 - * Unfairly discriminatory

The state average for homeowners insurance is
\$950
with a \$1,000 deductible.

The DOI's fundamental assumption was that Mobile and
Baldwin counties have
**3 to 6 times the losses in claims
compared with the rest of the state.**
The Clarity Law data shows this is not true.

It's time to return to fair premiums statewide.

Enough is Enough!



The solution is simple:

- Governor Bentley publicly validates the significance of the Clarity Law data;
- He orders the DOI to enforce existing law: to direct insurance companies to submit plans for fair premiums within 60 days;
- The DOI submits the plans to the Gulf Coast Insurance Working Task Force for collating and fine-tuning;
- The task force delivers the final plan to the governor in 120 days;
- The Governor-DOI implement the fair pricing plan immediately.



These radically unfair rates will continue *unless you join the*

Groundswell

HHII, community leaders, and homeowners are uniting behind coastal legislators as they prepare to voice strong demand that the Alabama DOI immediately stop its unfair geographical discrimination and develop a rate-making process that accurately reflects risk statewide. *We ask that you join this Groundswell.*