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Businesses want to rebuild

Insurance is a problem for many

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BILOXI - Solutions won't be quick or easy for business people as their reconstruction efforts are hampered by the high cost and limited options for property-insurance coverage.

"I see it impact everything from Pascagoula to Bay St. Louis," said Stacy Pair of the Mississippi Main Street Association. "Right now, it's just wait and see."

Pair attended a seminar Thursday afternoon as part of an International Council of Shopping Centers conference in Biloxi.

Panelists didn't have much good news to offer.

Commercial-property pricing has gone "through the roof" as a result of eight hurricanes in 2004 and the big one, Hurricane Katrina, in 2005, said panelist Regis Coccia, editor of Business Insurance Magazine in Chicago. He said capitalization of the market has provided some relief, with insurance startups in Bermuda and investments by hedge funds, "but it's still a pretty tough situation."

Eight of the 10 costliest catastrophes in the nation's history, he pointed out, have been hurricanes. "Clearly," Coccia said, "that points to a lot of exposure, a lot of risk out there, primarily coastal."

Building stronger, funding risk pools through recoupment fees paid by policyholders and tax incentives for insurers were discussed as some of the more practical solutions.

Joel Wood, a panelist and Washington lobbyist for the Council of Insurance Agents and Brokers, said he does not see a national all-perils policy as feasible. "I just don't see the politics of that stacking up," he said.

Wood did say policyholders have a narrow window, with the nation's attention now focused on the insurance industry, to organize and push for meaningful changes. He said the industry has too many self-interests to broker needed changes.

Wood believes it would help to allow insurers to build up tax-free reserves.

Panelist Andy Everett of Steward Sneed Hewes in Gulfport believes changes to the Mississippi wind pool will help. A surcharge on policyholders to recoup wind-pool losses after a hurricane would ease insurance companies' fears of being stuck with the tab after Katrina.

All agreed the litigious and incendiary post-Katrina environment in Mississippi is fueling uncertainty.

Pair left the conference wondering when small businesses, vital to downtowns across the Coast, will get some relief. She said many businesses have relocated or have not reopened because of the high cost of insurance.

Some that have now face insurance rate hikes from \$8,000 a year to \$30,000 a year, she said, plus payments coming due for bridge loans needed to rebuild.

It's even worse in Louisiana, said Monte Luffey of Stirling Properties. Luffey said the company has \$50 million in uninsured property.

"Insurance is unavailable," Luffey said. "I'm sure a lot of folks have the same problem over here."

