

1 SJR22
2 156173-4
3 By Senators Hightower, Pittman and Glover
4 RFD:
5 First Read: 21-JAN-14

2
3
4
5
6
7
8 URGING THE STUDY AND CONSIDERATION OF AN INTERSTATE
9 REINSURANCE COASTAL BAND TO LOWER FLOOD INSURANCE COSTS.

10
11 WHEREAS, in Alabama's two coastal counties, property
12 insurance premiums have escalated at an unprecedented rate
13 since 2005, thousands of residents of Baldwin and Mobile
14 Counties have been dropped by their property insurance
15 companies, the economic health of the coastal counties and
16 even the State of Alabama have been negatively impacted; and

17 WHEREAS, nearly all Gulf and Atlantic coastal
18 counties have been adversely impacted by these escalating
19 premiums; and

20 WHEREAS, the federal Biggert-Watters Act of 2012
21 will further raise the cost of federal flood insurance
22 throughout Alabama as historical grandfathering discounts are
23 being phased-out; and

24 WHEREAS, FEMA is in the process of introducing new
25 flood maps across the nation, which increase federal flood
26 insurance costs, increasing the geographic and flood-prone
27 areas, and therefore, claiming an increased risk to all

1 residents located near designated flood-prone areas, not just
2 in Mobile and Baldwin Counties, but throughout all of Alabama;
3 and

4 WHEREAS, the Alabama Affordable Homeowners Insurance
5 Commission, established by Governor Bentley, recommended in
6 its report in August of 2012 the exploration of a multi-state
7 compact which would serve to spread homeowners' insurance
8 risks, and therefore potentially reduce rates for Alabama's
9 homeowners; and

10 WHEREAS, the most significant cost component of
11 insurance companies, which serve the State of Alabama and
12 other states, is the cost of reinsurance to those companies;
13 and

14 WHEREAS, a coastal band concept would be funded by
15 premiums, not taxes, and would impact Alabama's coastal
16 counties, not inland Alabama constituencies; and

17 WHEREAS, a coalition of Alabama's coastal
18 legislators, cities, the Baldwin County Commission, Baldwin
19 County municipalities, businesses, and the Homeowners
20 Hurricane Insurance Initiative, along with legislators and
21 non-profit organizations in eight of the 17 Gulf and Atlantic
22 coastal states are aggressively exploring the formation of
23 this Interstate Re-Insurance Coastal Band; and

24 WHEREAS, municipal governments throughout this
25 coastal band share common interests in fixing this crisis; and

26 WHEREAS, resolutions of support by counties,
27 parishes, commonwealths, and municipalities for exploring

1 formation of this Interstate Re-Insurance Coastal Band do not
2 commit counties, parishes, commonwealths, and municipalities
3 to support final findings or financial expenditures; now
4 therefore,

5 BE IT RESOLVED BY THE LEGISLATURE OF ALABAMA, BOTH
6 HOUSES THEREOF CONCURRING, That we urge the Gulf Coast
7 counties in Alabama, Alabama's Department of Insurance, and
8 the Alabama Executive Office to explore and consider the
9 formation of an Interstate Re-Insurance Coastal Band and/or
10 re-insurance entity.