

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

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.