

# June 04 2022 Bi-Monthly Meeting | MINUTES

Meeting date | time June 4, 2022 | 5:15 pm CT | Meeting location Zoom virtual meeting

Meeting called by Angela White @ 5:15 pm

Type of meeting Bi-Monthly Meeting

Facilitator Angela White

Note taker Angela White

Timekeeper NA

## Participants

Kendrick Slan, LA Chapter of National African American Insurance Agents Assn(NAAIAA);

Omega Insurance Group

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## AGENDA TOPICS

Time allotted | 5-10 minutes | Agenda topic Insurance market in LA | Presenter Kendrick Slan

### Discussion Understanding the Insurance market in LA

- Between Aug 2020 and Aug 2021, there were four named storms in LA. In 2020, Hurricane Laura caused 177 thousand claims costing \$9 billion dollars; Hurricane Delta caused 89 thousand claims costing \$875 million and Hurricane Zeta caused 56 thousand claims costing \$629 million dollars. In 2021. Hurricane Ida caused 458 thousand claims costing \$12 billion (to date). Approximately 20% of Ida claims are still currently active. **NOTE: If you are having claim issues or are feel like the insurance company is dragging their feet, contact the LA Dept of Insurance by Oct 7<sup>th</sup>.**
- Over this period over \$20 billion have been paid and the market is strained. No company has made profits in LA.
- Seven (7) firms have discontinued doing business in LA because they could not meet their claims demands. These are: United Property & Casualty, Southern Fidelity, Geobearer, Federal National, Allied Trust, Lighthouse (in liquidation) and Maison.
  - **NOTE: If you have a Lighthouse policy, please contact the Louisiana Insurance Guaranty Association (LIGA) at (225) 277-7151 or via email at [LighthouseLIGA@legionclaims.com](mailto:LighthouseLIGA@legionclaims.com). LIGA will process open, filed claims until closed.**
  - **NOTE: United Property & Casualty had a lot of policies in our area. If you are having issues with your claims, contact the LA Dept. of Insurance by Oct 7<sup>th</sup>**

When an insurance company discontinues business, the LA Dept. of Insurance takes over all the policies and auctions the policies to another insurance firm. It will take longer to process your claim but you should not be left.

Louisiana Insurance Guaranty Association (LIGA) steps in to handle insurance companies that cannot handle its claims.

- The top 10 companies in the LA home owner insurance by market share in 2020 are State Farm (24%), Allstate (7.2%), Farm Bureau (4.5%), Progressive (4%), **United Property & Casualty (3.5%), Federal National (2%), Southern Fidelity (2%),** Safeco (2%) and Liberty Mutual (2%). **NOTE: insurance companies in bold have discontinued writing home insurance policies in Louisiana.**
- No companies in LA have a positive loss ratio. Most companies pay out \$2 or more in claims for every \$1 in premium payment with Allstate paying \$4 in claims for every \$1 in premium payment.
- Expect changes in your homeowners' policy. Monitor the firms when you bundle your auto and home insurance policy, GEICO used Lighthouse Insurance on the home owners side. Louisiana Insurance Guaranty Association (LIGA) (nonprofit government agency) will handle claims for homes for up to \$500K. The system design make certain that no one is left with claims not processed.
- Home owner insurance premiums will be higher in Lake Charles and New Orleans. Companies are more hesitant to do business in LA. NOTE: When you see the LA Citizens Fee at the bottom of your policy, it funds a nonprofit insurance company to help folks who cannot get insurance in their area.

**.Conclusion** Predictions expect an active 2022 year for hurricanes with stronger storms, we already have had one storm that impacted Cuba with loss of life. It will be critical to know how you are covered with home and flood insurance.

### Action items

### Person responsible Deadline

Persons have until October 7<sup>th</sup> to contact the LA Dept of Insurance to resolve open claims or any issues with their storm damage claims.

SH Property Owners Oct. 7, 2022

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**Time allotted** | *Time* | **Agenda topic** Understanding Your Insurance Coverage in h Hurricane & Storm Disasters | **Presenter** Kendrick Slan

**Discussion** Home owner insurance (form 3) is for owner occupied homes that covers your structure and your personal property in the home. Your rental property (form 5) has coverage for only the dwelling or structure and DOES NOT include personal property. Personal property is the responsibility of the tenant.

**Declaration Page** is the summary of the most relevant info of your policy. Take a picture of this page and keep it on your favorites on phone. Even without cell reception, you can access your policy number & insurer, coverage limits and claims number.

**Coverage A** states the amount you would be paid for the dwelling structure of your home.

**Coverage B** states the amounts you would be paid for other building or structures on your property such as a tool shed, separate building on property etc. Typically, it is 10% of the value of Coverage A.

**Coverage C** states the amount of coverage for personal property inside or around your home. Typically, it is 30-70% of Coverage A. It is important to make certain you have the correct coverage amount here especially if you own expensive items or have a business at home. When you have a business at home make certain you may need additional business coverage.

Be aware that this coverage goes with YOU. If your personal property is stolen from any location, this is how you can be reimbursed. It can be used for personal property stolen when you are at locations such as hotels, theft while traveling, etc.

**Coverage D** states the amount of coverage for loss of use of your home. It is intended to or additional living expenses. It covers your expenses that you may accrue when displaced from your dwelling due to storm, fire, etc. This includes out of pocket expenses for hotels, meals, needed clothing purchases, etc. **MAKE CERTAIN YOU HAVE A GOOD AMOUNT OF COVERAGE. KEEP ALL RECEIPTS** for hotel, food, gas, rental car, etc.

**NOTE:** There have been issues with this coverage. When LA coastal home owners were issued a mandatory parish-wide evacuation ahead of a hurricane, home owners were reimbursed for their hotel, meals and other living expenses due to the required home evacuation. Home owners in neighboring parishes that did not issue a mandatory evacuation were not reimbursed by some insurance companies. The LA Dept. of Insurance stepped in with litigation and required insurance companies to reimburse home owners in neighboring parishes who made Coverage D claims.

**Other Home Policy Coverages** may include medical, personal liability. These are not typically the focus during a storm disaster.

**Deductibles** should be clearly understood. Outside of a storm (for fire, etc.) the deductible is typically \$1,000 and your insurance will pay for damages greater than your deductible amount. In homeowners insurance, damage claims amounts are typically reduced by the deductible but there are instances when the home owner needs to write a check for the deductible amount.

In LA there is another deductible that may be worded funny. The common term is hurricane deductible and you need to know your policy specifics in detail. The hurricane deductible applies for damage claims from any named storm in the Gulf, regardless of the storm's status (hurricane, tropical storm, tropical depression, etc.) when it affects your home.

Hurricane deductibles vary but are typically 2% or greater. Some may be as high as 5% (which you should avoid). Good policies should require no more than a 2% deductible. Most firms allow you to make higher insurance payments to reduce your deductible. Avoid having a 5% or higher deductible and make this change before a named storm is in the Gulf.

**How the hurricane deductible works:** If your policy coverage is \$200,000 then the hurricane deductible of 2% means you have a \$4,000 deductible against your storm damage claim. Damages must exceed \$4,000 for your insurance to pay any damages. When the damage

claim exceed the hurricane deductible, the insurance will cut a check minus the deductible amount. Damages of \$6,000 will result in a \$2,000 insurance check.

**Question:** There are a lot of trees in Southern Heights. When my tree falls down on a neighbor's home or fence, does my insurance cover the damage caused plus the cost of removing the tree?

**Answer:** Each homeowner who has damage from a downed tree must handle it with their individual homeowner's insurance policy. Your damage must be filed against your insurance. Your neighbor's damage must be filed against their insurance. Claims filed remain on each homeowners' insurance record for five (5) years

**Wind and Hail Deductible** may also be part of your policy and is typically cheaper than the hurricane deductible. Hurricane deductibles are specific to named storms damage while wind & hail. It applies to any wind and hail event. It operates similar to the hurricane deductible and is a percentage of the damage claim. It is applied for any damages caused by wind and hail even when you do not have a hurricane deductible.

### **Replacement Cost Coverage versus Actual Cash Value Coverage**

Most homeowner policies have Replacement Cost coverage. That is what you need.

Rental properties (dwelling policy only) tend to have Actual Cash Value coverage. If you have a roof with 5 missing shingles, your claim will be based on the value of that roof minus the 5 missing shingles. Having Replacement Cost Coverage will reimburse for the replacement cost of a new roof.

Actual Cash Value coverage for a 40 inch TV bought in 2015 means you will be reimbursed for today's value of a 2015 40-inch TV. Investigate when you see you have an Actual Cash Value Coverage and take corrective action.

### **General Policy Considerations**

Policies are situational and can have a standard deductible, wind & hail deductible and hurricane deductible. If you see a deductible that you do not want or cannot afford, contact your agent to explore options to change your policy or seek additional insurance firm policies.

Policy holders often do not read their mail or policy details. At renewal time, review and compare your current declaration page with the new declaration page to know all the differences and determine whether you can afford the changes. BE AWARE - The premium payment may be reduced but your deductible percentage may have increased which is more costly when a damage claim is needed.

Expect premium and coverage costs to increase since construction costs are inflated. Cost of wood is 65% higher, supply chain issues and taking longer to complete claims. Costs to rebuild the same home is significantly higher than 5 years ago. Remember no insurance firms in LA made a profit. Contact your agent to discuss options on your deductibles and make any needed changes.

If you have a \$1,000 flat deductible policy, KEEP that insurance policy because they are not being offered anymore.

NOTE: Insurance companies do not accept new policies or policy changes when a named storm is in the Gulf of Mexico.

DO NOT end your policy abruptly NOR let your policy expire before getting a new policy. Doing so, is always more costly.

Conclusion NA

Action items	Person responsible	Deadline
Reconfirm your homeowner's insurance coverage A,B,C & D. See details above.	SH Property Owners	ASAP
Know your deductible exposure with Hurricane and Wind & Hail Deductibles. Avoid having deductibles that are more than 2% of the damage total.	SH Property Owners	ASAP
If you have a deductible you cannot afford, contact your agent to explore options to change your policy or shop for a new policy.		
Make any needed policy changes before a storm approaches. Once a named storm is in the Gulf of Mexico, new policies and changes to existing insurance policies are not allowed.	SH Property Owners	Before June
Know when you have Actual Cash Value Coverage versus Replacement Cost Coverage. Take action to reduce your exposure with Actual Cash Value Coverage. Most rental properties have Actual Cash Value coverage. See notes above.	SH Property Owners	ASAP
At policy renewal, compare your old declarations page to the new policy declaration page to make certain you note all differences and discuss the impact of those changes with your insurance agent.	SH Property Owners	ASAP
DO NOT end your policy abruptly NOR let your policy expire before getting a new policy. Doing so, is always more costly.	SH Property Owners	ASAP

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Time allotted | Time | Agenda topic Understanding Your Property Value | Presenter Kendrick Slan

**Discussion** Many people assume that the bank or mortgage holder has interest in the value of your property (equal to yours) while you are paying a mortgage. That is not true. Property value has nothing to do with insurance. A home may cost \$200,000 to build but if it is in a high value location, your property and home will have a higher value. Building a \$200,000 home with low property value you can be losing money.

### **Force-Place Insurance**

**Definition:** Force-placed insurance, also known as creditor-placed, lender-placed or collateral protection insurance is an insurance policy placed by a lender, bank or loan servicer on a home when the property owners' own insurance is cancelled, has lapsed or is deemed insufficient and the borrower does not secure a replacement policy. **This insurance allows the lender to protect its financial interest in the property and they will NOT insure your home to cover the true cost of repairing or replacing your home. Your home is at risk and you need to secure a policy with the appropriate value.**

When you have force-placed insurance coverage by the bank, they will insure only for the amount you owe on the loan. The bank will NOT insure your home for its value or its replacement cost. With force-place coverage, you are only insured for the amount of money owed to the bank.

Force-placed insurance is usually a lot more expensive than what you can obtain by shopping for an insurance policy yourself. In addition, the lender-placed insurance policy often have limited coverage. For example, these policies generally do not cover personal items or owner liability. You may an adequate amount in Coverage A to rebuild your home in disaster and will not have Coverages B, C, and D.

### **Additional Interest Entities listed on your Insurance Policy**

When you have a mortgage, home equity line of credit or other bank financed loan on your home, the insurance company lists that financial company as an Additional Interest Entity on your policy.

When an insurance claim is paid, the check will go to the financial company and the financial firm controls how that claim payment is distributed to you. **NOTE:** Some financial firms have required damage repairs to be completed by the owner and reimbursing the owner only after repairs are completed. **NOTE:** When the claim paid is greater than the amount of repairs made by the home owner, the bank is allowed to keep the additional funds.

It is critical that property owners notify their insurance company to remove the financial institutions off their insurance policy when the loan/mortgage is paid off. In EBR, you must also file the title change with the Clerk of Court office.

### **Depreciation and Recoverable Depreciation Impacting Your Damage Claim**

Homes and personal possessions depreciate over time. Insurance companies can take a \$250K home and only pay 60-70% of a claim due to depreciation.

Recoverable depreciation allow the insurance company to deduct depreciation (replacement value vs actual cash value) from damage claim payments. Once repairs are completed, homeowners can process to recover the full damage claim. Be aware when this clause exists in a policy it increases homeowner out-pocket expenses in making repairs. Insurance companies use this clause to make certain home repairs are completed. This typically impacts homes that are 20 to 50 year old homes. Policy holders will receive an invoice showing the claim details (total claim, depreciation, recoverable depreciation).

**Question:** When I have updated my home or personal property, how should I communicate the value to my insurance company?

**Answer:** Inform the insurance of home improvements made and home content changes so you are insuring your home for its full value. Take pictures of your home including all changes made to confirm the value of your home and personal property. This ensures that your home value is well documented when you need to file a claim and aids the filing your claims process. After a hurricane or storm, claims adjusters are in short supply, frequently are from out of town and may be overwhelmed with the volume of work. Should a dispute occurs, contact your insurance agent to help mediate.

**Question:** Do you need riders for high end items (art, exotic furs, jewelry, guns, and specialty tools for your business)?

**Answer:** You may need to use riders for these items. Jewelry riders are often used but have a limit of \$5,000. Home insurance policies have a category cap on these items.

Get an Inland Marine policy (stand-alone policy) for specific high value jewelry, art, etc. The Inland Marine policy ranges from \$30 - \$100 annually and has no deductible. Separate policies should be considered for gun collections, computer equipment, and specialty tools for your business, such as landscaping, welding, etc. You will need receipts or appraisals for these items.

**NOTE:** Homes in Southern Heights are older and may have pipes that pass through concrete. **Every Southern Heights insurance policy should include a rider for sewerage & drainage backup (sometimes called water backup and drainage damage).** This rider covers water from below when a flood has not occurred. This is a low cost rider but the repair costs to breakup concrete and repair pipes or sewerage is typically \$20,000.

**Question:** What is the timetable for filing claims and responding to damage offers?

**Answer:** Claims should be filed within 7 days of the damage occurrence. The insurance will establish a damage amount and the policy holder has 30 days to respond.

**Question:** What can we do as a neighborhood/HOA to improve our recovery from a storm?

**Answer: Key things to do:**

- Assemble a neighborhood emergency team to aid neighbors with storm prep (filling & distributing sandbags) and storm recovery (removing downed trees, putting up tarps, etc.)
- Have access to chainsaws so ingress/egress into the neighborhood can be cleared as soon as possible
- Keep tarps, sandbags available for neighbors
- Know boats/boat owners willing to ferry neighbors through standing water, if needed
- Members should complete their membership info (online) including whether you need to be a priority evacuation so we have an accurate list to our CPID & first responders

- Monitor the LA Dept of Insurance website for storm readiness giveaways events

Conclusion NA

Action items	Person responsible	Deadline
Avoid force-place insurance or setting the value of your home insurance policy based on the outstanding mortgage/loan amount. You risk having inadequate insurance to repair / replace your home.	SH Property Owner	As soon as needed
When your mortgage or loan is paid off, immediately notify your insurance company and process the paperwork to remove the financial firm as an additional interest on your policy. You must also file the title change with the EBR Clerk of Court. This eliminates insurance claims being paid to and controlled by the financial firm rather than you.	SH Property Owner	As soon as needed
Consider riders or separate Inland Marine policies for jewelry, gun collections, high value computers or specialty tools used for landscaping, welding or other businesses. See details in minutes	SH Property Owner	As soon as needed
Include a sewer and drainage backup rider on your homeowner policy	SH Property Owner	ASAP

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Time allotted | Time | Agenda topic *Flood Insurance* | Presenter *Kendrick Slan*

**Discussion** Louisiana uses more flood insurance (policies, claims and FEMA payouts) than any other state. The National Assn of Insurance Commissioners (NAIC) feels like we are entitled and actively seek to cut flood insurance benefits. Flood insurance is available via private and federal flood insurance policies. Private flood policies have had business challenges. The National Flood Insurance Programs (NFIP) insures flood insurance policies to cover \$250,000 in structures and \$100,000 in personal property. Additional coverage is available via private or excess flood insurance policies. Private insurance policies do not require elevation certificates but can rub out of money. Flood insurance must be purchased annually.

FEMA does not insure at the same level as NFIP flood policies. FEMA coverage is typically \$10,000 while NFIP flood insurance policies cover \$250,000 in structures and \$100,000 in personal property. Flood insurance has a 30 waiting period before it takes effort. Policies typically cost \$500 per year.

Southern Heights in in flood elevation X but have a 30% risk of flooding in a 10 year period. We are at less risk of stream and tributary flooding but we have risks. Our greatest risk is flooding from the stormwater drainage system, especially since EBR Parish failed its stormwater drainage certification due to inadequate maintenance. That is why EBR Parish has



major work to complete with the Stormwater Master Plan. Our other risk is typically in the spring from rising levels in the Mississippi River.

**NOTE:** We need to minimize our flooding risk by doing the following: - Keeping leaves, grass clippings and trash out of the storm drains; monitoring and clearing litter and trash from storm drains near your home; reporting slow or backed up storm drains to 311 so maintenance can be performed.

Conclusion NA

Action items	Person responsible	Deadline
Determine whether you need flood insurance and remember there is a 30-day waiting period for it to take effect.	SH Property Owner	Annually
Help keep stormwater drains near your home clear of litter, leaves and yard clippings.	SH Property Owner	As needed
Report backed up or slow drains to 311 so maintenance can be performed to reduce our flooding risk.	SH Property Owner	As needed

Due to the time frame and the crash of President's computer, the SHPOA business portion of the meeting was deferred.

Community Update on proposed Grocery Store

- Two locations proposed: Scenic Hwy & 79<sup>th</sup> (not preferred) and Harding Blvd between Howell and Plank Road (preferred)
- Campaign will be needed to lobby for our preferred location

Meeting moved for closure by Ann White and seconded by Tonita Franklin.

Meeting adjourned at 6:52 pm.