

Jefferson EDGE 2020 INSURANCE

Status Report 1: October, 2009

Prepared by JEDCO and GCR & Associates, Inc.

JEDCO
Jefferson Parish Economic Development Commission



Insurance

In response to concerns about quality of life in Jefferson Parish and its impact upon the community's economic competitiveness, JEDCO initiated the Jefferson Edge 2020 Quality of Life initiative. This initiative has produced eight "strategic implementation plans" which include a series of action items to address particular quality of life issues. Implementing the action items requires the total cooperation and keen interest of all involved, including JEDCO, the Jefferson Parish government, numerous other entities, and frequently State and Federal agencies. In 2008, JEDCO retained GCR & Associates, Inc. to prepare semiannual reports outlining the status of each of these action items and overall progress toward implementation.

The following table summarizes the progress made toward each of the insurance (I) action items. Insurance, however, is relatively unique among all of the EDGE 2020 action items in that progress hinges to such an extent on major reform at the state and federal level—reform that has been discussed for some time but that has not gained significant momentum in recent years. From the standpoint of JEDCO and the insurance strike force, the first measure of progress will be to increase local interest and involvement in insurance issues. To that end, there have been discussions around establishing an annual symposium to deal with insurance issues and to publish an annual commercial insurance status report to keep businesses and property owners abreast of changes. At the same time, businesses and business organizations, led by JEDCO, can become more involved in coalitions and advocacy groups that are pushing for significant federal reforms. In future Insurance status reports, progress will be gauged by what is happening in Washington, DC but at a local level by businesses' involvement and *awareness* of insurance issues, reform efforts, and changes in the marketplace. This distinction is crucial, as the insurance strike force monitors progress towards both short-term, locally attainable goals and longer-term, more far reaching initiatives.

I = Insurance

Action ID #	Action Item	Progress as of October 2009		
		Action Item Complete	Substantial Progress	Little/No Progress
I-1	Aggressively support the implementation of the Jefferson EDGE 2020 Flood Protection Plan			
I-2	Strongly oppose efforts to reverse the mandatory statewide building code			
I-3	Support efforts at the state and local levels to ensure more intelligent building practices			
I-4	Extend the Insure Louisiana Incentive Program to allow further distribution of incentive funds			
I-5	Support statewide efforts for tort reform			
I-6	Advocate forcefully for the establishment of a federal catastrophe insurance fund			
I-7	Advocate for reforms to the National Flood Insurance Program (NFIP)			
I-8	Examine the feasibility of other insurance reform proposals at the national level			
I-9	Coordinate with economic development and business organizations in the metropolitan area to create a formal mechanism for outreach to businesses on insurance matters			
I-10	Encourage businesses to join regional and national coalitions to advocate for comprehensive insurance reform			

Insurance

						Progress as of October 2009		
Action ID #	Action Item	Original Timeline	Accomplishments/Benchmarks Met	Next Steps	Action Item Complete	Substantial Progress	Little/No Progress	
I-1	Aggressively support the implementation of the Jefferson EDGE 2020 Flood Protection Plan	See action matrix within the Flood Protection Plan: www.jedco.org/the-jefferson-edge	Substantial progress has been made in implementing the EDGE 2020 Flood Protection Plan. Refer to Status Update 2 of the Flood Protection Plan for specific accomplishments.	Continue to implement the EDGE 2020 Flood Protection Plan.				
I-2	Strongly oppose efforts to reverse the mandatory statewide building code	Ongoing, should new legislation to repeal the code arise	While there have been efforts, primarily from rural areas of the state, to repeal the statewide building code, those efforts have not gained significant momentum. Jefferson's legislative delegation must remain vigilant in monitoring those efforts and protecting the statewide building code.	Continue to monitor efforts to repeal the statewide building code. Mobilize support for the statewide building code if the need arises.				
I-3	Support efforts at the state and local levels to ensure more intelligent building practices	Complete local land use review in 2009 – 2010; pass state land use legislation in 2010 - 2011	<p>At the local level, there has been no significant momentum in this regard. In fact, FEMA's base flood elevation requirements have recently been relaxed rather than strengthened. While the metro area levees are being substantially upgraded, multiple studies on hurricane risk in the region strongly recommend a "multiple lines of defense" strategy, including stronger elevation requirements and land use practices that are sensitive to low lying land. For both insurance and risk purposes, it is critical that Jefferson continue to find ways to mitigate risk from major storms.</p> <p>At the state level, the completion of the Louisiana Speaks plan in 2007 signaled the possibility of more coordinated planning and hazard mitigation practices. However, substantial progress on the implementation of the Plan—starting with the establishment of a statewide Office of Planning—has yet to occur.</p>	<p>Although an update to the Parish's hazard mitigation plan is nearing completion, future updates to the Plan could incorporate a comprehensive audit of the land use map and building code requirements from a risk mitigation standpoint. Hazard mitigation grant funds could potentially support this study as well.</p> <p>At the state level, advocate for the implementation of the Louisiana Speaks plan and the establishment of a state Office of Planning.</p>				
I-4	Extend the Insure Louisiana Incentive Program to allow further distribution of incentive funds	Allocate funding and re-establish program (pending recommendation of Insurance Commissioner) in 2010 at the earliest	While only about a third of the original \$100 million allocated to the program was used, the program was deemed an unequivocal success. After an initial offering, the incentives were indeed extended a second time, resulting in the participation of additional insurance companies and additional policies being written in Louisiana. When the EDGE 2020 plan was being written, there was some consideration given to a subsequent round of funding under this program. The consensus now seems to be the incentive program has been maximized at this point and has been implemented to its fullest possible extent.	Action item complete. Review annually in a commercial insurance status report to identify future opportunities for this kind of program. The need for further incentive programs should be evaluated in this review.				

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Action ID #	Action Item	Original Timeline	Accomplishments/Benchmarks Met	Next Steps	Action Item Complete	Substantial Progress	Little/No Progress
I-5	Support statewide efforts for tort reform	Develop tort reform measures and pass legislation in 2009-2010	A recent class action suit involving the state-run Citizens Property Insurance Corporation underscores the need for comprehensive tort reform. The enormity of the claim and the attorneys' fees are two aspects of this suit that have been cited as an example of why insurance companies may perceive Louisiana to be an unfriendly market in which to do business. Additionally, the Lafayette Insurance Company has recently decided to domicile itself in another state, in part due to the unfavorable legal climate in Louisiana. However, there has been no momentum within the state legislature to pursue a comprehensive suite of tort reforms.	Work with insurance organizations, the insurance commissioner, and the legislature to devise a legislative agenda for tort reform for the next legislative session. Identify a legislative sponsor or sponsors who will push this agenda.			
I-6	Advocate forcefully for the establishment of a federal catastrophe insurance fund	Introduce and pass legislation in 2010-2011	According to legislative staffers working with Senator Landrieu on the Senate Committee on Small Business, this concept is "on the radar," but there is no tangible legislation being drafted at this time.	Work with Louisiana's congressional delegation to draft and introduce legislation for a federal catastrophe fund.			
I-7	Advocate for reforms to the National Flood Insurance Program (NFIP)	Introduce and pass legislation in 2010-2011	After a series of temporary extensions, NFIP was set to expire on October 31, 2009. Another 11th hour temporary extension was passed, extending the program through December, 2009. The major point of contention in a comprehensive re-authorization of NFIP is whether the federal government will also assume responsibility for coverage of wind damage, as proposed by Representative Gene Taylor of Mississippi. Other aspects of NFIP, such as maximum coverage limits and rates, are also outdated and should be considered in the context of comprehensive re-authorization.	Work with Louisiana's congressional delegation to devise legislative priorities for NFIP re-authorization. Push for comprehensive re-authorization in the near term.			
I-8	Examine the feasibility of other insurance reform proposals at the national level	Form a congressionally appointed commission in 2010; introduce and pass recommended legislation in 2011	See action item I-6. According to congressional staffers, no concrete legislation has been drafted.	Work with Louisiana's congressional delegation to develop concepts and draft legislation for insurance reform.			

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Progress as of October 2009							
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I-9	Coordinate with economic development and business organizations in the metropolitan area to create a formal mechanism for outreach to businesses on insurance matters	Finalize program design and initiate outreach by year end, 2009	After examining the possibility of coordinating with other organizations such as Greater New Orleans Inc., the Jefferson Chamber, and Louisiana universities, JEDCO has decided to design and coordinate a symposium on commercial insurance in the region. Major planning of the event (invitees, speakers, logistics) will start in 2010. The symposium will be held sometime before year end, 2010, optimally by the end of the summer of 2010. In the meantime, discussions have taken place with the University of Louisiana, Lafayette and with real estate professionals to identify opportunities for partnering on the symposium and annual commercial insurance status report.	Initiate detailed planning for annual commercial insurance status report, which will address all of the EDGE 2020 insurance action items and other pertinent insurance data. Also, initiate detailed planning for the insurance symposium and publicize the event to the local business community and commercial property owners. Hold the symposium before year end, 2010.			
I-10	Encourage businesses to join regional and national coalitions to advocate for comprehensive insurance reform	Increase advocacy by year end, 2009	A major step in implementing this action item will be to convene the symposium outlined in action item I-9. This will provide the venue and the mechanism to encourage businesses' participation in regional and national coalitions for insurance reform. Also, JEDCO has taken the significant step of applying for membership in the Coalition to Insure Louisiana.	In the planning of the insurance symposium, ensure that there are materials and/or functions that expose participating businesses to the various coalitions advocating for reform. Involve JEDCO in insurance reform advocacy efforts pursued by the Coalition to Insure Louisiana.			