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Baton Rouge, Louisiana

### IS ANYBODY HAPPY WITH THE INSURANCE CLIMATE?

Availability and affordability. The buzzwords when it comes to insurance for small consumers and big businesses alike. The insurance climate wasn't much before Katrina. But the overall insurance climate took quite a dip in the last five months. Get ready for a knock down drag out on what's important to the insurance buying public. We have an election for the next Insurance Commissioner just eight months away.

Does anybody really want to be Insurance Commissioner? It seems like no one who has served in the office really gets to finish their term. (I happen to know something about this subject.) The most recent fellow holding the office just slipped out the back door.

So does this mean there will be few takers interested in the office? Hardly. Look for several solid candidates in both the Democratic and Republican camps to make a bid for this important office. And there will be no lack of campaign funds. Thanks to the Governor, there is probably more "vested interest" in this statewide office than any other.

In previous elections, the race for the state's top insurance regulator often slipped through the cracks with more emphasis being placed towards the top spots from the Governor on down. Not this time around. There will be two statewide races on the ballot – Commissioner of Insurance and Secretary of State. And quite frankly, there is generally little interest in the guy that runs the elections and keeps the corporate seal. For the average voter, they don't feel particularly affected by who runs the corporations office or is the keeper of the State Archives. But when it comes to insurance, every single citizen in the state is directly affected. And they are not happy about what they have to pay.

So if you're running for Commissioner of Insurance, are there any issues that should be emphasized and that really stand out? Most definitely, yes. You might be surprised at how savvy the average consumer has become. When it comes to real pocketbook issues like auto insurance and insuring one's home, voters are "mad as hell and don't want to take it anymore."

Following is a list of the "hot button issues" that any serious candidate for Commissioner of Insurance should incorporate in their program and enthusiastically advocate:

**Auto Insurance** – Louisiana auto rates are always in the top 10 nationwide. But it's worse than that. The state falls in the same grouping as Massachusetts, New York, Pennsylvania, and a number of other states where the per capita income is much higher. So when you figure how low the income level is in Louisiana, the state stands out at the top of the pack when it comes to the high cost of auto insurance.

This wasn't always the case. Louisiana saw a dramatic drop in the cost of auto insurance in 1997 and following years when the Legislature passed a major reform package offered by the guy in office at the time (some obscure, run of the mill, non-controversial bureaucrat named Brown). A major effort was made to enforce the new laws on the books. This included cracking down on drunk driving, and getting uninsured drivers off the road. The driving age was raised to 16, and young drivers had to be better trained, with an imposed curfew for their driving. Third offense DWI meant a mandatory lengthy jail term along with the fact that the drunk driver's car was seized and sold.

And here is the key. The Commissioner then was actively working with local Sheriffs and Chiefs of Police to enforce these laws. Chiefs of Police would stand on busy street corners while their deputies and police officers moved uninsured drivers from the road. And you know what happened? Other drivers applauded and gave a thumbs-up sign. They knew their insurance rates would go down if these new laws were strictly enforced.

Unfortunately enforcement of these laws have quietly been put on the backburner in the last few years. There is little enforcement, and the results are staggering. Uninsured drivers are at an all-time high, and drunk driving continues to be a major problem on our highways. Young people are getting into more and more accidents. And our high schools have "punted" on any effort to institute widespread driver's education.

So what does the next Commissioner do? First, give our law enforcement officials more incentives. Propose and support legislation that gives a portion of the fines levied, and see that more dollars are directed to enforcing the laws of the books. As part of more money coming into the local coffers, work out an agreement with these law enforcement officials to join the Insurance Commissioner in a joint effort to enforce the law. Stand on the street corner in New Orleans as uninsured drivers are taken off the road. You will be amazed at the positive response from the public at large.

Simply put, come out from behind your desk, and lean on everyone from the Governor on down to see that the laws on the books are enforced. The result? A significant reduction in the cost of auto insurance.

Then get creative. There is a number of ways where better drivers can benefit. In Texas, companies are selling insurance with GPSs installed in cars for those drivers who request it. The GPS monitors how far one drives, when one drives, and where one drives. If you put a lot of miles on your car, and drive at night, in metropolitan areas, you're going to pay more. If you don't drive as much, you pay less. At the end of each month, you receive a bill based on your driving profile, just like you do for utilities. Better drivers who don't drive as much will see a significant reduction in the cost of their insurance.

In other states, insurance companies are allowed to direct the injured insured to certain medical clinics similar to a HMO. They can negotiate fees with such clinics, to keep medical costs down, and pass on a lower rate to the insured. The same with car repair shops. There is any number of creative ideas that are not taking place in Louisiana. More progressive states are taking different approaches with encouragement from the state's insurance department. If the customer doesn't

want to take advantage of such a way to reduce their rates, they can look elsewhere. But at least they have the option. They don't now in Louisiana.

Hey, I'm on a rant here, and just getting warmed up. But the editor of the publication you're reading is holding my feet to the fire on column length. This is just one area, and there's much more to talk about. Property insurance? Boy, do we have a long way to go here to straighten out a big mess. I'll have some more ideas to pass on in the future.

The bottom line is that anyone running for Insurance Commissioner who is proposing to continue the status quo doesn't deserve to assume the office. There's much to be done and a proactive Insurance Commissioner should be in the forefront of new proposals both in the Legislature, as well as looking at other states, and even other countries in finding creative ways to lower the cost for thousands of Louisiana insurance customers.

Stay tuned. We will look at a number of other insurance issues, as well as the candidates themselves in the next several weeks. The same scrutiny will be given to the Secretary of State. I held the post for eight years, and have a few thoughts as to what the candidates should be talking about.

In the meantime, it sure is nice to sit back and watch all the jockeying and in-fighting from afar, and not be concerned about what the public might think of my opinion. If you agree with me, continue to read on. If not, get on your own soapbox and tell it like you think it is. But the status quo in either of these two important positions makes little sense, and fails to serve the public interest. So join me in trying to "shake things up" a little in the weeks and months to come.

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*"Insurance is like marriage. You pay, pay, pay, and you never get anything back."*

- Al Bundy said that.

*"People who live in glass houses should take out insurance."*

- I said that.

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Jim Brown's weekly column appears each Thursday here at Politicsla.com, and in a number of newspapers throughout the State of Louisiana. You can read Jim's Blog, and take his weekly poll, plus ready his columns going back to the fall of 2002 by going to his own website at <http://www.jimbrownla.com>.

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