

Chaney sees merit in insurance backup plan

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GULFPORT, Miss. -- Mississippi Insurance Commissioner Mike Chaney said he likes the idea of a federal reinsurance backstop for extreme events, a proposal that was presented during a wide-ranging discussion Thursday.

"I'm glad they brought it out," said Chaney. "It is not new to us. We've been exploring that for two years and actually have a meeting in Atlanta, Ga., with 16 other commissioners in a couple of weeks. I have Travelers coming to that."

He said that he and other commissioners are also exploring regional catastrophic and insurance-buying consortiums.

The federal reinsurance would be available to insurers at cost -- effectively protecting them against debilitating claims -- and the savings would be passed on to customers.

Thursday's discussion was held in Gulfport at the Jefferson Davis campus of Mississippi Gulf Coast Community College. The roundtable addressed wind, flood and catastrophic insurance issues before about 150 people.

Since Hurricane Katrina, many homeowners on the coast have been forced to seek coverage through the state-run wind pool.

"Our wind pool in Mississippi is very competitive," Chaney said after the event. "We are lower than any state in the union."

About 42,000 state wind policies are in effect, up from 13,000 prior to Katrina in 2005.

Also, Chaney noted that the National Flood Insurance Program, which was not renewed by Congress before its Easter break, would be retroactive when it is addressed again.

"What's important for people to know in Mississippi is we are a net payer of flood premiums," he said. "In other words, we pay in more than we take out."