



## **Our Views: Reject rebate for insurance**

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In an election-year rush, legislators and Gov. Kathleen Blanco are preparing to send state checks to homeowners facing rising insurance premium costs because of the effects of hurricanes Katrina and Rita.

It's not just a bad idea, but an immature one.

The mature message state leaders should be sending: Louisiana has to work its way through the catastrophic losses.

It's not just a matter of working through the task of repairing damaged homes and businesses.

Working through this includes paying higher utility bills over time to repair the lines and poles that were downed by the hurricanes. And for homeowners, the costs are going to include some insurance surcharges to pay off, over time, the costs of the huge insured damages from the hurricanes.

Blanco and legislators want to use a projected budget surplus to send election-year rebate checks to offset the one-time 15 percent surcharge assessed on homeowners' premiums statewide this year. The surcharge was assessed to provide relief to Louisiana Citizens Property Insurance Corp., which offers insurance to homeowners who cannot get coverage from private insurance firms.

Louisiana Citizens Property Insurance Corp. borrowed about \$1 billion to pay claims after Katrina and Rita. The first 15 percent surcharge is a one-time event. Smaller assessments, about 3 percent or 4 percent, will continue annually to pay off the debts.

There is no question, as Blanco said, rising insurance rates are a problem. The assessments come on top of the costs of the hurricanes for homeowners, as she noted.

But a more judicious judge of state policy, the Public Affairs Research Council, has rejected the “shortsighted approach” of the rebate plan. PAR called it a “mere distraction” from the underlying problem of insuring buildings in a hurricane-prone state.

If the lawmakers want to use state funds to cushion the impact of Citizens’ problems, then let them work up a plan to pay down some of its debt. It is perhaps politically important to the governor and lawmakers that voters, at least those who are homeowners, get a physical check in an election year. It’s revealing that this administratively cumbersome approach is favored by the politicians.

“In a major election year, the opportunity to issue rebate checks to voters is a dream come true for incumbent candidates. It is good politics, but not good policy,” PAR said. “The state should spend its budget surplus on uses allowed by the constitution and developed through years of fiscal reform efforts.”

Like PAR, we question the utility of sending out thousands of checks in “a hastily constructed, election-year rebate plan.”