

Insurance complaints higher among whites than minorities

NEW ORLEANS (AP) — While the streets were still choked with twisted houses, the Louisiana insurance department began broadcasting a message to homeowners victimized by Hurricane Katrina. For free, those who felt they'd been shortchanged by their insurers could file a complaint with state regulators. If the case was deemed valid, state officials would seek a higher insurance settlement for the homeowner.

The message carried by the department's traveling vans, as well as by TV and radio ads, and user-friendly Web sites, didn't reach many who needed help the most.

A year later, Louisiana residents living in white neighborhoods have been three times as likely as those in black neighborhoods to seek and get help from the state agency in their disputes with insurers, an Associated Press computer analysis shows.

The analysis of Louisiana's insurance complaints settled in the first year after Katrina highlights a cold, hard truth exposed by the hurricane's winds and waters: People of color and modest means are often disconnected from the government institutions that can provide it, or distrustful of those in power.

Although the insurance department sent their representatives to the city's nearly all-black Lower Ninth Ward, Roy and Doretha

Kitchens were hundreds of miles away, having fled to higher ground. "The blacks didn't complain 'cause they got tired," explained Doretha Kitchens, 58, who along with her husband accepted a \$34,000 insurance settlement for their destroyed home, well below their \$120,000 in actual damages. They say they eventually threw up their hands in despair, accepting what they considered an unfair offer, never realizing they could appeal to the state for help.

Richard and Cindy Little, a white couple living in the predominantly white suburb of Slidell, also suffered extensive damage to their home and initially were just as dissatisfied by their insurer's settlement offer. With some money in the bank, they persisted, complaining to the state agency as well as to other authorities. Eventually, their efforts paid off, but they acknowledge the fight wasn't easy and that the family's finances played a large role in their perseverance.

"It's kind of scary to think of fighting a big corporation," Richard Little explained. "I can see how people with not as much money, education, take what's given them."

The insurance industry and state regulators say they made special efforts to reach out to poor and minority neighborhoods to inform them of options. They acknowledge victims slipped through the cracks. "The message doesn't get to ev-

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Richard Little, Slidell resident

eryone," Louisiana Insurance Commissioner Jim Donelon said.

More than a year after the epic hurricane laid waste to much of the Gulf Coast, frustration and anger still simmer. Over 700,000 insurance claims were filed for damage resulting from Katrina in Gulf Coast states and to date, only \$14.9 billion out of \$25.3 billion in insured losses have been paid, the national risk modeling firm ISO estimates.

In Louisiana, more than 8,000 residents have filed Katrina-related complaints with the state insurance office. Using open records law, AP obtained the files of more than 3,000 complaints that have already been settled and analyzed the outcomes by the demographics of the victims' current ZIP codes.

Nearly 75 percent of the settled cases were filed by residents currently living in predominantly white neighborhoods. Just 25 percent were filed by households in

predominantly minority ZIP codes, the analysis found.

The analysis also suggests income was a factor. The average resident who sought state help lives in a neighborhood with a median household income of \$39,709, compared with the statewide median of \$32,566 in the 2000 Census.

AP analyzed 3,118 complaints filed by homeowners still living in Louisiana. The state's data did not identify whether the addresses on complaints were the same locations as the damaged homes. The state also refused to release any information on approximately 5,000 complaints still under review.

The findings surprise few on the front lines of a disaster that has reawakened issues of racial equality.

Donelon, the insurance commissioner, said his department's workers made an extra effort to reach as many people as possible, crisscrossing the state in mobile com-

plaint centers and using the media to let residents know the agency was willing to press their cases with insurers.

It was a message that never reached the water-stained stoop of Doretha Kitchens' house, which was enveloped in a 9-foot wave of muddy water when the Lower Ninth Ward's aging levees broke. For months, she had no access to computer, radio or TV and couldn't hear the state agency's messages.

Kitchens also didn't know she could appeal Allstate Corp.'s settlement offer to the state, but doubts it would have changed anything: Her husband, she said, simply lost faith that anyone would help.

"My husband didn't want to be bothered. I asked him, 'Why don't we sue the insurance company?' He said, 'They ain't gonna do nothing no way.' White just decided they was gonna go file. Black, we just gave up easier."

The Kitchens didn't have flood insurance but their dispute with the insurer was over damage in their attic, where winds ripped off the roof.

At first, Richard and Cindy Little didn't fare much better.

Four towering pine trees crashed into their tidy ranch-style home in Slidell, a predominantly white bedroom community north of New Orleans.

The crashing limbs unleashed a cascade of water that spoiled the

walls, soaked the hardwood floors and brought puffs of pink insulation tumbling from the ceiling.

When their insurer agreed to pay only two-thirds of the cost of the repairs, the Littles used their savings to cover the cost of the construction.

They wrote letters to congressmen, secured copies of an adjuster's report, spent hours compiling receipts, made countless phone calls and filed a complaint with insurance regulators.

Eventually, their efforts paid off. Mike Trevino, a spokesman for Northbrook, Ill.-based Allstate, said the state agency had treated minority and white homeowners equally. The figures obtained by AP support his contention.

Alan Jenkins, a former Justice Department official in the Clinton administration who lobbies for minority opportunities, said AP's analysis reinforces a little-discussed reality exposed by Katrina.

"The promise of opportunity isn't equally available," he said. "Race and income has made a big difference in people's ability to start over."

Lloyd Edinburg, who lives not far from the Kitchens in the Lower Ninth Ward, exemplifies the problem. The 75-year-old retired cab driver said he doesn't have much use for insurers or state regulators.

All around him are signs of abandoned battles.

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