

# YOU & the LAW

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## Is your credit score increasing the cost of your home insurance?

Exposure to severe weather events, such as hurricanes, is one factor insurers use in setting premiums for homeowners insurance coverage.

Other factors include the roof's age, construction materials used in the house, and the cost to rebuild if the house were destroyed.

Your credit score does not increase the risk that a severe weather event will damage your house. A hurricane will destroy the home of the person with a high credit score as easily as the home of someone with a poor credit score.

Yet two neighbors whose houses are the same age, constructed with the same building materials, and with the same roof age may be charged different insurance premiums based on their credit scores.

This difference between what a homeowner with a low or average credit score pays and what an otherwise identical homeowner with a high credit score pays is called a credit penalty.

Credit penalties can have a huge impact on insurance costs. In states that allow insurers to use credit scores to set rates, a low-credit-score homeowner is charged \$1,996, or 99%, more in premiums annually than a high-credit-score homeowner. That's an extra \$166 each month.

These penalties hit Louisiana particularly hard. The state ranks 44th in



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per capita income, and people with lower incomes are more likely to have low credit scores. And premiums are already higher for homeowners in higher-risk areas for weather-related damage, such as Louisiana.

There are many reasons someone may have a poor credit score: financial hardships such as student loans, a period of unemployment through no fault of their own, or medical debt. None of those factors increase the risk that your house may be damaged in a hurricane.

It's not just low credit scores that are penalized. Homeowners with an average credit score pay an average of \$792, or 39%, more in premiums.

Louisiana homeowners' credit score penalty is about 87% annually for a low credit score and \$1,503 annually for an average credit score.

In their report "Penalized: The Hidden Cost of Credit Score in Homeowners Insurance Premiums," The Consumer Federation of America and Climate and Community Institute recommend that states bring fairness to homeowners insurance premiums by prohibiting insurers from using credit scores and credit history in pricing homeowners insurance.

California, Maryland, and Massachusetts already prohibit the use of credit scores to set insurance premiums.

# Hurricane season just began. Here's how to stay prepared.

Hurricane season starts June 1 and ends November 30. Plan now to make sure you and your family are prepared.

Keep emergency phone numbers in a visible spot in your house, such as on the refrigerator. Program them into your cell phone.

Store a gallon of water per person, per day for drinking, cooking, brushing teeth, and other uses. Have at least a three-day supply. Store more if you have pets or anyone in the house is pregnant or ill.

Keep several days' worth of non-perishable food, including any special dietary needs such as infant formula and food for people with food allergies or medical conditions.

Keep a list of your prescription medicines and information about your diagnoses, dosages, medical supply needs, and allergies.

Check with your pharmacy to see if it can dispense an early refill before an emergency.

Assemble an emergency first aid kit with nonprescription supplies such as pain relief, antihistamines, anti-diarrheal medicines; bandages; topical antiseptic creams; and hand sanitizer.

Keep coins and cash in small denominations in case ATMs and gasoline systems are out of order.



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Have a flashlight, head lamp, or battery-powered lantern for emergency lighting. Keep extra batteries on hand for these devices and other electronics you may need during a power outage. If you have a generator, it should have at least a 20-foot extension cord rated for outdoor use and enough fuel to keep it running.

Collect important documents such as driver's licenses, passports, Social Security cards, advance directives, living wills and power of attorney forms, copies of insurance cards and important medical records. Make copies and keep them in a secure digital storage space. Store them in a waterproof plastic container that you can take with you if you need to evacuate.

Keep your cell phone charged when you know a hurricane is in the

forecast. Purchase backup charging devices to power necessary electronics.

You may have to leave quickly if you live in an evacuation zone. Locate the nearest shelter and identify the evacuation route to get there. Make sure everyone in your household understands the hurricane evacuation plan.

If you have pets, identify shelters, a pet-friendly hotel, or an out-of-town friend or relative where you can take your pets in case of an evacuation. Local animal shelters may be able to offer advice on evacuating with pets.

Check with neighbors, especially seniors or those who may need additional help making hurricane plans, to see if they need assistance.

For more information, visit [www.ready.gov/hurricanes](http://www.ready.gov/hurricanes).

## According to *Ready.gov*, a basic disaster supply kit should include:

- Water (one gallon per person per day)
- Non-perishable food
- Battery-powered or hand-crank radio
- Flashlight
- First aid kit
- Extra batteries
- Whistle
- Dust mask
- Plastic sheeting, scissors, duct tape (to shelter in place)
- Moist towelettes, garbage bags, plastic ties (for personal sanitation)
- Wrench or pliers
- Manual can opener
- Local maps
- Cellphone with charger and backup battery

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