

Hurricane Katrina in
Louisiana's economy
was there a peak
boom, contraction,
depre...



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Hurricane Katrina in Louisiana's economy was there a peak/ boom , contraction, depression/recession. before and after the hurricane

Hurricane Katrina Hurricane Katrina was no doubt a disastrous event, destroying both homes and lives. Even after its passing, the hurricane has affected the economy of Louisiana causing it to go through a recession. One such industry to be impacted negatively is the insurance market. Even years after the event, home insurance rates have remained high, making it impossible for many homeowners to get proper coverage (Cutts 2010). Even though, the market is gradually stabilizing and the number of private insurance companies has increased, the competition is stopping them from offering better policies and prices (Cutts 2010). Programs have been put into place to protect the consumers and improve the market rates. However, the quality of insurance companies in Louisiana has decreased and hasn't picked up much since the hurricane. The mostly privatized companies have taken around 40, 000 policies, but because of their recent arrival and increased prices, homeowners tend to avoid them (Mowbay 2010). Despite around 29 million dollars in incentives, state backing, and increased protection plans, people still don't feel comfortable about these companies and their high coverage rates (Mowbay 2010). Companies are also not in favor of insuring what they consider old and dangerous homes (Cutts 2010). They only want to cover new homes built adhering to the latest building codes because "they frown upon things such as knob-and-tube wiring, slate roofs, asbestos roofs and raised homes, because of the risk that wind will get underneath in a storm and cause damage" (Mowbay 2010). Before the hurricane, most of

the sales were made on these old and antique homes. Now, insurance companies regard them as high risks, forcing homeowners to deal with inflated prices and unsuitable coverage plans. However, with increased competition among all the insurance companies and many owners reluctant to be their customers, citizens of Louisiana are hopeful that the prices will decrease to a more affordable range. Works Cited Cutts, John. "Home Insurance Quote Rates Remain High Years after Katrina." Real Estate Pro Articles. 03 Sept., 2010. Web. 07 May, 2011. Mowbay, Rebecca. "Five Years after Hurricane Katrina, Home Insurance Prices Remain Astronomical." The Times-Picayune. New Orleans Business News, 29 Aug., 2010. Web. 08 May, 2011.