

By Senator Garcia

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Senate Memorial

A memorial to the Congress of the United States
urging Congress to support a National
Catastrophe Insurance Program.

WHEREAS, during the 2004 and 2005 hurricane seasons,
the State of Florida was devastated by eight hurricanes and
four tropical storms, causing approximately \$35 billion in
estimated gross probable insurance losses, and

WHEREAS, the hurricanes from the 2004 and 2005
hurricane seasons have produced high winds, coastal storm
surges, torrential rainfalls, and flooding resulting in
significant damage to Florida and the Gulf Coast states, which
has resulted in displacement of policyholders from their
dwellings, loss of personal belongings and contents, closing
of businesses and financial institutions, and temporary loss
of employment and has created numerous health and safety
issues within our local communities, and

WHEREAS, in 1992, Hurricane Andrew resulted in
approximately \$20.8 billion in insured losses and was
previously the costliest catastrophe in the United States, but
Hurricane Katrina alone left the Gulf Coast states with an
estimated loss of approximately \$35 billion, and

WHEREAS, natural disasters continually threaten
communities across the United States with extreme weather
conditions that pose an immediate danger to the lives,
property, and security of the residents of those communities,
and

WHEREAS, the insurance industry, state officials, and
consumer groups have been striving to develop solutions to
insure mega-catastrophic risks, because hurricanes,

1 earthquakes, tornadoes, typhoons, floods, wildfires, ice
2 storms, and other natural catastrophes continue to affect
3 policyholders across the United States, and

4 WHEREAS, on November 16 and 17, 2005, insurance
5 commissioners from Florida, California, Illinois, and New York
6 convened a summit to devise a national catastrophe insurance
7 plan which would more effectively spread insurance risks and
8 help mitigate the tremendous financial damage survivors
9 contend with following such catastrophes, NOW, THEREFORE,

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11 Be It Resolved by the Legislature of the State of Florida:

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13 That the Congress of the United States is urged to
14 support a National Catastrophe Insurance Program.
15 Policyholders require a rational insurance mechanism for
16 responding to the economic losses resulting from catastrophic
17 events. The risk of catastrophes must be addressed through a
18 public-private partnership involving individuals, private
19 industry, local and state governments, and the Federal
20 Government. A national catastrophe insurance program is
21 necessary to promote personal responsibility among
22 policyholders; support strong building codes, development
23 plans, and other mitigation tools; maximize the risk-bearing
24 capacity of the private markets; and provide quantifiable risk
25 management through the Federal Government. The program should
26 encompass:

27 (1) Providing consumers with a private market
28 residential insurance program that provides all-perils
29 protection.

30 (2) Promoting personal responsibility through
31 mitigation; promoting the retrofitting of existing housing

1 stock; and providing individuals with the ability to manage
2 their own disaster savings accounts that, similar to health
3 savings accounts, accumulate on a tax-advantaged basis for the
4 purpose of paying for mitigation enhancements and catastrophic
5 losses.

6 (3) Creating tax-deferred insurance company
7 catastrophe reserves to benefit policyholders. These
8 tax-deferred reserves would build up over time and only be
9 eligible to be used to pay for future catastrophic losses.

10 (4) Enhancing local and state government's role in
11 establishing and maintaining effective building codes,
12 mitigation education, and land use management; promoting state
13 emergency management, preparedness, and response; and creating
14 state or multistate regional catastrophic risk financing
15 mechanisms such as the Florida Hurricane Catastrophe Fund.

16 (5) Creating a national catastrophe financing
17 mechanism that would provide a quantifiable level of risk
18 management and financing for mega-catastrophes; maximizing the
19 risk-bearing capacity of the private markets; and allowing for
20 aggregate risk pooling of natural disasters funded through
21 sound risk-based premiums paid in correct proportion by all
22 policyholders in the United States.

23 BE IT FURTHER RESOLVED that copies of this memorial be
24 dispatched to the President of the United States, to the
25 President of the United States Senate, to the Speaker of the
26 United States House of Representatives, and to each member of
27 the Florida delegation to the United States Congress.

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