

HM 541

2006

## 1 House Memorial

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

5  
6 WHEREAS, during the 2004 and 2005 hurricane seasons, the  
7 State of Florida was devastated by eight hurricanes and four  
8 tropical storms, causing approximately \$35 billion in estimated  
9 gross probable insurance losses, and

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

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

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

28 WHEREAS, the insurance industry, state officials, and  
29 consumer groups have been striving to develop solutions to

HM 541

2006

30 insure mega-catastrophic risks, because hurricanes, earthquakes,  
31 tornadoes, typhoons, floods, wildfires, ice storms, and other  
32 natural catastrophes continue to affect policyholders across the  
33 United States, and

34 WHEREAS, on November 16 and 17, 2005, insurance  
35 commissioners from Florida, California, Illinois, and New York  
36 convened a summit to devise a national catastrophe insurance  
37 plan which would more effectively spread insurance risks and  
38 help mitigate the tremendous financial damage survivors contend  
39 with following such catastrophes, NOW, THEREFORE,

40

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

42

43 That the Congress of the United States is urged to support  
44 a National Catastrophe Insurance Program. Policyholders require  
45 a rational insurance mechanism for responding to the economic  
46 losses resulting from catastrophic events. The risk of  
47 catastrophes must be addressed through a public-private  
48 partnership involving individuals, private industry, local and  
49 state governments, and the Federal Government. A national  
50 catastrophe insurance program is necessary to promote personal  
51 responsibility among policyholders; support strong building  
52 codes, development plans, and other mitigation tools; maximize  
53 the risk-bearing capacity of the private markets; and provide  
54 quantifiable risk management through the Federal Government. The  
55 program should encompass:

56 (1) Providing consumers with a private market residential  
57 insurance program that provides all-perils protection.

58 (2) Promoting personal responsibility through mitigation;

HM 541

2006

59 promoting the retrofitting of existing housing stock; and  
60 providing individuals with the ability to manage their own  
61 disaster savings accounts that, similar to health savings  
62 accounts, accumulate on a tax-advantaged basis for the purpose  
63 of paying for mitigation enhancements and catastrophic losses.

64 (3) Creating tax-deferred insurance company catastrophe  
65 reserves to benefit policyholders. These tax-deferred reserves  
66 would build up over time and only be eligible to be used to pay  
67 for future catastrophic losses.

68 (4) Enhancing local and state government's role in  
69 establishing and maintaining effective building codes,  
70 mitigation education, and land use management; promoting state  
71 emergency management, preparedness, and response; and creating  
72 state or multistate regional catastrophic risk financing  
73 mechanisms such as the Florida Hurricane Catastrophe Fund.

74 (5) Creating a national catastrophe financing mechanism  
75 that would provide a quantifiable level of risk management and  
76 financing for mega-catastrophes; maximizing the risk-bearing  
77 capacity of the private markets; and allowing for aggregate risk  
78 pooling of natural disasters funded through sound risk-based  
79 premiums paid in correct proportion by all policyholders in the  
80 United States.

81 BE IT FURTHER RESOLVED that copies of this memorial be  
82 dispatched to the President of the United States, to the  
83 President of the United States Senate, to the Speaker of the  
84 United States House of Representatives, and to each member of  
85 the Florida delegation to the United States Congress.