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CHAMBER ACTION

1 The Commerce Council recommends the following:

2
3 **Council/Committee Substitute**

4 Remove the entire bill and insert:

5 House Memorial

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

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

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

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

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

32 WHEREAS, the insurance industry, state officials, and
33 consumer groups have been striving to develop solutions to
34 insure mega-catastrophic risks, because hurricanes, earthquakes,
35 tornadoes, typhoons, floods, wildfires, ice storms, sinkholes,
36 and other natural catastrophes continue to affect policyholders
37 across the United States, and

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

44
45 Be It Resolved by the Legislature of the State of Florida:

46
47 That the Congress of the United States is urged to support
48 a National Catastrophe Insurance Program. Policyholders require
49 a rational insurance mechanism for responding to the economic
50 losses resulting from catastrophic events. The risk of

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51 | catastrophes must be addressed through a public-private
52 | partnership involving individuals, private industry, local and
53 | state governments, and the Federal Government. A national
54 | catastrophe insurance program is necessary to promote personal
55 | responsibility among policyholders; support strong building
56 | codes, development plans, and other mitigation tools; maximize
57 | the risk-bearing capacity of the private markets; and provide
58 | quantifiable risk management through the Federal Government. The
59 | program should encompass:

60 | (1) Providing consumers with a private market residential
61 | insurance program that provides all-perils protection.

62 | (2) Promoting personal responsibility through mitigation;
63 | promoting the retrofitting of existing housing stock; and
64 | providing individuals with the ability to manage their own
65 | disaster savings accounts that, similar to health savings
66 | accounts, accumulate on a tax-advantaged basis for the purpose
67 | of paying for mitigation enhancements and catastrophic losses.

68 | (3) Creating tax-deferred insurance company catastrophe
69 | reserves to benefit policyholders. These tax-deferred reserves
70 | would build up over time and only be eligible to be used to pay
71 | for future catastrophic losses.

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

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

85 | BE IT FURTHER RESOLVED that copies of this memorial be
86 | dispatched to the President of the United States, to the
87 | President of the United States Senate, to the Speaker of the
88 | United States House of Representatives, and to each member of
89 | the Florida delegation to the United States Congress.