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HM 11A

2007 Legislature

House Memorial

A memorial to the Congress of the United States, urging Congress to support a National Catastrophe Insurance Program, participate in a federal/state issues summit in Florida, provide specified federal tax exemptions, provide a federal income tax deduction, and support the National Hurricane Research Initiative.

WHEREAS, during the 2004 and 2005 hurricane seasons, the State of Florida was devastated by eight hurricanes and four tropical storms, causing approximately \$36 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, the losses caused by the 2004 and 2005 hurricane seasons have led to dramatic and economically painful increases in property insurance premiums for Florida's citizens and businesses, forcing many to consider relocating outside the state, and

WHEREAS, in 1992, Hurricane Andrew resulted in approximately \$20.8 billion in insured losses and was previously

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29 | the costliest catastrophe in the United States, but Hurricane  
30 | Katrina alone left the Gulf Coast states with an estimated loss  
31 | of approximately \$35 billion, and

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

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

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

48 |  
49 | Be It Resolved by the Legislature of the State of Florida:

50 |  
51 |         (1) That the Legislature urges the Congress of the United  
52 | States to support a National Catastrophe Insurance Program.  
53 | Policyholders require a rational insurance mechanism for  
54 | responding to the economic losses resulting from catastrophic  
55 | events. The risk of catastrophes must be addressed through a  
56 | public-private partnership involving individuals, private

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57 | industry, local and state governments, and the Federal  
58 | Government. A national catastrophe insurance program is  
59 | necessary to promote personal responsibility among  
60 | policyholders; support strong building codes, development plans,  
61 | and other mitigation tools; maximize the risk-bearing capacity  
62 | of the private markets; and provide quantifiable risk management  
63 | through the Federal Government. The program should encompass:

64 |       (a) Providing consumers with a private market residential  
65 | insurance program that provides all-perils protection.

66 |       (b) Promoting personal responsibility through mitigation;  
67 | promoting the retrofitting of existing housing stock; providing  
68 | individuals with the ability to manage their own disaster  
69 | savings accounts that, similar to health savings accounts,  
70 | accumulate on a tax-advantaged basis for the purpose of paying  
71 | for mitigation enhancements and catastrophic losses; and  
72 | providing personal income tax deductions for mitigation  
73 | expenses.

74 |       (c) Creating tax-deferred insurance company catastrophe  
75 | reserves to benefit policyholders. These tax-deferred reserves  
76 | would build up over time and only be eligible to be used to pay  
77 | for future catastrophic losses.

78 |       (d) Enhancing local and state government's role in  
79 | establishing and maintaining effective building codes,  
80 | mitigation education, and land use management; promoting state  
81 | emergency management, preparedness, and response; and creating  
82 | state or multistate regional catastrophic risk financing  
83 | mechanisms such as the Florida Hurricane Catastrophe Fund.

84 |       (e) Creating a national catastrophe financing mechanism

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85 that would provide a quantifiable level of risk management and  
86 financing for mega-catastrophes; maximizing the risk-bearing  
87 capacity of the private markets; and allowing for aggregate risk  
88 pooling of natural disasters funded through sound risk-based  
89 premiums paid in correct proportion by all policyholders in the  
90 United States.

91 (2) That the Legislature urges the Congress to participate  
92 in a federal/state issues summit in this state to discuss and  
93 develop policy positions on current and emerging issues of state  
94 importance that are likely to be considered by Congress to build  
95 better working relationships in order to mutually accomplish  
96 goals of benefit to Floridians.

97 (3) That the Legislature urges Congress to provide federal  
98 tax exemptions for:

99 (a) Catastrophe premium equalization deductions charged  
100 and held by the state in a segregated account for the benefit of  
101 insurers for use in the event of a catastrophe.

102 (b) The Florida Property and Casualty Joint Underwriting  
103 Association.

104 (4) That the Legislature urges Congress to provide a  
105 federal income tax deduction for residential property insurance  
106 premiums paid by consumers to offset the dramatic cost of  
107 property insurance.

108 (5) That the Legislature urges Congress to support the  
109 National Hurricane Research Initiative, which is intended to  
110 foster a better understanding of hurricane prediction,  
111 intensity, and mitigation on coastal populations,  
112 infrastructure, and the natural environment.

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113           BE IT FURTHER RESOLVED that copies of this memorial be  
114    dispatched to the President of the United States, to the  
115    President of the United States Senate, to the Speaker of the  
116    United States House of Representatives, and to each member of  
117    the Florida delegation to the United States Congress.