

By Senator Posey

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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 produced high winds, coastal storm surges, torrential rainfalls, and flooding resulting in significant damage to Florida and the Gulf Coast states, which 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 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

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30 | 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 plan
37 | that would more effectively spread insurance risks and help
38 | mitigate the tremendous financial damage survivors contend with
39 | following such catastrophes, NOW, THEREFORE,

40

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

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43 | That the Congress of the United States is urged to support a
44 | National Catastrophe Insurance Program. Policyholders require a
45 | 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;

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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 of
63 | 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, mitigation
70 | education, and land use management; promoting state emergency
71 | management, preparedness, and response; and creating state or
72 | multistate regional catastrophic risk financing mechanisms such
73 | 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 the
85 | Florida delegation to the United States Congress.