

Bill No. SM 2488



089204

CHAMBER ACTION

<u>Senate</u>	.	<u>House</u>
Comm: RCS	.	
4/1/2008	.	
	.	
	.	

1 The Committee on Banking and Insurance (Posey) recommended the
 2 following **amendment**:

3
 4 **Senate Amendment (with title amendment)**

5 Delete line(s) 23-28

6 and insert:

7 That the Congress of the United States is requested to enact
 8 legislation that will allow insurers to establish tax-deferred
 9 catastrophe reserves if such reserves are set aside to be used
 10 exclusively for paying future property insurance claims arising
 11 out of natural catastrophes.

12
 13 ===== T I T L E A M E N D M E N T =====

14 And the title is amended as follows:

15 Delete line(s) 8-19

16 and insert:



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17 WHEREAS, rising costs resulting from natural disasters are
18 placing an increasing strain on the ability of property and
19 casualty insurance companies to ensure payment of homeowners'
20 claims and other insurance claims arising from major natural
21 disasters now and in the future, and

22 WHEREAS, present tax laws do not provide adequate incentives
23 to ensure that natural disaster insurance is provided or, where
24 such insurance is provided, that funds are available for payment
25 of insurance claims in the event of future catastrophic losses
26 from major natural disasters, as present law requires an insurer
27 wanting to accumulate surplus assets for this purpose to do so
28 entirely from its after-tax retained earnings, and

29 WHEREAS, revising the tax laws applicable to the property
30 and casualty insurance industry to permit carefully controlled
31 accumulation of pretax dollars in separate reserve funds devoted
32 solely to the payment of claims arising from future major natural
33 disasters will provide incentives for property and casualty
34 insurers to make natural disaster insurance available; will give
35 greater protection to the nation's homeowners, small businesses,
36 and other insurance consumers; and will help ensure the future
37 financial health of the nation's insurance system as a whole, and

38 WHEREAS, implementing these changes will reduce the
39 possibility that a significant portion of the private insurance
40 system would fail in the wake of a major natural disaster and
41 that governmental entities would be required to step in to
42 provide relief at taxpayer expense, NOW, THEREFORE,