

By the Committee on Banking and Insurance; and Senator Posey

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Senate Memorial

A memorial to the Congress of the United States, urging Congress to pass legislation that exempts from taxation all reserves placed in escrow for the exclusive use of paying potential future property insurance claims arising out of natural catastrophes.

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

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

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

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29 WHEREAS, implementing these changes will reduce the
30 possibility that a significant portion of the private insurance
31 system would fail in the wake of a major natural disaster and
32 that governmental entities would be required to step in to
33 provide relief at taxpayer expense, NOW, THEREFORE,

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

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

42 BE IT FURTHER RESOLVED that copies of this memorial be
43 dispatched to the President of the United States, to the
44 President of the United States Senate, to the Speaker of the
45 United States House of Representatives, and to each member of the
46 Florida delegation to the United States Congress.