



# ISSUES

## Natural Disaster Legislation

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**PIA supports a coordinated natural disaster catastrophe program that covers commercial and residential property and does not compete with the private sector's capacity to provide insurance.**

Comprehensive legislation to improve the Federal Government's ability to assist in the recovery from natural catastrophes should include the following principles:

- Insurers should be allowed to price policies according to risk.
- Any catastrophe program should be designed as a public-private collaborative effort, involving participation by states and local governments and emphasize mitigation.
- Comprehensive natural disaster legislation cannot be fully addressed by combining new proposals with existing programs designed for other forms of catastrophic events, such as flood or terrorism insurance.
- Increase the availability and affordability of property insurance in catastrophe prone areas.

**Natural disasters affect every area of the United States.** Although hurricane damage has been at the forefront of the discussion on natural disasters, the reality is that severe damage can be caused by a myriad of disasters. This is a nationwide concern, not a regional problem.

PIA is encouraged by the attention this issue is receiving in Congress. We support legislation currently being considered in the House of Representatives that promotes mitigation and utilizes existing federal authority through the Robert T. Stafford Disaster Relief and Emergency Assistance Act (H.R. 3026, the Hazard Mitigation for All Act; H.R. 3027, the Pre-disaster Hazard Mitigation Enhancement Program Act; H.R. 3028, the First Responder Innovation and Support Act). Sponsored by Congressman Bennie Thompson (D, MS-02), Chair of the House Homeland Security Committee, this legislation will enhance our ability to save lives and property should it become law.

In addition, the National Association of Insurance Commissioners (NAIC) and the National Conference of Insurance Legislators (NCOIL) have been discussing comprehensive national plans for managing natural catastrophes. PIA favors a comprehensive national approach and therefore supports the efforts of Representative Klein as the author of H.R. 2555, the Homeowners' Defense Act. We are fully supportive of the provisions in this bill that would enhance mitigation; however, we are concerned that a federal consortium to assist state funds, combined with treasury guarantees, could crowd out parts of the private insurance market. Our members believe that natural catastrophe risk should be placed in the insurance market, not on taxpayers.

PIA is working with Congress, states and the private sector insurance industry to support open and stabilized insurance markets in order to foster economic recovery. We will continue to work with interested parties to craft legislation that meets the needs of consumers.

For additional information on this issue, please contact PIA's federal affairs department.