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# Issue Paper

## *Natural Disaster Planning*

March 2014

### PIA:

- **Supports a public-private collaborative effort in designing a catastrophe plan which involves participation by states and local governments and emphasizes mitigation.**
- **Supports the ability of insurers to price policies according to risk.**
- **Opposes natural disaster legislation that combines new proposals with existing programs designed for other forms of catastrophic events, such as flood or terrorism insurance.**
- **Supports increasing 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. Whether it's an earthquake, wildfire, windstorm, ice storm, drought, tsunami or any of the other various perils that threaten us, we need a more comprehensive plan for dealing with them.

PIA is encouraged by the attention this issue is currently receiving in Congress. We continue to support legislation like H.R. 1878, the Safe Building Code Incentive Act introduced by this Congress. This bill would provide a tax credit to low-income homeowners who take action to protect their properties to reduce vulnerability to damage from natural disasters. We also support legislation like H.R. 2069 (last introduced in the 112<sup>th</sup> Congress), Safe Building Code Incentive Act of 2011, which would provide additional post-disaster relief in the aftermath of a severe storm for those states with strong statewide building codes. Additionally, PIA supports legislation that would create tax deductible savings accounts that homeowners could use towards mitigation and recovery efforts, such as H.R. 3989/S.1991, the Disaster Savings Accounts Act. This legislation would allow homeowners to contribute up to \$5,000 a year to a tax-deductible savings account, with unused funds rolling over each year. The savings can be used to pay for home fortifications or for recovery expenses to help pay insurance deductibles and other recovery funds.

The National Association of Insurance Commissioners (NAIC) and the National Conference of Insurance Legislators (NCOIL) have also been discussing comprehensive national plans for managing natural catastrophes. PIA favors a comprehensive national approach. We are fully supportive of legislation that would enhance mitigation but not legislation to replace private insurance with government programs. 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 or visit <http://www.pianet.com/issues-of-focus/natural-disaster>