

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS (NCOIL)

**Resolution in Support of H.R. 3989,
the Disaster Savings Account Act of 2013**

*Adopted by the NCOIL Executive and Property-Casualty Insurance Committees on July 13, 2014.
Sponsored for discussion by Rep. Matt Lehman (IN)*

WHEREAS, the National Conference of Insurance Legislators (NCOIL) believes that a multi-pronged approach to address natural disaster risk is necessary and that such an approach should leverage private-market options and personal responsibility against the need for public-sector involvement; and

WHEREAS, NCOIL has long asserted the importance of mitigation in helping to reduce insured and uninsured losses stemming from a natural event—and adopted a 2007 *Model State Uniform Building Code* and highlighted the importance of thoughtful, coordinated land-use strategies in order to promote mitigation activity; and

WHEREAS, recent events have demonstrated that no state is immune from natural disasters, whether floods, hurricanes, earthquakes, tornadoes, winter storms, or other events; and

WHEREAS, a natural disaster in one state can have far-reaching consequences, affecting other states and regions and making the need to address natural hazards a national concern; and

WHEREAS, public and private costs associated with responding to natural disasters are increasing and appear unlikely to decline; and

WHEREAS, state and federal officials, in addition to the insurance and reinsurance industries and other interested parties, continue to explore ways to address natural disaster losses and to balance fiscal prudence with consumer challenges; and

WHEREAS, Congress is considering, among other proposals, H.R. 3989, the *Disaster Savings Account Act of 2013*, that would amend the Internal Revenue Code of 1986 so that individuals could create tax-exempt savings accounts to defray costs of mitigating against and recovering from natural disasters; and

WHEREAS, H.R. 3989 also would establish, among other things, that mitigation and recovery expenses paid from an individual's disaster savings account would not be considered part of gross income for tax purposes; and

WHEREAS, encouraging individuals to set aside funds that could defray the costs of making their homes more disaster-proof would build on NCOIL efforts to promote mitigation; and

WHEREAS, use of homeowner disaster savings accounts could reduce what governments and insurers pay following a natural disaster, to the potential benefit of taxpayers and policyholders.

NOW, THEREFORE, BE IT RESOLVED that NCOIL supports H.R. 3989, the *Disaster Savings Account Act of 2013*, as part of a multi-faceted approach to confronting natural disaster risk in this country and urges Congress to move forward with consideration of the legislation.

BE IT RESOLVED that NCOIL encourages state and federal officials and other stakeholders to further explore possible reforms that, like H.R. 3989, could be of long-term benefit in addressing natural disaster loss costs.

BE IT FINALLY RESOLVED that a copy of this resolution be sent to state legislators, regulators, and governors, to Congressional leadership, and to the Federal Emergency Management Agency (FEMA).