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CONGRESSMAN MAHONEY TO NCOIL—H.R. 3355 IS CRITICAL TO CHALLENGED HOMEOWNERS' MARKETS

Troy, New York, March 6, 2008— The federal government must help stabilize homeowners' markets challenged by natural catastrophes, asserted Congressman Tim Mahoney (D-FL) before a packed luncheon crowd at the National Conference of Insurance Legislators (NCOIL) Spring Meeting in Washington, DC. Outlining one of several possible options being explored by NCOIL as a way to address the natural catastrophe crisis, Mahoney said H.R. 3355, the *Homeowners' Defense Act of 2007*, is the right approach—and perhaps the best hope for struggling consumers.

Mahoney, who co-sponsors H.R. 3355 with fellow freshman Congressman Ron Klein (D-FL), commented during his February 28 keynote address that “there just isn't enough money in the kitty”—that private insurance markets and state mechanisms would be ill-prepared in the face of a true mega-catastrophe. The consequences of state and/or regional shortfalls would be felt nationwide, he said—witness the oil-market instability following Hurricanes Katrina and Rita, which private and state entities could handle.

Mahoney attributed at least some of H.R. 3355's Congressional success to timing. “If you get behind an issue,” he said, “and the issue has national momentum, and you get the right people, you can change the world.”

Acknowledging the complexities of ushering through a federal bill, Mahoney said, “When I got to Washington I realized a couple of things, and that is that, here in Washington, it's designed to make sure that nobody—no matter who you are—the speaker or anybody, gets their way.”

Citing availability and affordability problems in his home state, Congressman Rep. Mahoney said the hurricane risk besieging Florida is not the only peril H.R. 3355 contemplates. Tornadoes in the Midwest and earthquakes along the New Madrid fault line, he said, are just two of the many other hazards that threaten to bring potentially large-scale insured losses.

The *Homeowners' Defense Act*, which passed the House of Representatives on November 7, 2007, would establish a National Catastrophe Risk Consortium to help states access capital markets and would provide for low-interest loans to help buoy state reinsurance funds. The bill would allow the Treasury Department to sell reinsurance to state reinsurance funds under certain conditions—including that the federal government could be on the hook for no more than \$200 billion in aggregate liability for any year.

Rep. Mahoney's remarks were the latest NCOIL initiative regarding catastrophe readiness. Others include support for federal tax-deferred catastrophe reserves, statewide building codes, thoughtful land-use strategies, and state catastrophe funds as appropriate.

The Spring Meeting was held from February 28 through March 2 at the Hyatt Regency on Capitol Hill.

NCOIL is an organization of state legislators whose public policy concern is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country.

For further details, please contact the NCOIL National Office at 518-687-0178.

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