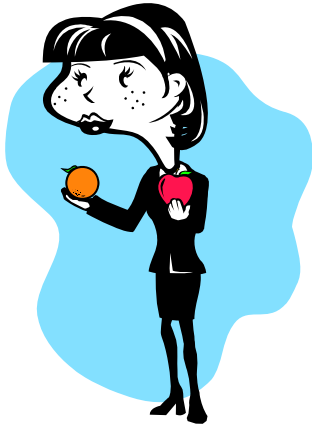


Comparison of national catastrophe insurance proposals

POA



Homeowners Insurance Protection Act

- ◆ Creates a national catastrophe fund.
- ◆ States that create their own catastrophe funds would be able to buy coverage from the national catastrophe fund.
- ◆ State funds must be financed through insurance premiums.
- ◆ Coverage would apply in the event of a major disaster whose losses exceed an amount set by the secretary of the treasury. Such disasters would be those projected to occur once in 200 years.
- ◆ Requires participating states to earmark a portion of their funds for disaster loss-prevention and mitigation efforts.
- ◆ States would be required to ensure that any savings from the state or federal catastrophe plan be passed on to homeowners.

Sponsored by U.S. Rep. Ginny Brown-Waite, R-Brooksville.

Homeowners Insurance Availability Act

- ◆ Creates at least six federal disaster reinsurance regions.
- ◆ Reinsurance would cover home, condominium, co-op and apartment owners only.
- ◆ Reinsurance contracts would be sold directly to state catastrophe insurance funds, private insurance companies and private reinsurance companies.
- ◆ Requires participating states to earmark a portion of their funds for disaster loss-prevention and mitigation efforts.
- ◆ Federal disaster reinsurance would be triggered by events such as earthquakes, fires from earthquakes, tornados, hurricanes and typhoons whose damage would be projected to occur once in 100 years.

Sponsored by U.S. Rep. Ginny Brown-Waite, R-Brooksville.

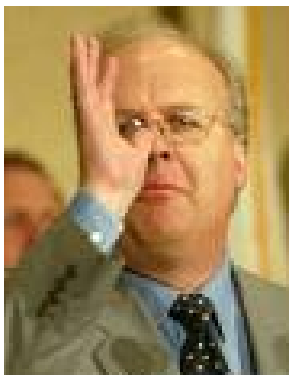
Multiple Peril Insurance Act

- ◆ Would amend the National Flood Insurance Program to cover damage from both wind and flood events.
- ◆ Coverage would be available only in areas where an appropriate governmental body has adopted certain land-use measures.
- ◆ Would eliminate the discount on flood insurance to anyone who purchases multi-peril coverage.
- ◆ Policies could be sold either through private insurance companies or directly through the federal program.

Sponsored by U.S. Rep. Gene Taylor, D-Miss

Insurance: Private firms aren't doing job

Clarion Ledger Opinion



Political strategist Karl Rove thumbs his nose.

President Bush's White House advisers must not be well acquainted with the post-Katrina realities of private insurance, given their downright bizarre assessment uttered this week.

Edward Lazear, chairman of the Council of Economic Advisers, told members of a Senate Banking Committee that the federal government should reject offering catastrophic insurance.

"The insurance industry is healthy, and the private sector is well-equipped to provide insurance for hurricanes and other natural catastrophes," he said Wednesday, adding that "state regulators and the federal government must allow the private market to function."

Well, it's "functioning" down here to not offer insurance or at such high rates as to be unaffordable to all but the most wealthy, harming the recovery.

The proposal to create a federal catastrophic insurance fund that would cover hurricanes as well as floods, and earthquakes, is gaining support in Congress for a reason. Private insurers cannot provide adequate, affordable coverage on the Coast.

Hurricane Katrina showed the problems with private insurance coverage.

Thousands who had bought "hurricane" insurance found that the companies refused to pay for wind-driven water, Katrina's storm

surge, deeming it "flooding" covered by federal insurance - even if policyholders didn't live in a flood plain and weren't eligible.

The private insurance industry may be healthy, but consumers are not served.

Sen. Trent Lott has a point that he doesn't want the government to be "the" insurance company.

But without some federal help for difficult markets, there will be no Gulf Coast as we know it, with middle-class people living there and small family businesses. Instead, it will be only for the wealthy.

Some balance must be struck.