

From the South Carolina Omnibus bill

• **Insurance should be based on risk; assessment of risk comes from collection of data.** Insurance should cost more for people who take substantial risks and less for those who take small risks. Insurers should be able to use all relevant data in order to price like risks alike and different risks differently.

• **Insurance has nothing to do with relief.** Nearly everyone agrees that society should develop mechanisms to provide relief immediately following a serious storm. But these efforts have little to do with insurance and conflating the two will undermine both efforts: The careful “dollars and cents” actuarial calculation that makes for good insurance policy can be devastating to emergency relief efforts and vice versa.

• **Insurance should influence development.** In particular, insurance should do some combination of three things with regard to development:

- 1) Discourage development in areas vulnerable to hurricanes;
- 2) Encourage mitigation against inevitable hurricanes; and
- 3) Pay for a portion of the costs of periodic rebuilding in places where people can afford the cost and mitigation is impossible.

From NAIC http://www.naic.org/topics/topic_health_care_reform_principles.htm

Health Care Reform Principles[CIPR TOPICS](#) | [CIPR STATISTICS](#) The NAIC recognizes that the nation’s health care crisis is beyond the capacity of the states to solve independent of federal reforms. Health insurance markets are locally-based in response to the regional and jurisdictional diversity of our nation. The NAIC urges Congress to approach comprehensive reform via a federal-state partnership, recognizing the substantial experience and expertise of the states, and to consider these five keys for the successful transformation of the U.S. health care system:

Protect the Rights of Consumers. States already have the patient protections, solvency standards, fraud prevention programs, marketing rules and other oversight mechanisms in place to protect consumers; these should not be preempted by the federal government. The NAIC urges federal policymakers to preserve state oversight of health insurance and avoid preempting or superseding state consumer protections.

Address Health Care Spending. Any effort to increase access to and affordability of insurance will not be successful over time unless the overriding issue of rapidly rising health care costs is addressed. Whatever is done in insurance reform should be done in a manner that is consistent with sound and sustainable cost control practices. The NAIC cautions federal legislators that any changes in the health insurance sector will not be effective over the long run without accompanying substantial changes in the health care delivery system, such as ensuring access to primary care, managing chronic diseases, and eliminating waste and inefficiency.

Promote State Innovation. The NAIC urges Congress to review ERISA restrictions and other current federal laws and regulations, including CMS rules

governing Medicaid and Medicare, which hinder state efforts to reform the health care system. Just as important, Congress must carefully consider the impact of any new federal reforms on the states' ability to be effective partners in solving our health care crisis. The NAIC encourages the development of broad standards rather than prescriptive rules wherever possible to maximize state flexibility to implement reforms in a manner that is responsive to local and regional market conditions.

Stop Cost-Shifting. Inadequate reimbursement payments in federal health programs have led to significant shifting of costs to the private sector. This has resulted in higher overall costs and decreased access for many consumers, and hampers the ability of states to implement reforms. Similarly, any federally-offered options must provide full federal fiscal funding to cover increased costs, most particularly for the most high needs beneficiaries. Additional costs cannot be absorbed by the already pressured state budgets.

Avoid Adverse Selection. Any program that grants consumers the choice between two pools with different rating, benefit, or access requirements will result in adverse selection for one of the pools. Likewise, setting different rules for different plans within the pool or allowing consumers to wait until they get sick to purchase insurance, without penalty, can have adverse consequences on the pool. Any reforms must be carefully constructed to ensure the long-term health of the market. The NAIC supports guaranteed issue and the elimination of preexisting condition exclusions for individuals to the extent that these reforms are coupled with an effective and enforceable individual purchase mandate and appropriate income-sensitive subsidies to make coverage affordable.

From <http://www.smartersafer.org/positions>

MAKING HOUSING SMARTER AND SAFER

Statement of Principles

Communities across the country face risks as a result of natural disasters—floods, hurricanes, earthquakes, fires, mudslides, and tornados.

Low-income families and communities are most impacted by natural disasters: housing is older and less likely to be built to withstand storms or other damage; damages often go unattended, leaving housing stock more vulnerable to future disasters; low-income families are least likely to be able to afford mitigation measures; low-income families are most affected by displacement, and do not have the means to

rebuild. Communities of color also bear a disproportionate impact.

Spending on mitigation is cost effective—for every \$1 spent on mitigation, \$4 is saved—less work after a disaster.

For these reasons, federal, state and local policies should encourage and provide incentives for making housing, specifically affordable housing, better able to withstand nature's wrath.

Pre-disaster, preventative measures should be improved and included in any government disaster planning. While post-disaster recovery measures are important and must be better managed, the best way to help people is to protect their lives and property before disaster strikes.

Existing pre-disaster programs focus on community-wide measures, but more must be done to help individuals protect themselves.

Existing pre-disaster mitigation grants cannot be targeted to those who most need assistance. Instead, scarce federal dollars should be spent on those families and communities that cannot otherwise afford to protect themselves.

From the Heritage Foundation

http://www.heartland.org/article/25045/Principles_for_Reform_of_Catastrophic_Natural_Disaster_Insurance.html

Five principles

Principle #1: Catastrophic should mean nationally catastrophic. More than what the community effected can deal with.

Principle #2: Those who assume the risk should bear the risk.

Principle #3: State eligibility should depend on meeting five requirements.

1. No rate caps.
2. Sound building codes
3. No redevelopment in disaster-prone areas.
4. Tort reform.
5. Mandated P&C insurance which would increase the capital reserves of insurance companies and the liquidity of government insurance programs.

Principle 4: State participation should be opt-in only. Mandatory buy-in violates US federalist principles.

Principle 5: Tax and accounting policies must permit insurance and reinsurance companies to

retain sufficient capital reserves. Amend existing tax laws that prevent insurance and reinsurance companies from taking tax deductions for capital reserves. Allows for larger capital reserves.

From 1970 to 2006, America experienced 23 insured catastrophic losses due to natural disasters or terrorism ranging from \$45 billion down to \$1.993 billion (in 2005 dollars). These included 15 hurricanes, one earthquake, and the terrorist attacks on September 11, 2001. Only four caused insured losses greater than \$15 billion. Over the past 18 years, only five years have seen insured catastrophic losses in excess of \$15 billion: \$22.9 billion in 1992 (Hurricane Andrew); \$16.9 billion in 1994 (Northridge earthquake); \$26.5 billion in 2001 (9/11 terrorist attacks); \$27.5 billion in 2004 (Hurricanes Frances, Charley, Ivan, and Jeanne); and \$61.9 billion in 2005 (Hurricanes Katrina, Rita, and Wilma).[1]

As one expert noted, the insurance "industry held about \$400 billion in equity capital and collected premiums of about \$440 billion" in 2004.[2] While only 12 percent of those funds represented premiums from homeowners insurance, that still amounts to \$52.8 billion in yearly premiums.[3] Assuming that actuarially unsound state rate caps are lifted and insurance companies take a tighter approach to paying homeowners claims, insurance companies appear easily capable of dealing with all but the most catastrophic natural disasters—they have already dealt with the most catastrophic disaster to date.