

103^D CONGRESS
1ST SESSION

H. R. 764

To require the Director of the Federal Emergency Management Agency to develop a plan and submit a report to the Congress regarding establishing a national windstorm insurance program.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1993

Mr. DE LUGO (for himself and Mr. APPELGATE) introduced the following bill; which was referred jointly to the Committees on Public Works and Transportation and Banking, Finance and Urban Affairs

A BILL

To require the Director of the Federal Emergency Management Agency to develop a plan and submit a report to the Congress regarding establishing a national windstorm insurance program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Windstorm Hazard
5 Reduction Plan Act of 1993”.

6 **SEC. 2. CONGRESSIONAL FINDINGS.**

7 The Congress finds that—

1 (1) in 1992, the property and casualty insur-
2 ance industry suffered more losses caused by natural
3 disasters than in any other year;

4 (2) a substantial portion of the losses were
5 caused by windstorms, such as hurricanes and tor-
6 nadoes; and

7 (3) because of the windstorms in 1992 and re-
8 cent years, in certain regions of the United States
9 and the territories of the United States, including
10 the Virgin Islands, property and casualty insurers
11 are withdrawing underwriting capacity from the
12 market by refusing to issue new policies or renew ex-
13 isting policies, or by increasing premiums to
14 unaffordable levels.

15 **SEC. 3. DEVELOPMENT OF INSURANCE PLAN.**

16 (a) IN GENERAL.—Not later than the expiration of
17 the 90-day period beginning on the date of the enactment
18 of this Act, the Director of the Federal Emergency Man-
19 agement Agency (in this Act referred to as the “Director”)
20 shall develop a detailed written plan under this Act for
21 establishing and carrying out a national windstorm insur-
22 ance program.

23 (b) CONTENTS.—The plan required under subsection
24 (a) shall be designed—

1 (1) to supplement Federal disaster relief and
2 emergency assistance provided pursuant to the Rob-
3 ert T. Stafford Disaster Relief and Emergency As-
4 sistance Act and other laws for damage and loss
5 caused by winds from hurricanes, tornadoes, and
6 other windstorms;

7 (2) to make affordable insurance coverage avail-
8 able to protect against loss resulting from physical
9 damage to, or loss of, residential structures arising
10 from wind damage;

11 (3) to provide such insurance coverage for resi-
12 dential structures through a program that pro-
13 vides—

14 (A) insurance coverage for damage caused
15 by winds from hurricanes, tornadoes, and any
16 other windstorms, but not for water damage
17 arising from any such windstorms;

18 (B) insurance coverage at premium rates
19 affordable to homeowners in areas at risk of
20 such wind damage;

21 (C) appropriate building and structural re-
22 quirements and other wind damage-mitigation
23 measures;

24 (D) appropriate measures to carry out
25 mitigation efforts; and

1 (E) schedules of the amount of coverage
2 available for various residential structures;

3 (4) to provide incentives for private property
4 and casualty insurers to reenter markets from which
5 they have previously withdrawn; and

6 (5) to make insurance coverage available, if the
7 Director determines that such coverage would be
8 feasible, for other types or classes of properties in-
9 cluding—

10 (A) public infrastructure facilities and
11 properties owned by State and local govern-
12 ments, which may include airports, roads,
13 bridges, dams, sewer systems, governmental
14 buildings, and other facilities and structures;

15 (B) other residential properties;

16 (C) business properties;

17 (D) agricultural properties; and

18 (E) properties owned by private nonprofit
19 organizations.

20 (c) CONSIDERATIONS.—The national windstorm in-
21 surance program contained in the plan required under
22 subsection (a) may—

23 (1) provide for participation of the private in-
24 surance industry in carrying out the program;

1 (2) provide coinsurance by the Director and pri-
2 vate insurers for covered losses and reinsurance for
3 losses sustained by private insurers;

4 (3) define—

5 (A) the areas in which such coverage is
6 made available by establishing requirements for
7 the eligibility or participation of communities or
8 by other means;

9 (B) the types of residential properties,
10 business properties, agricultural properties,
11 properties owned by private nonprofit organiza-
12 tions, and public infrastructure facilities and
13 properties owned by State and local govern-
14 ments, for which such coverage is made avail-
15 able; and

16 (C) the availability or coverage of such in-
17 surance in any other manner;

18 (4) establish premium rates for coverage that
19 are actuarially based on the risk of wind-caused
20 damage or subsidized premium rates that are less
21 than such actuarially based rates;

22 (5) adjust the availability of Federal loan guar-
23 antees, loan insurance, or direct loans, or Federal
24 construction or disaster relief assistance (under the
25 Robert T. Stafford Disaster Relief and Emergency

1 Assistance Act and other laws), based on the pur-
2 chase of a policy for windstorm insurance; and

3 (6) provide community-based and other incen-
4 tives for participation in the program.

5 (d) CONSULTATION.—In developing the plan required
6 under subsection (a), the Director shall consult with—

7 (1) the heads of any Federal agencies author-
8 ized to provide disaster relief;

9 (2) the chief executive officers of the States and
10 territories of the United States, that suffered signifi-
11 cant losses caused by windstorms occurring after the
12 beginning of 1989; and

13 (3) representatives of private insurers that are
14 withdrawing underwriting capacity from the markets
15 in the States and territories referred to in paragraph
16 (2).

17 **SEC. 4. REPORT.**

18 Not later than the expiration of the 90-day period
19 beginning on the date of the enactment of this Act, the
20 Director shall submit to the Committee on Public Works
21 and Transportation and the Committee on Banking, Fi-
22 nance and Urban Affairs, of the House of Representatives,
23 and to the Committee on Environment and Public Works
24 and the Committee on Banking, Housing, and Urban
25 Affairs, of the Senate, a report containing—

1 (1) the written plan required under section 3;

2 (2) a statement of the amount of disaster as-
3 sistance provided pursuant to the Robert T. Stafford
4 Disaster Relief and Emergency Assistance Act and
5 other Acts during each of fiscal years 1989, 1990,
6 1991, and 1992 for property damage caused by
7 winds from hurricanes, tornadoes, and other wind-
8 storms to residential properties, business properties,
9 agricultural properties, properties owned by private
10 nonprofit organizations, and public infrastructure
11 facilities and properties owned by State and local
12 governments;

13 (3) an estimate of the cost to the Federal Gov-
14 ernment of carrying out the national windstorm in-
15 surance program under the plan, by making cov-
16 erage available only for residential structures;

17 (4) a description of any circumstances or situa-
18 tions that, in the determination of the Director,
19 would be a sufficient basis for making coverage
20 available under the national windstorm insurance
21 program for public infrastructure facilities and prop-
22 erties owned by State and local governments, other
23 residential properties, business properties, agricul-
24 tural properties, and properties owned by private
25 nonprofit organizations.

1 (5) an estimate of the cost to the Federal Gov-
2 ernment of carrying out the national windstorm in-
3 surance program under the plan, by making cov-
4 erage available for residential structures and for
5 public infrastructure and properties owned by State
6 and local governments, other residential properties,
7 business properties, agricultural properties, and
8 properties owned by private nonprofit organizations.

9 (6) an estimate of the effects that implementing
10 the national windstorm insurance program would
11 have on the amount of disaster assistance provided
12 by the Federal Government;

13 (7) an estimate of the effects that implementing
14 the national windstorm insurance program would
15 have on the private insurance industry and the avail-
16 ability of residential and other property insurance
17 and insurance against windstorm damage;

18 (8) a description of any amendments to the
19 Robert T. Stafford Disaster Relief and Emergency
20 Assistance Act and other Acts relating to disaster
21 assistance that would be necessary or appropriate in
22 the event of the implementation of the national
23 windstorm insurance program; and

24 (9) any other information that the Director
25 considers appropriate.

