

A Comprehensive National Catastrophe Plan

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Catastrophes Can Happen Anywhere



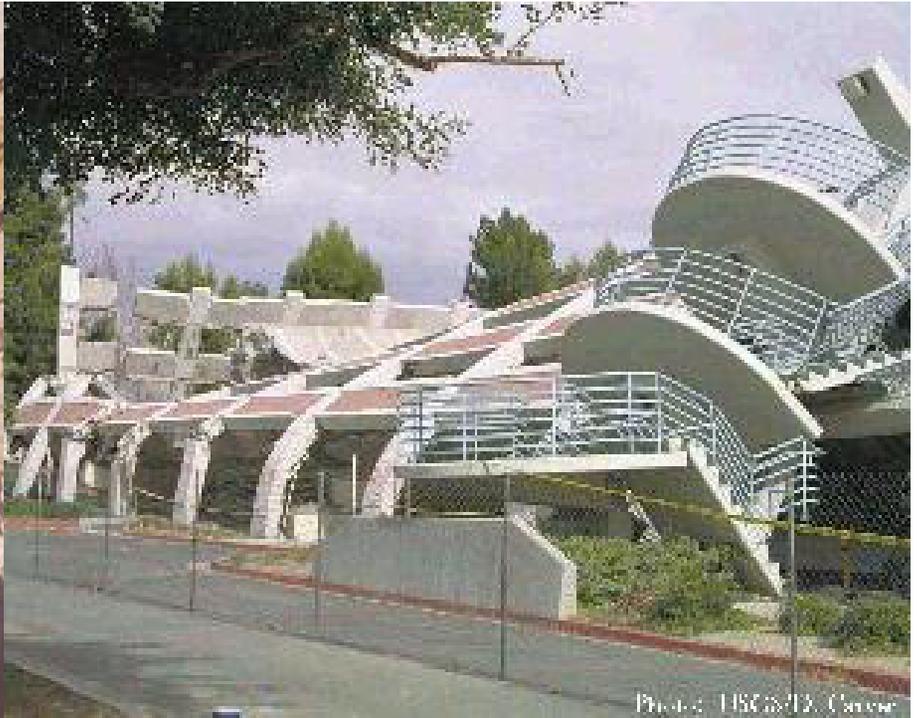


Photo © 1984 by D. Carter

Northridge California 1994



Tsunamis: Alaska and Hawaii



Hurricanes:

New York

D.C.

Virginia

NY – Long Island Express



D.C. - Hurricane Isabel



Virginia - Isabel



Flooding: Fargo North Dakota



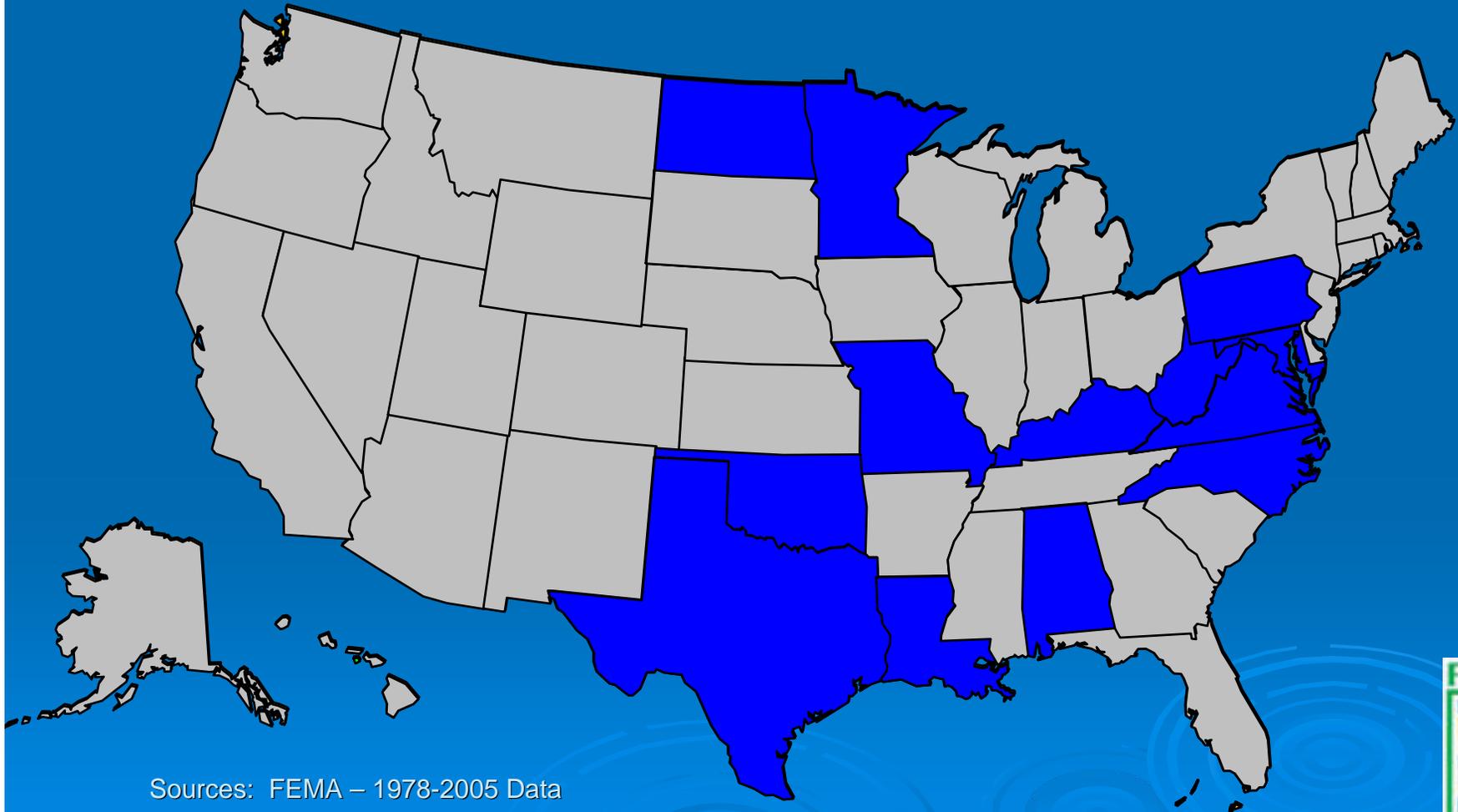
The Entire U.S. is Vulnerable

- Earthquake
- Wind Damage
- Flooding



States With a Disproportionate Risk of:

FLOOD



Sources: FEMA – 1978-2005 Data



US policy is inconsistent

Hurricane:
Covered,
Private Sector,
State Funds



Earthquake:
Optional



Flood:
Subsidized
NFIP





Total Global Capital Catastrophic Risk

- \$55 Billion – Excluding Insurer Retentions
- \$95 Billion – Including Insurer Retentions

Source: 2006 NAIC Catastrophe Insurance
Working Group (CIWG)



Past Catastrophic Events

- \$400 Billion – 1906 San Fran Earthquake
- \$300 Billion – 1938 NY Hurricane
- \$275 Billion – 1811-12 New Madrid
- **\$42 Billion – 2005 Hurricane Katrina**



Creating A Comprehensive National Catastrophe Plan



Around the World



France & Spain have created national risk pools



Switzerland catastrophe risk is mandated



England / Germany / Italy -- no current national catastrophe plan

Source: GAO Report – GAO-05-199



U.S. Plan – Basic Principles

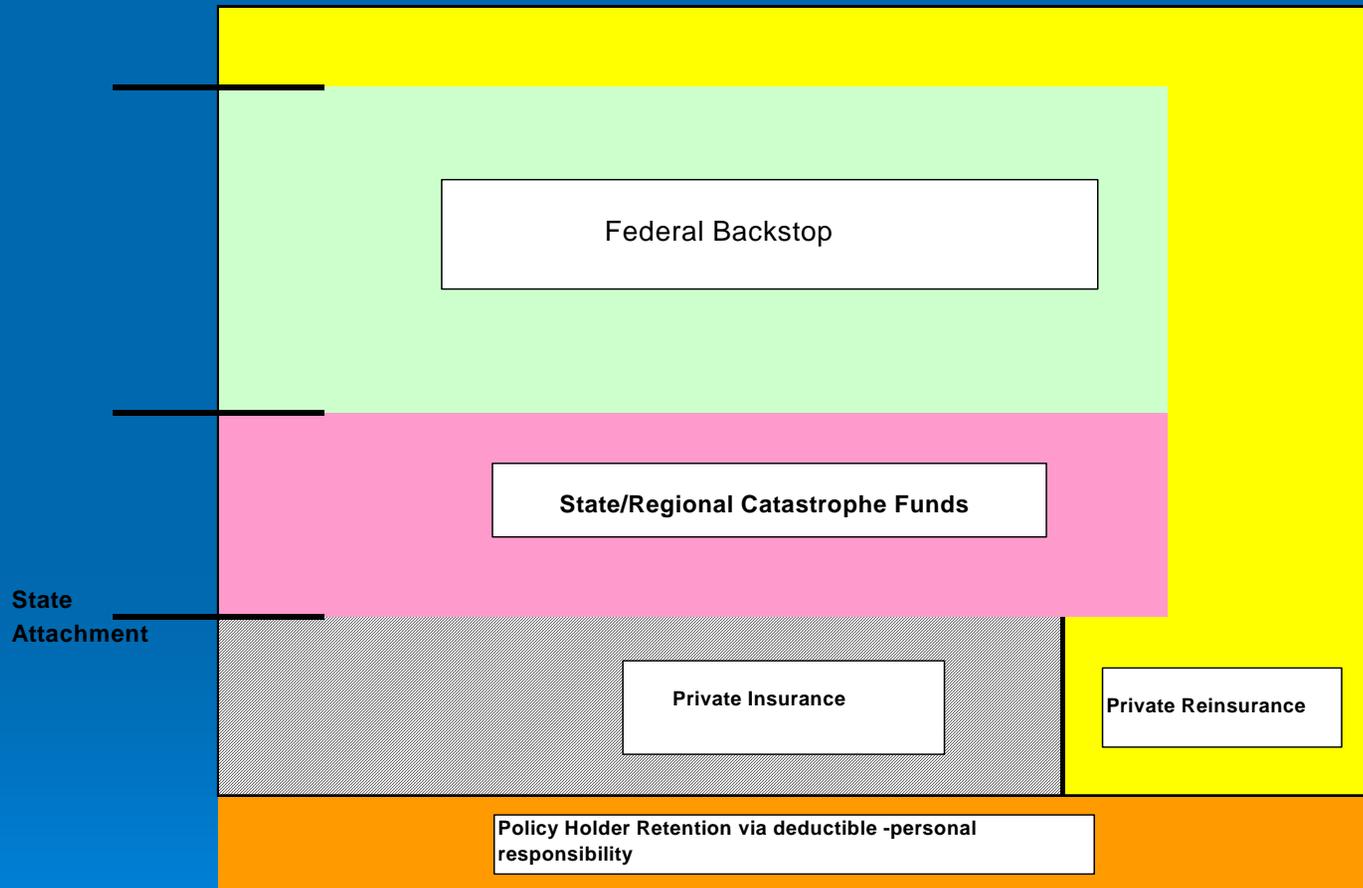
- Promote Personal Responsibility
- Comprehensive Planning
- Maximize Private Sector Commitment
- Certainty at the Federal Level

NAIC National Catastrophe Plan

- Level 1 – Transforming the Risk
- Level 2 – Public/Private Partnerships
- Level 3 – Federal Backstop



The Plan Schematic



NAIC Proposal Timeline

- September 2008 Draft Review
- Conference Call – (C) Property Committee
- June 2009 – Executive Committee
- Incorporated into Federal Legislation



Federal Legislative Proposals

- H.R. 3355 Homeowners Defense Act of 2007

New:

- H.R. 83 Homeowners Protection Act of 2009
- S. 505 Homeowners Defense Act of 2009



Some Interesting Features

- Federal Commission
- Incentives for Mitigation
- National Reserve Fund / Reinsurance
- State / Federal Partnerships
- Mandates Further (GAO) Studies



Other Ideas

- Move Towards an “All-Peril” Policy
- Plain English Checklist
- Restructure / Incorporate NFIP

Final Thoughts

- It is a matter of Economic Security
- Pre-Planning better than Retroactive “Bailout”
- Importance of Partnerships – Federal/State & Public/Private



Thank You

This presentation is available
at the Florida Office of Insurance Regulation Web Site

www.floir.com

