

Preparing and Protecting America from Natural Catastrophes

“The Next Big One: Are We Ready?”

**National Association of Insurance Commissioners
Southeastern Zone**

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The Time to Act is NOW

- › The current system is clearly not meeting the needs of consumers
- › Consumers deserve more protection at lower cost
- › Traditional insurance model inefficient for mega-cats
- › Insufficient capacity exists for events that will occur
- › Unreliable and unstable private reinsurance market
- › More responsible to act before the next crisis
- › Strengthen the Public-Private Partnership at local, state and national levels
- › Leverage our federalism system

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The Consumer Perspective

¥ What this is really all about:

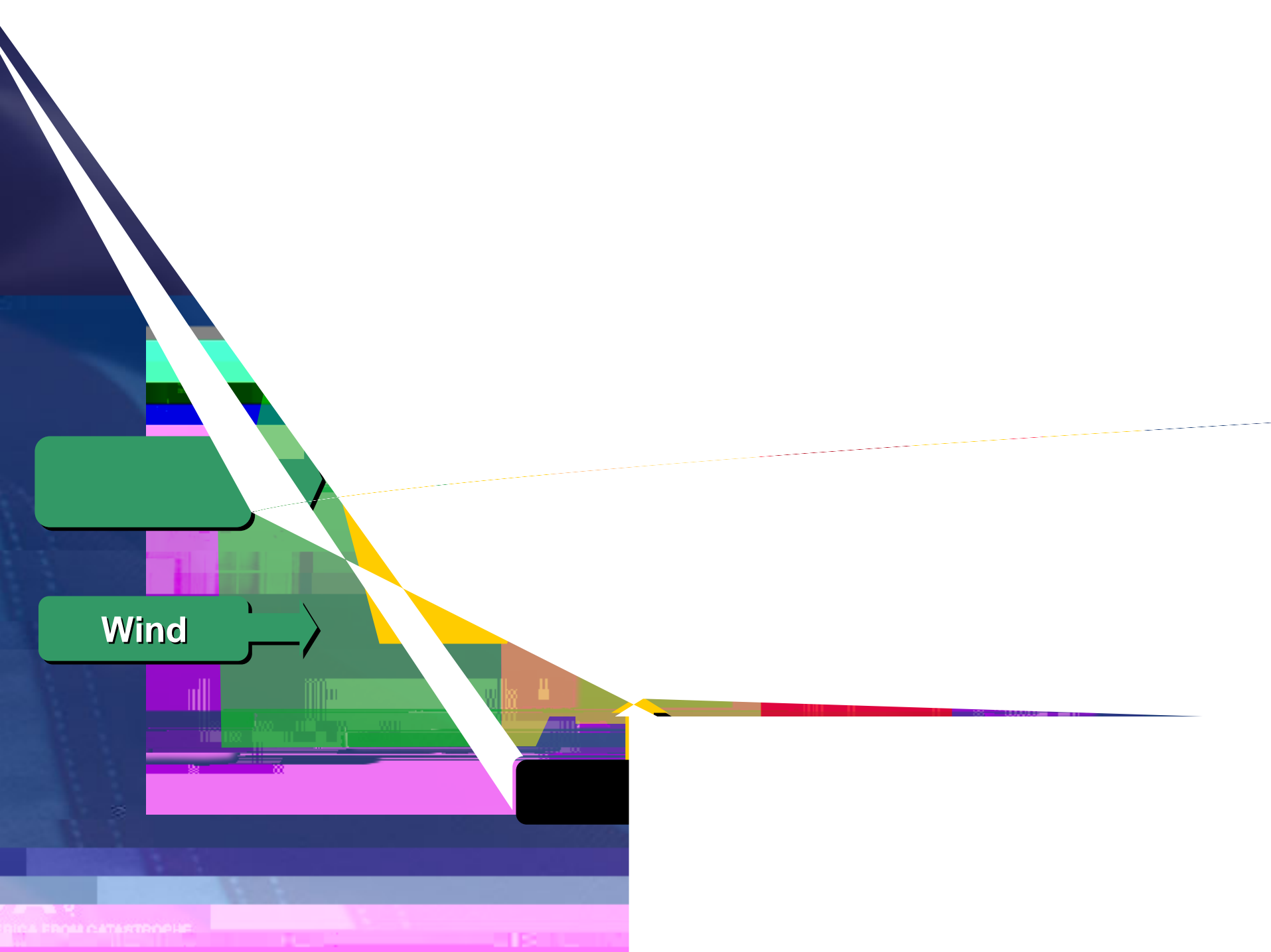
“Saving lives and protecting what people spend their whole lives building”

¥ There is a growing protection gap

¥ Need to be better prepared and more protected

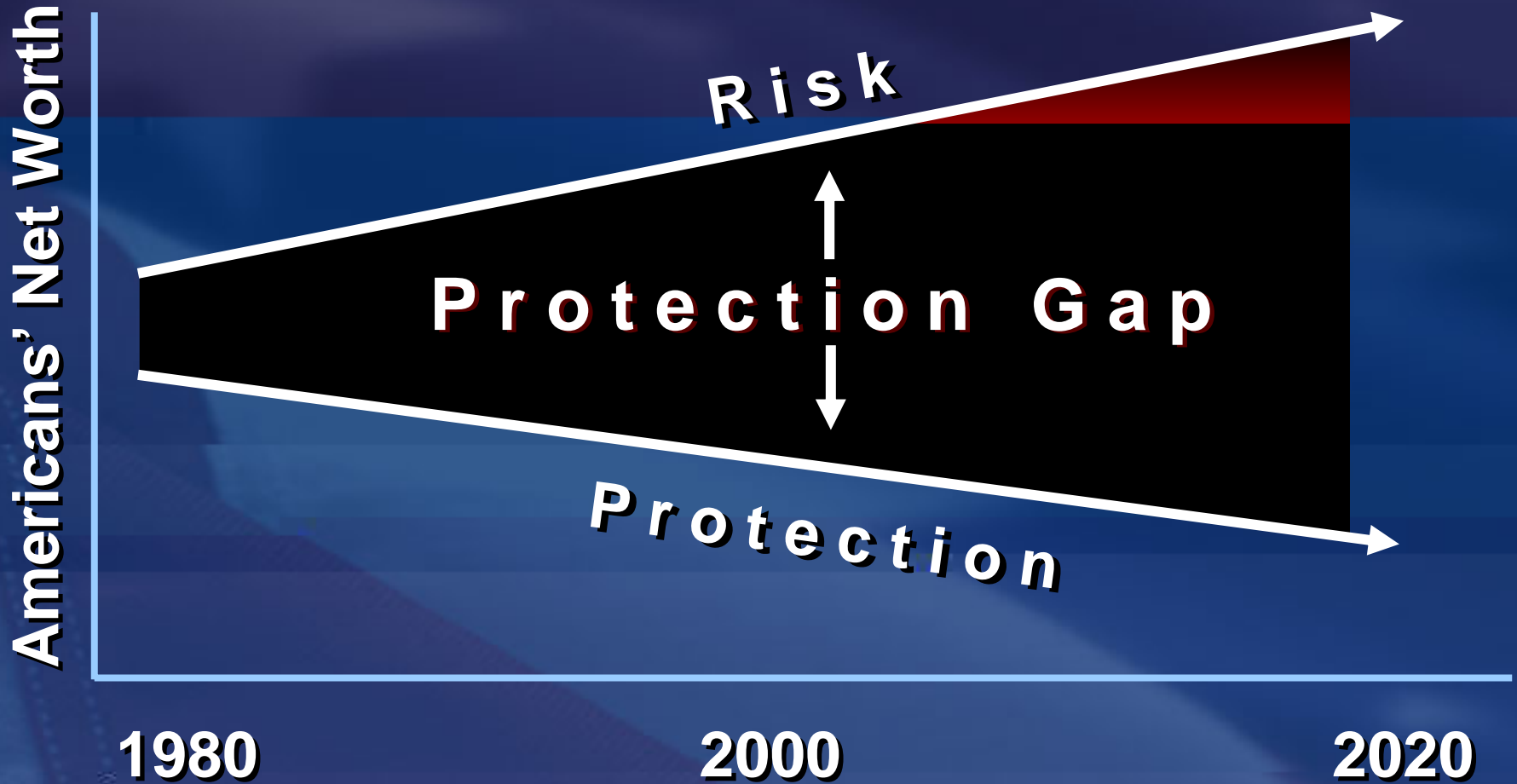
¥ Current system is not working well

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Wind

Protection Gap Is Growing



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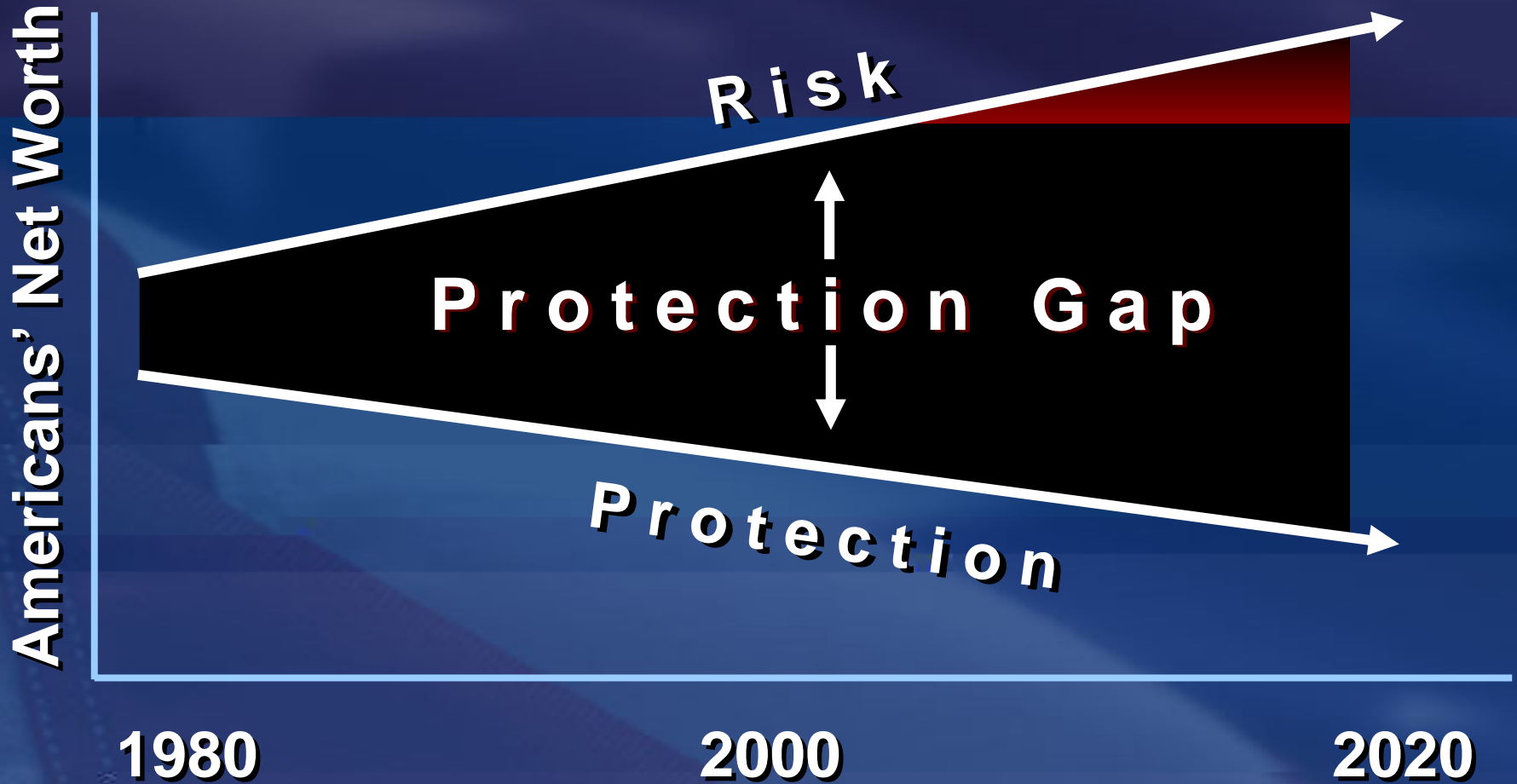
Home Values Soaring

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Protection Gap Is Growing



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What is the answer?

- › The status quo is unacceptable
- › Strengthen the partnership between private and public sectors at local, state and national levels.
- › Optimize public and private sectors and leverage federalism model

A Comprehensive, Integrated Solution

- › Stronger financial protection for consumers at lower cost
- › Improve prevention and mitigation programs
- › Strengthen first responders and improve the process of relief, recovery and rebuilding
- › Consumer education and protection
- › Rigorous oversight and continuous improvement

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A Comprehensive, Integrated Solution that Strengthens the Public – Private Partnership

- › **Stronger financial protection for consumers – integrated state and national financial backstop**

- § **Pre-funded**

- § **Actuarially sound**

- § **Eliminates subsidies**

- **Consumers**
- **Taxpayers**

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A Stronger Public – Private Partnership

- › **Backstop model benefits consumers and taxpayers:**

§ More protection

- **Increases capacity**
- **More stability and certainty**

§ More affordable

- **Non-profit**
- **Tax-exempt**

§ Finances and facilitates other components of the solution

A Comprehensive, Integrated Solution

- › **Better financial protection for consumers ... AND**
- › **Improve prevention and mitigation programs**
- › **Strengthen first responders, improve preparedness and improve the process of relief, recovery and rebuilding**
- › **Improve consumer education and consumer protections**
- › **Create a rigorous process of continuous improvement**

Savings are Real

State	Estimated Savings	Household
NJ	\$ 54 million	\$ 42
TX	245 million	86
LA	39 million	224
WA	344 million	232
CA	3.2 billion	248
FL	4.1 billion	538

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Preparing and Protecting America from Natural Disasters

As the nation's population grows, the number of people living in areas vulnerable to natural disasters increases. The U.S. Department of Homeland Security is committed to protecting the lives and property of Americans from natural disasters. This includes working with state and local officials to develop and implement disaster preparedness and response plans. The Department also works to improve the resilience of our infrastructure, such as bridges, roads, and power lines, to withstand natural disasters. Finally, the Department provides assistance to disaster-stricken areas, including providing emergency relief and helping with the recovery process.

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It's a matter of "When and Where, Not If"

It's Time for Action

- § Strong leadership is needed
- § Encouraging news -- more policymakers are stepping up:
 - NAIC action
 - State action
 - Congressional action

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The Time to Act is Now

- › Many remain in a state of denial
- › Traditional insurance model is not working
- › Relying on guaranty funds is not the answer
- › “Everything is fine, just raise rates and hope for the best” is not the answer
- › Don't need more government; need smarter government

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FEDERAL EMERGENCY MANAGEMENT AGENCY

Time to Act is NOW

- › *“The time to repair the roof is when the sun is shining”*

John F. Kennedy
Second State of the Union Address
January 11, 1962

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Questions and Discussion

www.ProtectingAmerica.org