

Mahoney Helps Pass the Flood Insurance Reform and Modernization Act

(September 27, 2007)

(Washington, D.C.) - Today, Congressman Tim Mahoney (FL-16) helped pass H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007. Mahoney serves on the House Financial Services Committee, where the bill was first approved. H.R. 3121 would reform the National Flood Insurance Program to ensure its continued viability by encouraging broader participation, increasing accountability, eliminating unnecessary federal subsidies, and updating the flood insurance program to meet current needs. Importantly, the bill expands the National Flood Insurance Program to provide a multi-peril policy option that covers both wind and flood risk.

Mahoney said, "The Flood Insurance Reform and Modernization Act not only guarantees viability of the National Flood Insurance Program, it gives homeowners an alternative option to Citizens for windstorm coverage. While this legislation does not address the issue of affordability of coverage, it is a step in the right direction to ensuring that every American has access to windstorm coverage. The Homeowners Defense Act of 2007 introduced by Rep. Klein and myself addresses both the affordability and availability of coverage. Catastrophe insurance is a top priority of this Congress and I look forward to continuing to act to provide much-needed relief to homeowners in Florida and throughout the country."

H.R. 3355, the Klein-Mahoney Homeowners Defense Act of 2007 passed the House Financial Services Committee yesterday with bipartisan support.

Details on the Klein-Mahoney Homeowners Defense Act of 2007:

Title I of the Klein-Mahoney legislation would allow states to responsibly plan for disasters before a catastrophe event occurs. The bill provides a venue for state-sponsored insurance funds to voluntarily bundle their catastrophe risk with one another, and then transfer that risk to the private markets through the use of catastrophe bonds and reinsurance contracts. Following the risk transfer, state-sponsored insurance funds will be better protected and increasingly able to provide services for those who are not able to find insurance on their own.

Title II of the bill creates a National Homeowners Insurance Stabilization Program to provide federal loans to states impacted by severe natural disasters. By doing so, the federal government will be providing the capital needed to begin the rebuilding process. Specifically, the program makes available two types of loans: liquidity loans and catastrophic loans. Liquidity loans would allow a state's catastrophe fund to cover its liability in the event that it is not fully funded. Catastrophic loans would allow state catastrophes fund to cover damages that exceed its liability.

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