

Sun-Sentinel: Bill advances in House to establish national catastrophe insurance

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WASHINGTON - Anxious to bring relief to homeowners before the next hurricane season, the House Financial Services Committee approved a bill on Wednesday to establish a national insurance fund.

For Florida homeowners, the 36-to-27 committee vote was one long step toward a national response to skyrocketing premiums and dwindling insurance options in the wake of a series of hurricanes over the past four years.

For South Florida Congressmen Ron Klein and Tim Mahoney, the main sponsors of the bill, it was a brief personal victory, cause for handshakes and congratulations, a way of showing they are trying to fulfill campaign promises to make insurance affordable.

"This an historic vote, the first time a committee has approved a national catastrophe fund," said Rep. Robert Wexler, D-Delray Beach. "It's the first step in a long journey."

The bill is expected to reach the House floor by early next year.

The House today will consider a separate but related bill that would overhaul the national flood insurance program and give homeowners a chance to add wind-storm coverage. Premiums would be based on the level of risk.

Both the catastrophe-fund bill and the flood-insurance bill are intended to make coverage available in areas prone to natural disasters. The bills are moving on parallel tracks, take a different approach, but are not contradictory. In effect, they potentially give homeowners in vulnerable areas a couple of options.

"I like our approach better, but I'm not saying 'no' to anything that helps people in Florida immediately," said Mahoney, D-Palm Beach Gardens. "I'd rather have two dogs in the hunt. You cannot have too many opportunities. In Florida, we've seen that you can have too few."

Knowing the Bush administration opposes a national fund, the Senate Banking Committee took a more cautious approach by approving a bill to establish a commission to study the issue and recommend ways to make insurance available and affordable.

That is too slow a path for Klein and Mahoney.

"People want action," Klein said. "They don't want a study. They don't want it talked about. They want their insurance premiums reduced. They want competition in the marketplace. They want insurance to be there when they need it."

"There are no short-term fixes here. It's going to take some time to get this thing passed in Congress. But people should know that Congress is listening."

The Klein/Mahoney bill would pool state and federal funds to cover the most costly catastrophes, providing a government backstop to the private insurance market. If insurers face a limited liability, the theory goes, they can charge reasonable premiums.

Florida Republicans on the committee - Tom Feeney from Central Florida and Ginny Brown-Waite from the Gulf Coast - voted for the bill. But most other Republicans voted no, largely because of concerns that taxpayers around the country would prop up residents in risky areas.

Opposition also came from a coalition of environmentalists based in Washington and Delray Beach. The National Wildlife Federation and the Florida Coalition for Preservation warned that the bill could encourage risky development.

"With more development in these environmentally-sensitive areas, the bill could lead to more loss of life, of property, and of wildlife habitat," the groups wrote in a joint letter to the Financial Services Committee leaders.

Despite these objections and many hurdles to come, the bill's backers say they are determined to keep pressing for passage.

"This isn't about Washington," Mahoney said. "This is about people back home who right now can't afford to make the payments."

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