

House Passes Klein-Mahoney Homeowners Insurance Bill

Innovative and Common-Sense Legislation Eliminates Federal Bailouts and Provide Property Owners Relief by Increasing Access and Lowering Insurance Rates

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(WASHINGTON D.C.) - Historic legislation authored by U.S. Reps. Ron Klein (FL-22) and Tim Mahoney (FL-16) that provides a national solution to the growing crisis in the availability and affordability of homeowners insurance passed the U.S. House of Representatives today by a bipartisan vote of 258 - 135. The Homeowners' Defense Act of 2007 creates a national catastrophic program to stabilize the catastrophe insurance market by expanding private industries capacity to cover a natural disaster and helping states to better manage risk. This is not only the first time the U.S. House of Representatives has considered national catastrophe legislation, but is the first time legislation that offers a national solution to the homeowners' insurance crisis has passed the full House.

"Today is a truly historic day in the House of Representatives, and a tremendous victory for homeowners throughout Florida and the United States," said Congressman Ron Klein. "For the first time ever, the House of Representatives passed a national catastrophe plan that will provide critical relief to homeowners by increasing access and affordability to insurance. Congressman Mahoney and I worked diligently to put together a common-sense plan that is innovative, fiscally responsible, and gives states the option to participate. Today I'm proud to say that we delivered."

"I would like to thank Congressman Klein and my colleagues on both sides of the aisle who helped pass this important solution to the homeowners' insurance crisis. This is an unprecedented victory for homeowners struggling to pay their bills. The passage of the Homeowners' Defense Act will give hope to residents in my district from Port St. Lucie to Port Charlotte who have been hard hit by skyrocketing insurance premiums. This fiscally responsible legislation will help states plan for natural disasters to ensure that homes and lives will be rebuilt after a natural catastrophe," said Congressman Tim Mahoney.

[Click Here to Watch Congressman Mahoney's Floor Speech on the Homeowners Defense Act](#)

As tornadoes rip across the plains, hurricanes penetrate the East Coast, and wildfires scorch throughout California, rising insurance premiums are being felt by more and more homeowners throughout the United States. The rising costs resulting from natural disasters have placed a significant strain on many homeowners, jeopardizing the ability of our families to protect what is traditionally their most valuable asset, their home.

For these reasons, Klein and Mahoney introduced the Homeowners' Defense Act of 2007 earlier this year, and the House Financial Services Committee passed the legislation at the beginning of October. 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. By utilizing new strategies and an innovative capital market approach, the bill allows investors to assume some of the risk currently held by the states, in return for an interest payment. The bill also provides for loans that could be extended to any state that faces a significant financial shortfall following a natural catastrophe. These common-sense provisions will ensure that states are able to

provide for their citizens in the wake of a devastating event.

Senators Hillary Rodham Clinton and Bill Nelson introduced identical legislation in the Senate on Tuesday.