HOUSE CONCURRENT RESOLUTION

URGING HAWAII'S CONGRESSIONAL DELEGATION TO SUPPORT AND SECURE PASSAGE OF FEDERAL LEGISLATION ESTABLISHING A CATASTROPHIC REINSURANCE FUND TO SUPPORT STATE EFFORTS TO KEEP HOMEOWNERS' DISASTER INSURANCE AFFORDABLE.

WHEREAS, the cost of housing in Hawaii continues to increase, and the cost of insurance necessary to secure a mortgage to buy a home in Hawaii is increasing at the same pace; and

WHEREAS, in response to Hurricane Iniki, the Legislature established the Hawaii Hurricane Relief Fund to ensure that hurricane insurance would remain available and affordable if the private market proved unreliable; and

WHEREAS, after Hurricane Andrew in 1992 and the collapse of Florida's insurance market, state officials began proposing some kind of federal backstop; and

WHEREAS, the message the states took to the United States Congress was that no one in America is immune to natural catastrophe and nearly every property owner could benefit if the federal government implemented a catastrophic insurance fund to spread the liability for the worst of disasters; and

WHEREAS, relieving private insurers of the vast uncertainty of covering the worst natural disasters will encourage more capital investment in the market, will bring more insurers into the market, and competition will cause prices to stabilize or drop; and

WHEREAS, states that are not regularly exposed to the risk of natural disaster did not support federal catastrophic fund legislation and Congress failed to act; and

WHEREAS, more than a thousand Gulf Coast residents lost their lives in Hurricanes Katrina and Rita in 2005, tens of thousands were left homeless, and hurricanes, earthquakes, tornadoes, and other natural disasters continue to pose a threat to every corner of America; and

WHEREAS, all taxpayers are paying for the recovery efforts in the Gulf and, while Florida may be hit by hurricanes and California by earthquakes, homeowners across the nation will face ever growing insurance premiums because of these huge disasters and the evermore interdependent national economy; and

WHEREAS, pending federal legislation encourages states to create catastrophic funds by providing a federal backstop for those that do in the form of lower-cost reinsurance to the state catastrophic funds, thus reducing the cost of homeowners' insurance to those around the country; now, therefore,

BE IT RESOLVED by the House of Representatives of the Twenty-third Legislature of the State of Hawaii, Regular Session of 2006, the Senate concurring, that Hawaii's congressional delegation is urged to support and secure passage of federal legislation establishing a catastrophic reinsurance fund to support state efforts to keep homeowner's disaster insurance affordable; and

BE IT FURTHER RESOLVED that the state Insurance Commissioner is requested to work together with counterparts from other states and the National Association of Insurance Commissioners to support and secure passage of the federal legislation; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to each member of Hawaii's congressional delegation and the state Insurance Commissioner.

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