

For Immediate Release

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**Americans for Smart Natural Catastrophe Policy Applauds
House Homeland Security Committee Chairman Thompson's
Introduction of Homeowners Mitigation Legislation**

Washington, D.C., July 1, 2008 – Americans for Smart Natural Catastrophe Policy, a national coalition of environmental, consumer, taxpayer, free market and insurance organizations, today announced its support for H.R. 6424, the Property Mitigation Assistance Act, which was introduced last week by the Chairman of the U.S. House of Representatives Committee on Homeland Security, Representative Bennie Thompson (D-MS).

Chairman Thompson's Homeowner's Property Mitigation Assistance Act (H.R. 6424) establishes a homeowner mitigation loan program within the Federal Emergency Management Agency to promote pre-disaster property mitigation measures. Americans for Smart Natural Catastrophe Policy will urge Congress to enact this critically important legislation, which will help people who already live in areas vulnerable to catastrophic storms to take proactive steps to protect their property.

With hurricane season recently commencing and 15 named storms projected during 2008, the threat of disaster will only rise over the next several months. Congress urgently needs to enact natural catastrophe policy that will protect the lives and property of coastal residents, without placing the burden on American taxpayers or harming the environment.

"Save for a few minor storms, Florida, the Gulf Coast and the Eastern seaboard have enjoyed two years of topical tranquility without a single hurricane," said David Conrad, Senior Water Resources Specialist at the National Wildlife Federation, a member organization of Americans for Smart Natural Catastrophe Policy. "With many experts saying that a major hurricane may make landfall somewhere along America's coast this year," Conrad continued, "don't expect such good fortune to continue. In fact," Conrad added, "storms will only get more intense, sea levels will continue to rise and the threat of flooding will continue to loom. The time is now," Conrad concluded, "to urge lawmakers to adopt sounder natural catastrophe policies."

A recent study by The University of Pennsylvania's Wharton School's Risk Management and Decision Processes Center found that homeowners in residences built to wind-resistant standards experienced 60 percent fewer damage claims. Even when damage could not be avoided, wind-resistant building practices reduced the damage homeowners experienced by more than 40 percent. The Institute of Business and Home Safety has estimated that every dollar invested in mitigation yields four to seven times that amount in savings. Furthermore, a recent study by the Multihazard Mitigation Council reinforced that notion showing that each dollar spent on mitigation saves society an average of four dollars, with positive benefit-cost ratios for all hazard types studied.

Commenting on Chairman Thompson's proposals, Eli Lehrer, Senior Fellow with the Competitive Enterprise Institute, another member organization of Americans for Smart Natural Catastrophe Policy, said, "We know that mitigation works and this bill looks like a step in the right direction. In the long term, risk-based insurance rates in the private market will provide the

best possible support for mitigation. For now, however, this bill looks like a major step in the right direction.”

Americans for Smart Natural Catastrophe Policy cited Chairman Thompson’s bill as an environmentally-responsible and fiscally-sound alternative to H.R. 3355, the Homeowners’ Defense Act, which would create a federal natural catastrophe backup fund, and to the Taylor Amendment to H.R. 3121, the Flood Insurance Reform and Modernization Act, which would add wind coverage to the National Flood Insurance Program. Both H.R. 3355 and H.R. 3121 passed the House in 2007. The coalition endorsed Chairman Thompson’s approach because it serves to promote public safety without creating a massive federal bailout program or financially overwhelming the National Flood Insurance Program (NFIP).

Americans for Smart Natural Catastrophe Policy strongly opposes legislative proposals, such as the House-passed H.R. 3355 and the Taylor Amendment to H.R. 3121, that would encourage people to build homes in hurricane-prone, environmentally-sensitive areas by creating new programs to directly or indirectly subsidize their homeowner’s insurance. Proposals calling for the federal government to play a new and expanded role in natural catastrophe insurance would cost Americans throughout the country tens of billions of their tax dollars to subsidize homeowners living in Florida and other hurricane prone states. These proposals undermine public safety by giving individuals an incentive to build homes in coastal areas that may be increasingly at risk given the potential for adverse effects of climate change. Moreover, adding wind coverage to the NFIP, a program that is already \$18 billion in debt, would unnecessarily burden all taxpayers by using their tax dollars to subsidize homeowners in catastrophe-prone, environmentally-sensitive areas, and ultimately discourage the provision of wind insurance by the private sector.

Commenting on Chairman Thompson’s proposal, Thomas Schatz, President of the Council for Citizens Against Government Waste, also a member organization of Americans for Smart Natural Catastrophe Policy, said, “It’s encouraging to see a more responsible approach to natural catastrophe legislation that encourages coastal residents to strengthen their homes, rather than expand already insolvent government programs that will ultimately victimize coastal residents and American taxpayers even further.”

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About Americans for Smart Natural Catastrophe Policy

Americans for Smart Natural Catastrophe Policy is a national coalition made up of a diverse set of voices united to support environmentally-responsible and fiscally-sound approaches that promote public safety. The Coalition strongly opposes legislative proposals that encourage people to build homes in hurricane-prone, environmentally-sensitive areas by creating new programs that directly or indirectly subsidize their homeowner’s insurance.

This spring, a letter was sent to all 100 members of the U.S. Senate urging opposition to any amendments to expand the National Flood Insurance Program (NFIP), which already is \$18 billion in debt, to include wind damage or to create new federal natural catastrophe loan, insurance or reinsurance programs. Those signing the letter were: Consumer Federation of America, American Consumer Institute, Defenders of Wildlife, Environmental Defense, Friends of the Earth, National Wildlife Federation, Republicans for Environmental Protection, Association of State Floodplain Managers, Americans for Prosperity, Council for Citizens Against Government Waste, Competitive Enterprise Institute, FreedomWorks, Taxpayers for

Common Sense, Association of Bermuda Insurers and Reinsurers, Reinsurance Association of America, and Professional Insurance Agents.

To learn more about the Coalition and its members, or to access information and research studies about the legislation, visit www.smartnatcat.org.