

NAR DISASTER POLICY WORK GROUP

Charge:

1. Conduct more in-depth research and analysis into the following issues raised by the Insurance Committee:
 - a. *How could Congress structure natural disaster legislation to assure “all-perils” insurance?* Previous bills have offered what can be described as a “line of credit” for large losses if the state or private market agrees to provide insurance coverage.
 - b. *If proposals rely on state participation, how could Congress ensure there is disaster insurance coverage in non-participating states?* To qualify under some proposals, each state must first create its own “all perils” insurance program and charge actuarial rates. It is unclear how many states would have the capacity for this.
 - c. *Should Congress consider a property insurance mandate for natural disaster coverage?* Without a requirement to participate, many property owners will opt out of insurance until only the highest risks remain. As a result of this “adverse selection,” risk-based premiums could become too expensive for the average household, resulting in a premium base that is not broad enough to cover catastrophic-loss years. Whether NAR would support such a requirement is a question that should also be considered.
 - d. *How does Congress design a natural disaster program that complements the National Flood Insurance Program?* Previous bills excluded flooding because its unique challenges would complicate program design.
 - e. *How does Congress complement natural disaster insurance with mitigation?* All the experts who met with the work group agreed that mitigation loans, grants and buyouts would be necessary to help keep insurance rates affordable. However, the existing federal programs would need to be expanded and streamlined.
2. Report back to the Committee with recommendations for NAR policy.

Members:

- David McKey, LA - Chair
- Chris McElroy, CO
- Donna Smith, NC
- Frank Kowalski, FL
- Gary Thomas, CA
- Greg Larson, ND
- John Sebree, MO
- Linda St. Peter, CT
- Matt Meister, NE
- Mike Schoonover, WA
- Nancy Riley, FL