NAR Issue Summaries

Insurance / Natural Disaster Policy

NAR Committee:

Insurance Committee

What is the fundamental issue?

Insurance companies have been raising rates or reducing coverage in high-risk areas to address the rising costs of insuring and replacing homes due to natural disasters. NAR supports the development of federal disaster public policies that proactively reduce the risk of property damage and, consequently, insurance rates in high-disaster-risk areas.

I am a real estate professional. What does this mean for my business?

Without adequate insurance, property owners must turn to the federal government for taxpayer-funded disaster assistance, which typically means a low-interest SBA loan that must be repaid with the mortgage.

NAR Policy:

NAR supports the development of federal disaster policies that meet the following principles:

1. Pre-disaster prevention, preparedness, and the proactive reduction of risk should be emphasized, but post-disaster emergency assistance included;
2. Private insurance markets should be promoted to assume more risk;
3. Premiums should align with property specific risk and not include major surcharges, assessments or cross subsidies;
4. Higher building codes and ordinances should be encouraged that avoid costly property damage;
5. Pre-disaster mitigation assistance should be provided to current homeowners; and
6. Full transparency, disclosure and mapping is required for informed real estate decisions.

Opposition Arguments:

Opponents assert that taxpayers are being asked to bailout people who choose to live in harm's way. Yet, many people made those decisions before hazard information became available and now must rely on federal disaster relief until more proactive public policies can be established.

Legislative/Regulatory Status/Outlook

NAR has adopted a multi-bill strategy to advance the natural catastrophe policy debate, including:

- Supporting federal assistance and incentives for proactive risk mitigation projects;
- Promoting the full transparency, disclosure and mapping of natural disaster risks; and
- Clarifying insurance coverage under the NFIP where there is wind versus flood damage.

500 New Jersey Avenue, NW
Washington, DC 20001
(800) 874-6500
nar.realtor

NAR will continue to raise the profile of the issue and support the adoption of forward-looking disaster policies.

Current Legislation/Regulation (bill number or regulation)

The Congressional authorizing committees have not introduced legislation at this time.

Legislative Contact(s):

Austin Perez, aperez@nar.realtor, 202-383-1046

Regulatory Contact(s):

Austin Perez, aperez@nar.realtor, 202-383-1046