

1 WHEREAS, private insurers shift the increased cost of reinsurance along to their
2 policyholders, which results in higher primary property insurance premiums throughout the
3 Gulf Coast; and

4 WHEREAS, the pooling of risks through a regional catastrophe fund would make
5 the overall risk more stable, which would increase the attractiveness of that risk to the
6 reinsurance market, thereby reducing the cost of reinsurance; and

7 WHEREAS, the states along the Gulf Coast are susceptible to intense hurricanes and
8 have limited options of appropriately dealing with the increases in property insurance
9 premiums after a devastating storm; and

10 WHEREAS, it is necessary to intervene and prevent post-catastrophe market failures
11 that result in significant increases in property insurance premiums; and

12 WHEREAS, a multistate catastrophe fund would allow states to reduce the
13 uncertainty associated with catastrophe losses, which would enable them to plan for the
14 future more effectively; and

15 WHEREAS, this nontraditional alliance with other Gulf Coast states would take
16 advantage of the geographic and economic benefits of pooling resources, which would allow
17 these states to establish a cooperative catastrophic risk management plan; and

18 WHEREAS, a regional catastrophe fund would also allow states along the Gulf Coast
19 to refocus attention on pre-event planning and mitigation instead of a strict reliance on
20 disaster response and recovery; and

21 WHEREAS, a regional catastrophe fund compact would provide a multistate
22 catastrophe funding mechanism to contribute to the cost of recovery and rebuilding after a
23 catastrophe; and

24 WHEREAS, a regional catastrophe fund would allow states to pool their risks and
25 resources in a tax-advantaged fund to help ensure the availability, accessibility, and
26 affordability of insurance throughout the Gulf Coast.

27 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
28 urge and request the House Committee on Insurance to meet and investigate the feasibility
29 of establishing a regional catastrophe fund to pool property insurance risks and other state
30 resources to reduce insurance premiums throughout the Gulf Coast region and to report its

- 1 findings to the House of Representatives prior to the convening of the 2008 Regular Session
- 2 of the Legislature.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

Hutter

HCR No. 175

Requests the House Committee on Insurance to investigate the feasibility of establishing a regional catastrophe fund to pool property insurance risks and other state resources to reduce insurance premiums throughout the Gulf Coast region. Requests a report of its findings prior to the 2008 R.S.