



Property Casualty Insurers  
Association of America  
Shaping the Future of American Insurance

**Contact:** Cliston Brown  
**Phone:** 847-553-3671  
**E-Mail:** cliston.brown@pciaa.net

## FOR RELEASE ON RECEIPT

July 30, 2010

# House Pulls Multiple Peril Bill From Consideration Again

WASHINGTON—The Property Casualty Insurers Association of America (PCI) is pleased that the House of Representatives has once again pulled H.R. 1264, the Multiple Peril Insurance Act, from consideration. The Obama Administration, environmental interests, consumer advocates, taxpayer watchdogs, the business community and insurers all oppose this short-sighted bill.

"The proposed Multiple Peril Insurance Act is not only unnecessary, but also harmful to consumers and the marketplace, at a time when our economy is still struggling," said Tom Litjen, PCI's vice president, federal government relations. "This misguided legislation would harm the U.S. jobs market and potentially add billions of dollars to the federal deficit."

Home, auto and business insurers are strongly opposed to this proposal to expand the National Flood Insurance Program (NFIP) to include windstorm insurance coverage. Replacing portions of the private marketplace with government insurance is likely to impose tens of billions of dollars in additional taxpayer losses while causing thousands of private sector job losses that would be forced out through competition with an untaxed, unregulated government competitor. PCI has determined that over \$25 billion in private capital from homeowners insurance premium is allocated to the wind peril every year. A government takeover of this private homeowners insurance market is estimated to have the following effects:

### **Crushing Impact on U.S. Jobs Market**

- PCI estimates that up to 41,775 private sector jobs could be lost or moved to Washington, D.C. This is the equivalent of \$2.6 billion in lost wages that would be removed from the economy or shifted from local communities to federal government jobs.

### **Billions Added to Federal Deficit; Obama Administration Opposes**

- The Obama Administration opposes the bill and has issued an official Statement of Administration Policy that "expanding NFIP to cover windstorm insurance would unnecessarily duplicate available insurance products and could 'crowd out' such products where they are offered, while offering little to no savings to the American public [at] a time when the NFIP is already facing serious challenges ... ."
- State and federal governments could lose approximately \$22.1 billion in premium taxes as well as income taxes and municipal bond investments from private insurance companies.
- The National Flood Insurance Program (NFIP) is already struggling with \$18.2 billion of debt (without windstorm coverage), which is a significant burden on the program. The interest alone on this debt costs the NFIP more than \$900 million a year, none of which goes to pay back any of the principal.
- The Federal Emergency Management Agency (FEMA) does not support adding windstorm coverage to the NFIP, citing concerns that this would threaten the long-term viability of the program. Secretary of Homeland Security Janet Napolitano has also expressed opposition to the multiperil proposal.

### **Environmental, Consumer, Taxpayer and Business Groups Object**

- Environmental groups have expressed major concerns that this legislation would create incentives for more development in environmentally sensitive coastal areas, leading to increased damage to wildlife habitat, wetlands and coastlines.
- In a July 20, 2010, letter to the U.S. House of Representatives, groups including the Environmental Defense Fund, National Wildlife Federation and Sierra Club all urged lawmakers to reject this proposal to add windstorm coverage to the NFIP.
- The Consumer Federation of America opposes the Multiple Peril Insurance Act as it would hurt consumers by forcing greater taxpayer subsidies and providing developers with more incentives to build unsafe structures.
- Taxpayer advocate groups such as Americans for Prosperity and Americans for Tax Reform continue to sound the alarm by pointing to the billions of taxpayer dollars needed to add windstorm coverage to the NFIP.
- The U.S. Chamber of Commerce also opposes H.R. 1264 as the proposal threatens the jobs market and the availability of windstorm insurance coverage in the private market.

PCI fully expects the bill's sponsor, Rep. Gene Taylor (D-Miss.) to continue pushing for this bill when Congress returns from recess, and urges Congress to reject it.

"The fact that the Obama administration and so many consumer, taxpayer and business groups are united in opposition to this bill speaks volumes," Litjen said. "We are glad to see that the support was not there for the bill at this time, and we hope that remains the case after the August recess."

PCI is composed of more than 1,000 member companies, representing the broadest cross-section of insurers of any national trade association. PCI members write over \$180 billion in annual premium, 37.4 percent of the nation's property casualty insurance. Member companies write 44 percent of the U.S. automobile insurance market, 30.7 percent of the homeowners market, 35.1 percent of the commercial property and liability market, and 41.7 percent of the private workers compensation market.

###