

SMARTER AND SAFER: REFORMING NATURAL DISASTER POLICY

With hurricanes getting stronger and federal resources stretched to the limit, the need to reform America's natural disaster policies is growing increasingly urgent.

For decades, federal natural disaster policies have incentivized construction in hurricane-prone, environmentally sensitive areas. It's time to update these policies to emphasize smart mitigation measures and to end subsidies that encourage risky behavior.

In this era of change, Congress has a unique opportunity to make America's natural disaster policies smarter and safer.

Instead of subsidizing construction in hurricane-prone areas, Congress should protect homes and businesses by passing measures like the Property Mitigation Assistance Act – H.R. 1239. In so doing, Congress will significantly soften the financial impact of catastrophic storms and reduce the need for large taxpayer-funded clean-up efforts in their wake. Indeed, studies have shown that every dollar spent on mitigation saves society about \$4.

But these efforts will only be effective if lawmakers put an end to the kinds of policies that have resulted in large-scale development in hurricane-prone zones, including the ill-conceived risk management programs that encourage people to live in these areas.

Spending millions of dollars on mitigation policies is pointless if natural disaster policies continue to encourage risky behavior.

As such, Congress must stop S. 886, the Catastrophe Obligation Guarantee Act (COGA), from advancing. COGA would create a new federal bailout program designed to benefit one state at the expense of ALL federal taxpayers. COGA is an open-ended post-disaster debt guarantee bailout program for fiscally insolvent state homeowner's insurance and reinsurance programs. One state alone overwhelming benefits from this measure – Florida.

By putting the full faith and credit of the United States behind Florida's homeowners' insurance and reinsurance programs, COGA protects initiatives that are (1) not actuarially sound, (2) allow building in environmentally fragile and unsafe areas, and (3) place pre-disaster mitigation efforts on the backburner.

With Americans increasingly tired of government bailouts, organizations from across the ideological spectrum – environmental groups, consumer advocates, emergency managers, free market think tanks and taxpayer groups – have formed **SmarterSafer.org: Americans for Smart Natural Catastrophe Policy**. Our coalition believes the Federal government should help safeguard homes against hurricanes. At the same time, we oppose proposals that subsidize coastal homeowners' insurance policies and create moral hazards that incentivize building homes in hurricane-prone, environmentally sensitive areas.

By blocking policies that waste taxpayer dollars and passing measures that reduce the impact of catastrophic events on taxpayers, Congress can create a smarter and safer approach to dealing with natural disasters.