

Resolution No. 5

Date: February 6, 2007

City: Orlando, Florida

NAHB Resolution

Title: Property and Casualty Insurance
Original Sponsor: Property Insurance Task Force

WHEREAS, home buyers in the United States depend on the availability of affordable property and casualty insurance in order to qualify for and secure a loan for the purchase of a home;

WHEREAS, since 2000 the average expenditure on U.S. home owner's insurance has increased by 48 percent and increases have been several times higher for many home owners in areas hit by recent hurricanes, which has significantly reduced housing affordability;

WHEREAS, the cost of property and casualty insurance is escalating at an even higher rate for multifamily properties and housing in areas where the risk of catastrophic damage from natural disasters is considered higher;

WHEREAS, seven of the 10 most costly natural disasters in the U.S. have occurred within the past four years, causing insurance companies to dramatically increase the cost of property and casualty insurance, increase the deductible for windstorm and earthquake damage and/or cease writing insurance in areas that have experienced catastrophic damage;

WHEREAS, events like Hurricane Andrew and the Northridge Earthquake, and more recently Hurricanes Katrina and Rita, have caused the reinsurance industry, which has traditionally been used to spread the risk assumed by individual insurance companies, to either reduce the availability or greatly increase the cost of reinsurance;

WHEREAS, catastrophic losses are not limited to California and the coastal states and have occurred in many non-coastal states in recent years and are expected to occur in the future;

WHEREAS, a mega-catastrophe could result in \$100 billion or more in damage that would exceed the capacity of private insurance and state catastrophe funds and require either a massive bailout by the federal government or greatly limit the ability of home owners and other property owners to rebuild; and

WHEREAS, the rapidly escalating cost of property and casualty insurance, reduced availability and higher cost of reinsurance, and inability of private insurance and state catastrophe funds to cover the damage from a mega-catastrophe threaten the ability of the U.S. to provide affordable housing for its citizens and rebuild quickly after natural disasters,

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders work with Congress to find a national solution to ensure the long-term availability of affordable and comprehensive property and casualty insurance to help home owners and multifamily property owners rebuild after catastrophic natural events in the United States.

Board of Directors Action:

Joint Executive Board Action:

Resolutions Committee Action:

Building Product Issues Committee Action:

Federal Government Affairs Committee Action:

Housing Finance Committee Action:

State & Local Government Affairs Committee Action:

Multifamily Board of Trustees Action:

Construction, Codes & Standards Committee Action:

Property Insurance Task Force Action:

Approved

Recommends Approval

Recommends Approval

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