

## Question we can't afford to dismiss

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James Lee Witt, who was director of the Federal Emergency Management Agency under the Clinton administration, recently came to Galveston to see the damage from Hurricane Ike. He asked this question: Do you think you'll be able to afford insurance five years from now?

It's a question that ought to interest every property owner in Galveston County.

Witt is now co-chair of Protecting America, an organization advocating for creation of catastrophe funds at the state and national level.

His argument is simple and straightforward. The nation lacks the financial tools to quickly recover from natural disasters, such as hurricanes.

The current tools chiefly involve private insurers and federal assistance. As many Galveston County residents have learned, the current tools have some limitations.

Different states have set up funds with different kinds of disaster in mind. In California, earthquakes are the big threat. In Florida, the concern is about hurricanes.

Florida set up a state catastrophe fund as a way to control the cost of reinsurance. Part of the premiums paid by homeowners go into the fund, which is allowed to grow without being taxed. Insurance companies can tap into the fund to pay claims only if a catastrophe exceeds a certain level.

If several states created such catastrophe funds, they could pool the risk. State funds would be able to tap into a national fund in the event of the proverbial once-in-every-200-years catastrophe.

The catastrophe funds could offer many advantages. They could offer funds to first responders. They might offer public institutions — such as school districts — a source of funding to protect, say, flood-prone schools before a disaster occurs.

But the chief advantages of such a fund would be the availability and affordability of insurance.

Witt and his colleagues estimate that homeowners' premiums could be reduced by almost \$10 billion across the nation. The group estimated that property owners in Texas would save \$735 million, about \$106 per household.

Millions of Americans, including residents of Galveston County, live in areas prone to some kind of natural disaster. If they want to make sure they have access to affordable insurance, they'd better push for a national plan.

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