

**Admiral James M. Loy, National Co-Chair**  
Former Deputy Secretary, Department of Homeland Security  
Commandant, U.S. Coast Guard (Retired)

**James Lee Witt, National Co-Chair**  
Former Director, Federal Emergency Management Agency  
Former Chief Executive Officer, International Code Council

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### **Catastrophe Experts Praise Bipartisan Efforts to Prepare and Protect American Families**

America's leading catastrophe response and recovery experts hailed the bipartisan action of the House Financial Services Committee which today marked up and reported the Homeowners' Defense Act (H.R. 2555) a bill that would help ensure that individuals and communities devastated by natural catastrophes have the resources necessary to repair, rebuild and recover in the aftermath of massive hurricanes, earthquakes or other natural events.

"Moving this bill is a major step toward the establishment of a comprehensive and integrated state and federal, public and private national program to improve the way that American families are prepared for and protected from massive natural catastrophes," said James Lee Witt, former director of the Federal Emergency Management Agency and co-chair of ProtectingAmerica.org.

"This bill responds to the looming threats that our families and our nation face from hurricanes along the Gulf and Atlantic coasts as well as from replays of the devastating earthquakes that have rocked the Midwest and the West Coast," Witt said.

The potential for massive natural catastrophes in America is enormous. Nearly 6 in 10 American families now reside in areas that have been rocked by earthquakes or stuck by major hurricanes.

"Few places in America are immune from natural catastrophe. While most everyone is aware of the threat Earthquakes pose to California, some of the largest earthquakes to hit the lower 48 states shook the ground in the early 1800's from Mississippi to Michigan and from Pennsylvania to Nebraska. Devastating hurricanes ripped along the mid-Atlantic coast throughout the 20th century and we are still recovering from the storms that plagued our southern states in the past few years," said Admiral James M. Loy, former deputy secretary of the US Department of Homeland Security and also a co-chair of ProtectingAmerica.org.

"Moving this bill from committee today is a credit to the leadership of Chairman Barney Frank, the bill's prime sponsor, Ron Klein, and to the Democrats and Republicans who sent a clear signal that they recognize the urgent need to protect our families before the next catastrophe strikes," he added.

"We are hopeful that the support shown for this bill today will compel action by the full House and Senate as quickly as possible," Witt said.

"The fact that the bill was supported by a broad spectrum of Democrats and Republicans from states across the nation is an indication that Congress, as a whole, has come to recognize that the current system of taxpayer bailouts following catastrophic events simply cannot be sustained," said Bradley S. Brewster, executive director of ProtectingAmerica.org.

The financial backstop provided in the Homeowners' Defense Act would begin to curtail the taxpayer funded post-event bailouts by creating a program that stands behind insurer-funded state catastrophe funds and would provide those funds with liquidity should those funds be exhausted following a massive event. Any federal funding for the program would have to be repaid by the insurer-funded state programs.

Brewster noted that the active support of the American Red Cross, the National Association of REALTORS<sup>®</sup> and the International Association of Fire Chiefs, in addition to an active lobbying campaign by ProtectingAmerica.org's more than 20,000 individual members helped to bring attention to the issue.

The programs supported by ProtectingAmerica.org rely on private insurance company deposits to create a mechanism to serve as a financial backstop that would stand behind, but not replace, the traditional insurance and reinsurance industries. These state funds would accept deposits that would grow on a tax-exempt basis and could only be tapped in the event of a massive catastrophe. A designated portion of the investment income of the state funds would be required to be set aside on an annual basis to help fund first responder programs, mitigation efforts and homeowner education programs that are all designed to reduce the loss of life and property resulting from catastrophes.

ProtectingAmerica.org is a national, non-profit organization whose members include the American Red Cross, numerous municipalities, insurers like Allstate and State Farm, first responder organizations, small businesses, Fortune 500 companies and more than 20,000 individual members from across the country. The primary goals of ProtectingAmerica.org are to improve the financial protection for consumers by establishing catastrophe backstops at the state and national level to provide recovery and rebuilding funds in the case of a major natural catastrophe and to augment first responder funding, improve homeowner education and strengthen mitigation programs.