

Subcommittee on Oversight and Investigations
House Financial Services Committee
July 2, 2009

“The Homeowners’ Insurance Crisis: Solutions for Homeowners, Communities, and Taxpayers”

Opening Statement from Chairman Dennis Moore [KS-03]

At 9:45 p.m. on May 4, 2007, Greensburg, Kansas was hit by a category 5 tornado. The tornado was estimated to be nearly 2 miles in width and traveled for nearly 22 miles. Ninety-five percent of the city was destroyed, with the other five percent severely damaged. The National Weather Service estimated winds of the tornado reached 205 mph.

Thankfully, tornado sirens sounded in the city twenty minutes before the tornado struck, and a tornado emergency was issued, which undoubtedly saved many lives. This was the first tornado to be rated a category 5 tornado since 1999. Kansas Governor Kathleen Sebelius and former President George W. Bush both declared Kiowa County a disaster area, which opened up the affected areas for national and international aid.

Shortly after the storm, I joined my colleagues, Congressman Jerry Moran and former Congresswoman Nancy Boyda, on a visit to Greensburg, Kansas, to meet with residents and check on the progress being made after the devastating tornado wiped out most of the town.

During our visit, we attended local church services, had a lunch meeting with local officials to discuss the successes and problems with current relief efforts, toured the town to see first-hand the damage caused by the tornado and participated in a USDA Rural Development housing rededication of the first facility to be rebuilt.

While the amount of damage was still staggering, progress was already being made. In fact, I have been incredibly impressed by how many people opened up their hearts and wallets to help the people of Greensburg. That generosity has made a big difference to this little town in Kansas put their community and their lives back together.

It is a fact of life that catastrophic natural disasters will happen from time to time, and we need to be fully prepared. After the unacceptable response by FEMA to Hurricane Katrina, for example, we must ensure that our federal government is prepared to help in a time of need. Hurricane Katrina caused \$45.3 billion in insured losses, and of the top ten most costly insured catastrophes in the United States since 1989, eight of the top ten were caused by hurricanes.

Today, we focus on how catastrophic natural disasters impact the affordability and availability of homeowners’ insurance, especially in places like here in West Palm Beach, Florida. This is a tough problem with no easy answers, but hopefully today’s hearing will shed more light on this issue and potential solutions that will help homeowners, communities, and taxpayers.

I appreciate the hard work Congressman Klein has put into these issues. His work in carefully crafting the Homeowners' Defense Act is exhibited by the strong bipartisan support the measure has received. I look forward to working with him to move this legislation forward in the process.

I also look forward to hearing from our witnesses today and the perspectives they bring to the table. We will hear from various viewpoints of what these issues mean for real homeowners and taxpayers.

We will also examine insurance industry coverage of catastrophic natural disasters, the withdrawal of insurance companies from offering policies in coastal areas, rising homeowners' insurance premiums and the resulting economic impact on state and local governments, as well as possible solutions to the homeowners' insurance crisis.

I will conclude by noting that this is not just a Florida problem, as some have suggested. At the opening of my statement, I described the devastating tornado that nearly destroyed an entire town in Kansas. All along the Gulf Coast and Atlantic Coast, other states have been ravaged by hurricanes. California has had earthquakes and a number of states have been devastated by wildfires.

How these devastating tragedies impact the affordability and availability of homeowners' insurance is a national problem that demands a national response in coordination with states that are most affected by these devastating natural catastrophes.