

Defenders of Wildlife • The Florida Coalition for Preservation • League of Conservation Voters • National Environmental Trust • National Wildlife Federation • Sierra Club • The Wilderness Society

November 8, 2007

Dear Representative:

Re: Support the Castor Mitigation Amendment and the Roskam Mitigation Amendment to H.R. 3355, the Homeowners' Insurance Defense Act of 2007

We write to express our support for two upcoming amendments during debate on H.R. 3355, the Homeowners' Insurance Defense Act of 2007. H.R. 3355 establishes a federally chartered national catastrophe risk consortium, where states can pool risk and sell catastrophe bonds and reinsurance contracts. It also establishes a national homeowners insurance stabilization program, which mandates that the Secretary of the Treasury give liquidity and catastrophe loans to state reinsurance and insurance plans. As currently drafted, H.R. 3355 does not require a state to implement meaningful hazard mitigation reforms to be eligible to participate in the consortium. The low-interest loans authorized by the bill may also result in the creation of more state catastrophe funds, which may unreasonably concentrate risk at the state level, and effectively subsidize risky development in our nation's coastal areas and floodplains.

We therefore urge you to support the Castor Amendment, which would require states who participate in the consortium to limit new development in coastal and high risk areas subject to standards set by the Secretary of the Treasury and FEMA and to limit rebuilding of substantially damaged structures in hazard-prone areas to current density levels. We also urge you to support the Roskam amendment, which would require states to demonstrate that they have maintained and enforced "best practices" in building codes to address the natural disaster exposures in order to be eligible to participate in the multi-state risk consortium.

We continue to be extremely concerned about potential incentives for risky development through the subsidies that are inherent in the underlying bill. We would urge your support, however, for these two important mitigation amendments to help protect human life, property, and wildlife habitat in our nation's coastal areas and ecologically sensitive floodplains.

Thank you for your consideration.

Sincerely,

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