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What's News In Insurance

TERMINOLOGY:

WHAT DO YOU KNOW ABOUT CATASTROPHE?

CATASTROPHE

Term used for statistical recording purposes to refer to a single incident or a series of closely related incidents causing severe insured property losses totaling more than a specified amount (i.e., \$25 million).

Resource: Insurance Journal,
July 31, 2006

House Bill Would Establish National Disaster Commission

Legislation that would establish a bipartisan national commission tasked with recommending policies to help the federal government prepare for and manage disaster response has been introduced in the House of Representatives.

H.R. 5891, the Catastrophic Disaster Risk and Insurance Commission Act, would attempt to mitigate future costs, reduce the likelihood of fraud and abuse in a federal repayment program, and hedge any risk exposure assumed by the federal government in the adoption of a national catastrophe program. The bill was introduced last Wednesday by Rep. Debbie Wasserman-Schultz, D-Fla., and cosponsored by nine representatives, Republican and Democrats alike, including Rep. Mike Castle, R-Del., Rep. Patrick McHenry, R-N.C., and Rep. Charlie Melancon, D-La.

Conceptually, the House legislation is similar to the Commission on Natural Disaster Risk and Insurance Act, introduced in the Senate by Sen. Bill Nelson, D-Fla., and Sen. Mary Landrieu, D-La., in May. The legislation would establish a 17-member bipartisan commission and include an independent insurance agent as part of that commission.

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