



Office of  
**Jason Crowell** State Senator  
The Crowell Connection

Senator Jason Crowell – Serving Bollinger, Cape Girardeau, Madison, Mississippi, Perry, and Scott Counties.

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## **It is Not a Matter of If- It is When** *Preparing Missouri for Catastrophic Natural Disasters*

The recent ice storms, last year's severe storms and of course the deadly hurricane season of 2005 all have served as reminders that our cities, towns, homes and businesses are all vulnerable to Mother Nature. So much is out of our hands. We can't prevent storms or other natural disasters; but we can implement policies enabling Missourians to better deal with the aftermath.

Senate Bill 518 establishes the Missouri Catastrophe Fund to help cover residential property-damage insurance claims in the wake of a catastrophe. The fund, which will consist of premiums paid by insurers, bond revenues, and appropriated state funds, will allow companies to insure against covered catastrophic losses to avoid the collapse of the property-insurance market.



**Tornado Damage in Southeast Missouri after severe storms of September 2006.**

One specific disaster this bill will help mitigate is a major earthquake along the New Madrid Fault. If an earthquake occurs on that fault line, Missouri's resources, both government and private, would be drastically affected, causing over \$100 billion in damage. We should not sit with idle hands and minds until the risk becomes a reality. We need to do something about it now.

SB 518 will help promote planning and individual responsibility for post-disaster

financing. The legislation will improve the private market for homeowners insurance and reduce the role of state and federal disaster relief. The number of insurers offering earthquake coverage continues to decline. Those insurers who do offer earthquake coverage do so at a high cost and under limited terms, which means the homeowners have to absorb more and more of their losses. For instance, many companies offer policies that only cover the actual structure of the house or property, but not the contents or other living expenses that accrue following a disaster.

Since the 1990's, insurance companies have managed their earthquake exposures by avoiding that risk altogether. In other words, many do not even offer coverage in the New Madrid fault area. The Legislature attempted to solve this problem in 1999 with a bill similar to SB 518. But the insurance industry strongly opposed that bill and promised to address the issue in the private marketplace. Well, it's now eight years later, and the problem has yet to be solved. After realizing the issue is beyond their capabilities, some insurance companies are stepping forward and asking for help from the government to regulate the market. SB 518 will answer their call.

The bottom line is that we, as a state, need to plan ahead, so that if and when a major earthquake or other far-reaching natural disaster does occur, Missouri citizens are not left to pick up the expensive pieces on their own.

### **Contact Me**

As always, I appreciate hearing your comments, opinions and concerns. Please feel free to contact me in Jefferson City at (573) 751-2459. You may write to me at Jason Crowell; Missouri Senate; State Capitol; Jefferson City, MO 65101, or email me at: [jcrowell@senate.mo.gov](mailto:jcrowell@senate.mo.gov) or visit me on the web at <http://www.jasoncrowell.com>.

**Recent Ice Storms left over one hundred thousand Missourians without electricity.**



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