



## Learning from Hurricane Sandy and pooling funds for the next catastrophe: Opinion

By [Star-Ledger Guest Columnist](#)

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In one convincing and catastrophic stroke, Hurricane Sandy proved it's not simply about sand, boardwalk planks and mansions being swept out to sea.

Television cameras always seem to capture that first, leaving a lasting, though false, impression that only businesses and wealthy beach towns need rescuing. Nothing could be further from the truth.

What you don't see is the sheer magnitude of lower- and middle-class families remaining devastated after the cameras leave.

A [March 2013 NYU Furman Center for Real Estate and Urban Policy study](#) showed that low-income families were hit hardest by Sandy. Fifty-four percent of New York City homeowners who applied for FEMA aid make less than \$60,000 per year.

A February 2007 Government Accountability Office study found that Hurricanes Katrina and Rita affected some of the poorest areas of the country and that many of those affected were receiving federal assistance from Social Security, disability and food stamp programs.

What the storms illustrated most is that we need to recognize that citizens living in areas most likely to be harmed by natural catastrophes are mainly working-class families. Helping people recover from a natural catastrophe is far from a beach house or summer vacation issue — this is an issue of fiscal responsibility that concerns homeowners across America.

Those families must also consider the rising costs of rebuilding that they can't afford. As catastrophes occur with increasing frequency, insurance premiums, additional FEMA flood hazard requirements and the costs of rebuilding rise along with them. Homeowners are experiencing added financial requirements that make the dream of homeownership less affordable for the lower and middle classes.

America needs a solution to better prepare for the devastation from a catastrophe.

The solution we support would result in a better and more proactive approach and leverage a stronger public-private partnership. This approach would strengthen America's financial infrastructure by building a privately funded national catastrophe fund.

A national catastrophe fund that is part of a comprehensive, integrated program will help address insurance affordability and expand coverage options for all homeowners while protecting taxpayers from the seemingly endless need to provide emergency relief.

A new bill proposing a better catastrophe management approach, the [Homeowners and Taxpayers Protection Act of 2013](#), introduced by Rep. Albio Sires (D-8th Dist.), builds upon legislation that passed in the House of Representatives in 2007 by a bipartisan vote of 258-155. It was reintroduced and passed by the House Financial Services Committee in 2010 with nearly 80 congressional co-sponsors from 30 states.

A national catastrophe fund that is part of this comprehensive legislative solution can be thought of a little like a "catastrophe IRA." Insurance industry money would prudently be set aside and built up — not for later retirement, but for a speedy and well-resourced recovery from true natural catastrophe whenever it hits. Because the fund is financed through private insurance premiums, it provides protection without tapping the public or taxpayers.

The stakes are higher than ever, particularly in the current economy, and forecasters have shown that natural catastrophes are becoming more frequent. But the good news is that there is a better way to lessen the economic risk, by beginning now to build a privately funded backstop rather than relying on another taxpayer-funded bailout.

What's more, this type of public-private partnership will actually strengthen the stability and capacity of the private sector and allow for more private companies to participate in the market.

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It is time to fortify our financial infrastructure before the next crisis. This program will finally provide more protection for homeowners and will improve our national preparedness at the same time.

We commend Sires and co-sponsors for leading us in the right direction. Americans deserve to be better protected and our financial infrastructure needs to be better secured

from exposure. Now is the time to take swift action and enact the bill.

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