GOVERNMENT OF THE DISTRICT OF COLUMBIA,
EXECUTIVE OFFICE,
*Washington, D.C., May 31, 1968.*

**The Honorable the SPEAKER,**
***House of Representatives, Washington, D.C.***

MY DEAR MR. SPEAKER: The Government of the District of Columbia has the honor to submit herewith[1] a draft bill "To establish a basic property insurance placement plan and joint underwriting association to improve the availability of basic insurance protection for residential and business properties against fire and other perils through the cooperative efforts of the District of Columbia and the private property insurance industry; to authorize the District of Columbia to assume a portion of the insurance losses resulting from riots and other civil disorders; and for other purposes."

The Congress currently is considering legislation, S. 3497, which among other things amends the National Housing Act so as to provide a national program to improve the availability of necessary insurance protection for residential and business properties against fire, crime, and other perils, through the cooperative efforts of the Federal and State governments and the private property insurance industry, and to authorize national reinsurance with appropriate loss-sharing by the States against insurance losses resulting from riots and other civil commotion. This legislation, which, if enacted by the Congress, is to be cited as the "National Insurance Development Corporation Act of 1968," defines the term "State" so as to include the District of Columbia.

The proposed National Insurance Development Corporation Act of 1968, contained in title XI of S. 3497, is designed to carry out the principal recommendations of the President's National Advisory Panel on Insurance in Riot-Affected Areas. One of the amendments of the National Housing Act which would be made by section 1103 of such title XI, designated as "Sec. 1223", provides that the Corporation created by the Act is not to offer reinsurance in a State nor is any such reinsurance to be applicable to insurance policies written in a State if, within one year following the effective date of the proposed amendments, such State has not adopted appropriate legislation retroactive to the effective date of such amendments, providing for the State to reimburse the Corporation—

> * * * in an amount up to 5 percentum of the aggregate property insurance premiums earned in that State during the preceding calendar year on those lines of insurance reinsured by the Corporation in that State during that year, such that the Corporation may be reimbursed for amounts paid by it in respect to reinsured losses that occured in that State during a calendar year in excess of reinsurance premiums received in that State during the same calendar year in which the losses occurred plus the excess of the total premiums received by the Corporation for reinsurance in that State during a preceding period measured from the end of the most recent calendar year with respect to which the Corporation was reimbursed for losses under this Act over any amounts paid by the Corporation for reinsured losses that occurred during this same period.

Accordingly, if the District is to enjoy the benefits of the proposed "National Insurance Development Corporation Act of 1968," the enactment of the attached draft bill is necessary, since, among other provisions, it authorizes the District to reimburse the National Insurance Development Corporation as required by the Act establishing that corporation through a fund consisting of monies assessed from insurance companies and such funds as are appropriated by the Congress therefor.

Generally the purposes of the attached draft bill are to help the District of Columbia assure its property owners of fair access to basic property insurance and to make it possible for the insurers of residential, business and other property located in the District of Columbia, and for the Government of the District of Columbia, to take advantage of the provisions of the proposed National Insurance Development Corporation Act of 1968. As applicable to the District of Columbia as to any other major urban area is the statement made on the first page of the report of the President's National Advisory Panel on Insurance in Riot-Affected Areas that—

> Insurance is essential to revitalize our cities. It is a cornerstone of credit. Without insurance, banks and other financial institutions will not—and cannot—make loans. New housing cannot be constructed, and existing hous-

[1] **Introduced as H.R. 17647.**