EXTENSIONS OF REMARKS

RESPECTING THE FINE SERVICE OF THE GOVERNMENT PRINTING OFFICE

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 16, 1996

Mr. DINGELL. Mr. Speaker, the amendment to cut 100 additional employees from the U.S. Government Printing Office, offered and accepted during debate last week on the Legislative Appropriations bill, was an impulsive and arbitrary maneuver with no focus whatsoever on the quality of services rendered by this public service agency.

The amendment was another example of legislating in haste with uncertain results, which failed to take into account the tremendous record of personnel reductions that has occurred at GPO. In the past 20 years, GPO has reduced the number of its employees by more than half, from 8,000 in 1976, to 3,800 today. Last year, the House voted for additional reductions and the Appropriations Committee recommended a cut of 50 full-time employees for fiscal year 1997.

This work force reduction was accomplished by efforts of not just Congress, but also the GPO leadership, to bring the agency into the modern world of communications, and they have succeeded in doing that through a transition to electronic technologies while maintaining the traditional quality of printed Government documents.

I want to commend GPO's employees for their hard work and dedication to their jobs, which includes making this body run in a sound and effective manner. Without GPO, the nearly instantaneous transmission and publication of the CONGRESSIONAL RECORD and other vital documents could not be relied upon in an institution where swift access to information is crucial.

The amendment approved last week is not the result of any careful study or performance review. Rather, it is one of those across-the-board types of reductions we have seen offered by the majority party for a number of years to make more difficult the delivery of taxpayer-paid Government services.

Mr. Speaker, GPO has taken steps to keep up with the ever-changing nature of the information age and has done so in a cost-effective way. It should be given the necessary discretion to continue to implement needed management changes, including a reduction in unnecessary or duplicative employee positions as they occur, without interference by those who would rather enact arbitrary and across-the-board cuts. I commend the dedicated work of our GPO employees, and believe my colleagues would do the same when they come to know of the fine service they deliver.

DISASTER INSURANCE BILL

HON. BILL McCOLLUM

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 16, 1996

Mr. McCOLLUM. Mr. Speaker, it seems that virtually everyone in America is going to see a movie about the threat of aliens destroying our country. The real threat this summer is the destructive force of another major hurricane, like the one bearing down on the coast of North Carolina as we speak.

Hurricane Bertha has already taken lives and caused millions in property damage in Puerto Rico and the Virgin Islands. The threat caused by these destructive natural disasters is all too real. We face it every year and will continue to experience growing loss of life and property until we try to confront the destructive forces in a better way.

Mr. Speaker, I have a great interest in legislation that my good friend, Mr. Emerson, has introduced to reduce the impact of such catastrophic disasters. Mr. Emerson was aware that we at the Federal level need to encourage high risk areas of our country to better prepare for such events. Homeowners and businesses in States like Florida need more reliable disaster insurance protection. I would like to put the following article that appeared in today's Wall Street Journal in the RECORD. This article describes the insurance crisis that is occurring in my home State of Florida.

Currently, legislation to address these problems is under consideration in the House Transportation Committee in the form of H.R. 2873, the Natural Disaster Protection Act. I urge my colleagues to support committee action on this critical issue during the 104th Congress.

I am pleased to note that the Transportation Committee has been engaged in the process of revising the bill to address concerns raised in the hearing process, and the Senate has undertaken a similar effort.

Although this legislation certainly will not completely solve this problem of disaster insurance and will not eliminate the Federal burden relief, I believe it is a good first up on which to build future efforts. My State is taking actions on its own which will complement the programs in the proposed Federal bill and I understand that the insurance industry is examining other private sector options to increase insurance availability in high risk areas like Florida.

I would like to compliment the work of Chairman SHUSTER and his staff. We must support their efforts to report a revised bill out of committee as soon as possible. Mr. Speaker, for Congress to wait until the next major disaster to act on this issue would be a tragedy.

[From the Wall Street Journal, July 12, 1996]

FLORIDA HOMEOWNERS FIND INSURANCE PRICEY, IF THEY FIND IT AT ALL

(By Leslie Scism and Martha Brannigan)

The swath of South Florida devastated four years ago by Hurricane Andrew is in far better shape these days. But the state's insurance industry, devastated by the same storm and wary of another direct hit, is still a disaster.

Florida's homeowner-insurance business is like none other in the country: Rates, once absurdly cheap, have more than doubled in many coastal areas since Andrew, with double-digit annual increases likely in the future. Some big companies are so anxious to shed high-risk customers that they are openly touting the merits of their smaller competitors and even paying them bounties. Meanwhile, the state now operates an underwriting agency that, though it has rapidly become Florida's second-largest home insurer, is thought by many to be underfunded and incapable of handling a major disaster.

All of this comes at a time when the Atlantic is churning forth bigger hurricanes, more frequently, than at any time in decades. Last year's hurricane season was the busiest since 1933, and the march of Hurricane Bertha toward the East Coast today reminds Floridians that they are just one storm away from a disaster that could leave them homeless and underinsured.

FLIRTING WITH DISASTER

"Insurance companies and buyers have not yet fully come to terms with the new reality of megacatastrophes in the 1990s, and nowhere in the U.S. is this issue seen more dramatically than in Florida," says Sean Mooney, an economist with the Insurance Information Institute, a trade group.

This was inconceivable in the boom years of the 1980s. Hurricanes were rare, and those that hit the mainland tended to stay far from the state's two most densely populated coastal zones, the stretch from Miami to Palm Beach and the St. Petersburg-Tampa area. The insurance firms were relying on primitive models that didn't anticipate multibillion-dollar losses. The companies competed ferociously to insure the thousands of homes being built every year in the nation's third-fastest growing state.

Then came Aug. 24, 1992. Hurricane Andrew swept through south Dade County, about a dozen miles from downtown Miami. It was the most expensive natural disaster in U.S. history, causing about $16 billion in insured losses—more than half of that incurred by homeowners.

BILLION-DOLLAR LOSSES

Insurance firms took a huge hit. According to the state, 10 companies, most of them small, went broke from storm-related losses. Others also felt Andrew's punch. State Farm Group, which held policies on more the 30% of Florida's insured homes, sustained $3 billion in losses.

Some agencies couldn't make it. Scott Johnson, executive vice president of the Florida Association of Insurance Agents, says that since the storm, nearly 100 members of the group went out of business, reducing its ranks to 1,155 members. Many other agencies that weren't members also failed.

Meanwhile, the companies that stayed in Florida immediately sought to reduce their market share, especially in risky coastal areas. They dropped old customers and refused to insure new ones. One company, Prudential Insurance Co. of America, even paid many of its own policyholders a year's worth of premiums to take their business elsewhere. The cost to Prudential: about $15 million.

SECOND-BIGGEST INSURER

Most of those Prudential customers wound up with the new Florida Residential Property and Casualty Joint Underwriting Association, widely known as the JUA. It was intended to be the insurer of last resort. Instead, it has grown to nearly 900,000 homeowners, just 100,000 policies shy of State Farm, Florida's biggest home insurer.

The JUA now covers 18% of residences in Florida. In the densely populated, hurricane-prone southern part of the state, it covers an even higher percentage of homes, giving it a potential exposure of more than $4 billion for a storm of the intensity of Andrew. ''If the JUA were a regular insurance company, it would be fatally overconcentrated'' because of its exposure in southeast Florida, says Sam Miller, vice president of the Florida Insurance Council, an industry trade group.

As the JUA has grown, so have the questions of its ability to make good on claims after a big hurricane. The JUA is exempt from the rules that require private-sector insurers to have thick financial cushions. Instead, the JUA got up and running on a hand-to-mouth basis: The premiums it collects—now running about $400 million a year—almost immediately go out the door to pay routine claims. Little of it lies around long enough to earn much investment income—a big source of capital for established insurers.

The JUA can borrow money to pay claimants. The state would then repay those debts by assessing, perhaps for years policyholders of all companies in Florida, including the JUA. Immediately after a devastating storm, policyholders could probably count on a 35% premium jump to pay off those debts, with follow-up annual increases of 20% or more, experts say.

A big problem has been the issue of raising huge sums of short notice. Last fall, the JUA secure a $1.5 billion line of credit through a consortium of banks led by J.P. Morgan & Co. ''The JUA's math is that, even with a [storm] hitting an area of greatest vulnerability, they would not go'' substantially above $1.5 billion in claims, says state Insurance Commissioner Bill Nelson.

But many in Florida doubt such assurances. As bad as Hurricane Andrew was, if it had taken a small turn northward toward the more densely populated areas of downtown Miami or Fort Lauderdale, the damages would have been far greater.

Should the state exhaust its line of credit, it then would have to turn to the bond market—an expensive and time-consuming proposition. ''If you've got roofs flying off houses, it will seem like forever'' for the JUA to float bonds, says John Auer, a vice president with Bankers Insurance Group in St. Petersburg, a midsize insurer of Florida homes.

SELLING THE BONDS

More alarming, the state could have problems finding buyers for the bonds—especially given that, after a terrible storm, two other Florida catastrophe-insurance agencies would likely be seeking investors at the same time, also with the promise that repayment would come from assessments on policyholders. ''There haven't been bond issues of this size done in these circumstances,'' says James Newman Jr., the JUA's executive director.

Faced with its huge responsibility, the state has tried several approaches. It has funded projects aimed at reducing hurricane damage with stronger shutters, windows and doors. It also has stopped companies from dropping clients en masse, and it has slashed some proposed rate increases.

Now, the state is trying to reduce its role in the underwriting business. Even there, though, officials are running into problems. The legislature in May approved creation of ''special purpose'' insurance companies to take over policies otherwise destined for the JUA. As an incentive, these companies would be exempt from the assessments that the JUA would make to cover shortfalls arising from a major storm. But J.P. Morgan objected. So Mr. Nelson promised last week that he would authorize no such ''special purpose'' companies, eliminating one of the approaches the state devised to trim the JUA.

Under another program, more than a dozen existing companies have committed to taking JUA policyholders; one such company is a unit of American International Group Inc., a leading insurer of businesses and one of the industry's most profitable firms. Many of those heeding Mr. Nelsons's call are smaller players, including Bankers Insurance. Mr. Auer, the Bankers' vice president, says his company was lured partly by the prospect of picking through the policyholder base, an opportunity it used to identify homes located farther from the coastlines. Companies that take customers from the JUA are exempt from the JUA assessments on those policies for up to three years. (Each policyholder also comes with a bounty of as much as $100 from the state.)

Many homeowners who have had to resort to the JUA for coverage feel powerless. The policies don't cover many items that private insurers will, such as jewelry and silverware. More important, homeowners have fears about the financial status of the JUA.

Jay Esche owns a two-bedroom, two-bath frame home in West Palm Beach that was virtually untouched by Hurricane Andrew. He says he has shopped widely for coverage outside the JUA but to no avail.

Mr. Esche says he dropped Allstate Corp. when the company said in 1993 it would more than double his premium, which had been about $250 a year in 1992.

Initially, the JUA provided him with coverage for approximately $400 a year in 1993, but that soared to about $800 this year. Moreover, the JUA agreed to renew him for only six months this past April, as it seeks to move policyholders to private companies.

Mr. Esche says he is leery of the JUA. He believes the state would stand behind the policy, but that it would take a painfully long time to collect. ''I can't understand why companies aren't writing new policies,'' he says.

Many JUA policyholders, like Mr. Esche, are concerned bout being selected by a private carrier. The JUA rates are often lower than those in the private market. Moreover, if a company offers to take over coverage from the JUA, homeowners have to accept the new company, whether or not they like the terms or the company's financial status—or try their luck in the tight insurance market.

Florida bankers are also concerned. Barnett Banks Inc. In Jacksonville has about $11 billion in home mortgages outstanding in the state. Rich Brewer, Barnett's chief credit policy officer, says he believes the JUA can handle one storm, but ''I tend to believe the JUA doesn't have the ability to handle storms in consecutive years or two storms in one year.''

Most businesses must rely on private insurers, often with expensive results. Stephen J. Stevens owns Hamilton's Restaurant, a beachfront eatery with $4 million in annual sales on Panama City Beach, in the Panhandle. In 1994, the premium on his policy from Aetna Life & Casualty Co. for overall coverage was $32,000. That grew to $49,000 in 1995. Then last October, Hurricane Opal hit; Mr. Stevens's business sustained some $500,000 in damages and was closed 10 days.

His losses were insured, but his costs have soared again. The premium this year is $79,000; moreover, Aetna has raised his deductible and dropped some parts of its coverage.

ALLSTATE'S ROLE

Few insurers have worked as hard as Allstate to reduce its Florida exposure. Andrew, which left Allstate with a stunning $2.5 billion in losses, hit just as the insurer was being spun off from its founder, Sears, Roebuck & Co. Unlike closely held insurance companies, or those like State Farm that are owned by their policyholders, Allstate is publicly traded, so reducing investors' fears about the company's volatility became a top goal.

Allstate pursued a hot growth strategy in Florida during the 1980s, and now it has been among the most aggressive in dropping customers as their policies come up for renewal, to the limits allowed under Florida law. In fact, Allstate's actions in the days after Andrew helped get the law passed. At that time, the insurer told Florida regulators it intended to drop 300,000 homeowners out of its more than 1.1 million policyholders. That generated fierce criticism and even jokes on national television. One comedian mocked the insurer's concept of being ''in good hands'' by dropping an egg to the floor.

Allstate has canceled about 90,000 Florida policies since Andrew, and it has lost tens of thousands more through attrition. It also has pursued stiff price increases, higher deductibles and capping of payments under replacement-cost clauses. Last month, it announced a far-reaching package that it said put it close to its goal of reducing its exposure in Florida to no more than about $1 billion per hurricane. The day the moves were announced, the stock price surged 6.4%.

Specifically, Allstate has agreed to pay midsize insurer, Clarendon Insurance Group, to acquire 137,000 policies. Analysts estimate that Allstate is paying $250 a policy, or about $34.3 million. Almost anywhere else, Clarendon would be paying Allstate to acquire the business.

Allstate also wants to separately create a wholly owned, Florida-only property-insurance business. The idea is that, by isolating that business and giving it its own clearly stated set of financials, it could better persuade state regulators to allow rate increases; when the unit's operations are blended with highly profitable ones elsewhere, it is harder to argue for increases, the thinking goes.

Allstate Chairman Jerry Choate concedes the moves will anger some policyholders, but says they are necessary. ''We got into a situation that was not a responsible one because of the concentration of risk,'' he says. And he speaks highly of Clarendon: ''The fact that we found a very good company to come in is something they should feel good about.''

Florida isn't alone in struggling to make insurance available and affordable. In California, regulators have pushed hard during the past year to create a state-run agency that would sell earthquake policies, as insurers there balk to providing the coverage. Californians likewise are experiencing stiffer terms, including higher prices and increased deductibles. And people in both states are pushing in Congress for the passage of legislation creating a federal disaster insurance fund that would assume liabilities after private insurers paid up to a certain cap on a catastrophic event.

But it is in Florida where the issues are most clearly drawn—something clear to Insurance Commissioner Nelson. ''Can the JUA handle a disaster? That's a question I ask all the time,'' Mr. Nelson says. He believes the answer is yes, but adds that when hurricane season starts each June, ''I become very religious.''

TRIBUTE TO STANLEY DROSKOSKI

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 16, 1996

Mr. FORBES. Mr. Speaker, I would like to take this opportunity to pay tribute to one of Long Island's great police chiefs. After 32 years of service to the Southold Police Department, Police Chief Stanley Droskoski retired in May. At the age of 63, Chief Droskoski has spent the last three decades serving his neighbors and his town with unwavering dedication and pride.

A graduate of Greenport High School, Chief Droskoski grew up on his family's farm in Orient. In 1964, he took the police examination and became a patrolman on the town force. Mr. Droskoski rose through the ranks from patrolman, to detective, to sergeant, and then lieutenant before taking over the department's top office in 1991.

I would like to extend my most heartfelt thanks and appreciation to Chief Droskoski for his dedication to public safety.

SYMBOLIC WAR AGAINST DRUGS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 16, 1996

Mr. GILMAN. Mr. Speaker, the much publicized Clinton administration cancellation of the U.S. entry visa for President Ernesto Samper of Colombia, because of his campaign's link with drug trafficking moneys, is a symbolic public gesture in the battle against illicit drugs.

However, while it is a welcome message against those who deal with or are influenced by the drug traffickers, the actions critically needed from this administration in the war on drugs, are much more important than merely revoking one visa.

Meanwhile, in our fight against the drug traffickers and their guerrilla allies in the most important drug producing nation in the world, Colombia, and other producing or transit nations around the globe, this administration has to do much more.

Illicit drugs have cost our society billions of dollars each and every year in crime, violence, incarceration, health care, lost productivity, and lost lives, especially our young people.

Revoking one visa in a nation like Colombia, is tantamount to providing a cup of water to fight a raging fire, when the local fire department has no equipment.

We must also provide the dedicated and courageous men and women of the Colombian national police, who have suffered more than 3,000 casualties in their real war, the equipment and supplies they need. We must aid them in waging the true battle against the traffickers, and their guerrilla supporters on the ground, who protect and support the cocaine labs and the air strips for processing and moving this poison eventually north to our cities, streets, and schools.

The differences between these guerrillas and the drug traffickers they protect, is difficult to distinguish. While the Colombian national police have taken down the Cali cartel leadership and killed many of its key figures, it has not been cost free. They have lost many men, planes, and helicopters shot down in the deadly struggle, while our State Department bureaucracy has acted like this was just another foreign aid account service, if and when, it suits them.

Only when we treat this struggle like the real war that it is, and we provide those willing to fight the battle with us, the tools to do the job, can the United States be seen as serious by taking the fight to the traffickers in this deadly struggle. It is in our national interest to fight this struggle abroad, before this corrosive poison reaches our shores and costs much more of our Nation's treasure, and the lives of so many of our people, especially our youth.

We in the Congress have had to push very hard for many months in order to get six replacement helicopters for Colombia for those shot down or crashed in battles with the traffickers or the use of the highly professional Colombian National Police.

These much needed excess U.S. Army Vietnam era helicopters, which our own military no longer needs, and older than many of the Colombia police pilots who fly them, are vital tools in the struggle against the narco-guerrillas.

While the six Hueys finally arrived in early June, although late for the guerrillas' annual spring offensive, they were promptly, effectively used in seizing large quantities of narcotics, and medevacing out the wounded from the battlefield in this deadly struggle being waged in Colombia today.

The Clinton administration has rolled back the source and transit resources efforts in favor of attempting to win a war by treating the wounded here at home. Supplying nearly $3 billion dollars annually for drug treatment programs in many cases, which at best produces limited results, while neglecting the source and transit nations, is a prescription for failure.

Just a little of that $3 billion from treatment moneys properly placed in key nations like Colombia, will help drive drug prices up and purity levels down, as was the case in the Reagan/Bush eras where waging a real—not symbolic—war, reduced monthly cocaine use by nearly 80 percent, from 5.5 million users down to 1.3 million users each month. It is doubtful that all those treatment moneys will produce anywhere near that almost 80 percent success rate.

With the soaring drug use we are once again witnessing here at home, especially among the young, and our newest drug czar, having already abandoned the analogy of ''a drug war'', focusing primarily instead on the drug users and treating the wounded, we need more effective action. A real war must be waged against drugs, or we will face another lost generation to the evils of illicit narcotics.

INDIAN CHILD WELFARE ACT AMENDMENTS

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 16, 1996

Mr. YOUNG of Alaska. Mr. Speaker, I am pleased to offer alternative legislation with the ranking minority member of the Resources Committee, Mr. GEORGE MILLER, and Mr. BILL RICHARDSON of New Mexico, to the Indian Child Welfare Act [ICWA]. In May of this year, the House narrowly passed H.R. 3286, which contained amendments to the ICWA. Tribal representatives opposed title III of that bill and have worked with Congresswoman PRYCE to reach an agreement on alternative legislation to ICWA. I want to thank Congresswoman PRYCE for her efforts to reach a compromise on ICWA. I want to also thank all the tribes for their efforts and important input on legislation which has an affect on Indian families and Alaska Native and American Indian children.

After the May vote, tribal representatives met in Tulsa, OK, to reach a consensus to address the concerns expressed by the authors of title III of H.R. 3286. This legislation provides for notice to tribes for voluntary adoptions, terminations of parental rights, and foster care proceedings. It provides for time lines for tribal intervention in voluntary cases and provides criminal sanctions to discourage fraudulent practices in Indian adoptions. Additionally, it clarifies the limits on withdrawal of parental consent to adoptions. The proposal provides for open adoptions in States where State law prohibits them and clarifies tribal courts authority to declare children wards of the tribal court. In addition, it states that attorneys and public and private agencies have a duty to inform Indian parents of their rights under ICWA, and provides for tribal membership certification in adoptions. These reforms resolve the ambiguities in current law which resulted in needless litigation, and have disrupted Indian adoption placements without reducing this country's commitment to protect native American families and promote the best interest of native children.

Mr. Speaker, all of the provisions contained in this bill have been tentatively embraced by the Department of Justice, the Department of the Interior, Jane Gorman, the attorney for the Rost family, and the American Academy of Adoption Attorneys, the proponents of title III of H.R. 3286. I know that they and others are sincere in their concern about litigation which has delayed a few adoptions. But ICWA is not the problem. The Rost case is a sad and tragic case. But it was caused by an attorney who tried to cover up the natural parent's tribal membership and purposefully avoided checking with the grandparents and extended family of the children to see if the family was available to adopt these children. The sad part is that this attorney did not violate the law, but he inflicted untold sorrow on the Rosts, the grandparents of the children, and ultimately on the children themselves. This proposed legislation will impose criminal sanctions on attorneys who violate ICWA requirements in the adoption of a native child. In closing, I believe we have acceptable legislation which will protect the interests of adoptive parents, native extended families, and most importantly, Alaska Native and American Indian children.