

Public Law 94-13
94th Congress

An Act

Apr. 8, 1975

[H.R. 2783]

To continue the national insurance development program.

National
Insurance
Development Act
of 1975.
12 USC 1749bbb
note.
12 USC 1749bbb
note.
12 USC 1701t
note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Insurance Development Act of 1975".

SECTION 1. (a) The Congress finds that (1) under the Housing and Urban Development Act of 1968 (Public Law 90-448, approved August 1, 1968), as amended, the powers of the Secretary of the Department of Housing and Urban Development to enter into new reinsurance contracts with respect to the Federal riot reinsurance program and into new direct insurance contracts with respect to the Federal crime insurance program will terminate on April 30, 1975, except to the extent necessary (a) to continue policies of direct insurance and reinsurance, until April 30, 1978, (b) to handle claims and those arising under the policies still in force on the termination date of the program, and (c) to complete the liquidation and termination of the reinsurance and direct insurance programs; (2) continuation of the Federal riot reinsurance program is essential both to the operation of the system of State FAIR plans, which provide access for many people to basic property insurance not otherwise available in urban areas, and to the continued existence of such FAIR plans inasmuch as many State laws condition the very existence of such FAIR plans upon the continued existence of the Federal riot reinsurance program; (3) continuation of the Federal crime insurance program, which provides access for many homeowners, tenants, and small businessmen to burglary, robbery, and similar coverages, in States where an insurance coverage availability problem exists, is likewise essential; (4) withdrawal at this time of the Federal support which these programs give to the insurance buying public and the insurers would be particularly ill timed and inadvisable in view of the (a) threatening major shortage of voluntary insurance facilities to which the consumer can turn to fulfill his insurance purchase needs and (b) the potential for insurer insolvencies inherent in times of economic stress; and (5) the impending tightening of the availability of insurance coverage in the insurance market will only intensify due to the present economic conditions confronting insurers, which affect the capital adequacies of insurers due to severe declines in the values of insurers' securities portfolios, thus impacting on their ability to increase their underwritings in a growing insurance market.

(b) The purpose of this Act, therefore, is to extend the duration of the national insurance development program so as to maintain the Federal riot reinsurance program which reinsures the general property insurance business against the catastrophic peril of riot and, thus, makes this insurance available, together with its review and compliance function which assures that the intent of the Housing and Urban Development Act of 1968 (Public Law 90-448, approved August 1, 1968) as amended is carried out, as well as the Federal crime insurance program which provides basic crime insurance coverages in the States where it is needed, both of which programs aid the insurance purchasing consumer when, from time to time and especially in times such as

these, insurers engage in conscious policies of market constriction which lead to serious inner-city insurance availability problems of the kind the national insurance development program has been created to ameliorate.

Sec. 2. Section 1201(b)(1) of the National Housing Act is amended by striking out "April 30, 1975" and inserting in lieu thereof "April 30, 1977".

Termination date,
extension.
12 USC 1749bb.

Approved April 8, 1975.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 94-60 (Comm. on Banking, Currency and Housing).

CONGRESSIONAL RECORD, Vol. 121 (1975):

Mar. 18, considered and passed House.

Mar. 21, considered and passed Senate, amended.

Mar. 25, House concurred in Senate amendments.