Promoting Financial Resiliency

Before a Catastrophe:

Disaster Savings Accounts

NCSL Insurance Task Force
Tampa, Florida
November, 2021
National Posture Around Disasters is About Recovery Instead of Preparation and Resiliency

This is Collateral

This is Debris
The Story of Health Savings Accounts (HSAs)

- Privately Insured Americans (Employer/Non-Group): 176,729,000
- Estimated People Covered by an HSA: 63,190,000
- Total HSAs: 30,155,000

Notes:
1. Health Insurance Coverage of the Total Population | KFF
3. 2020 Year-End Devenir HSA Research Report
The Story of Health Savings Accounts (HSAs)

Total HSA Assets (in billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Investments</th>
<th>Deposits</th>
<th>Total</th>
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<td>$3.2</td>
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<td>2023 (est)</td>
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Source: Devenir Research

American Bankers Association
Larger Deductibles Mean Lower Premiums

How does the cost of homeowners insurance change depending on your deductible?

- $500 deductible: $1,419
- $1,000 deductible: $1,236
- $2,500 deductible: $1,078
- $5,000 deductible: $937

Average cost (annual)
State Action: Catastrophe Savings Accounts

South Carolina
Mississippi
Alabama

An Account used to pay expenses incurred or related to a major disaster – like deductibles for homeowners, flood, earthquake or hurricane policies.
Federal Action: Disaster Savings Accounts

- 2014 – HR 3989/ S 1991
- 2016 – HR 2230
- 2017 – HR 2818
- 2019 – HR 8657

- Amends IRC to create Section 224 like HSAs
- Allows $5,000 per year contribution into a DSA
- Allows pre-event mitigation and post event recovery
Scale of Deductible Exposure

Earthquake Exposure – deductible is 10-20% of insured value. Median California Home Value 2021 - $683,996 – 233% National Average

Hurricane Exposure – deductible is 1-5% of insured value – Median Florida Home Value 2021 - $297,390 – 101% National Average
ABA Office of Insurance Advocacy

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