



Building Success. Together.

# 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

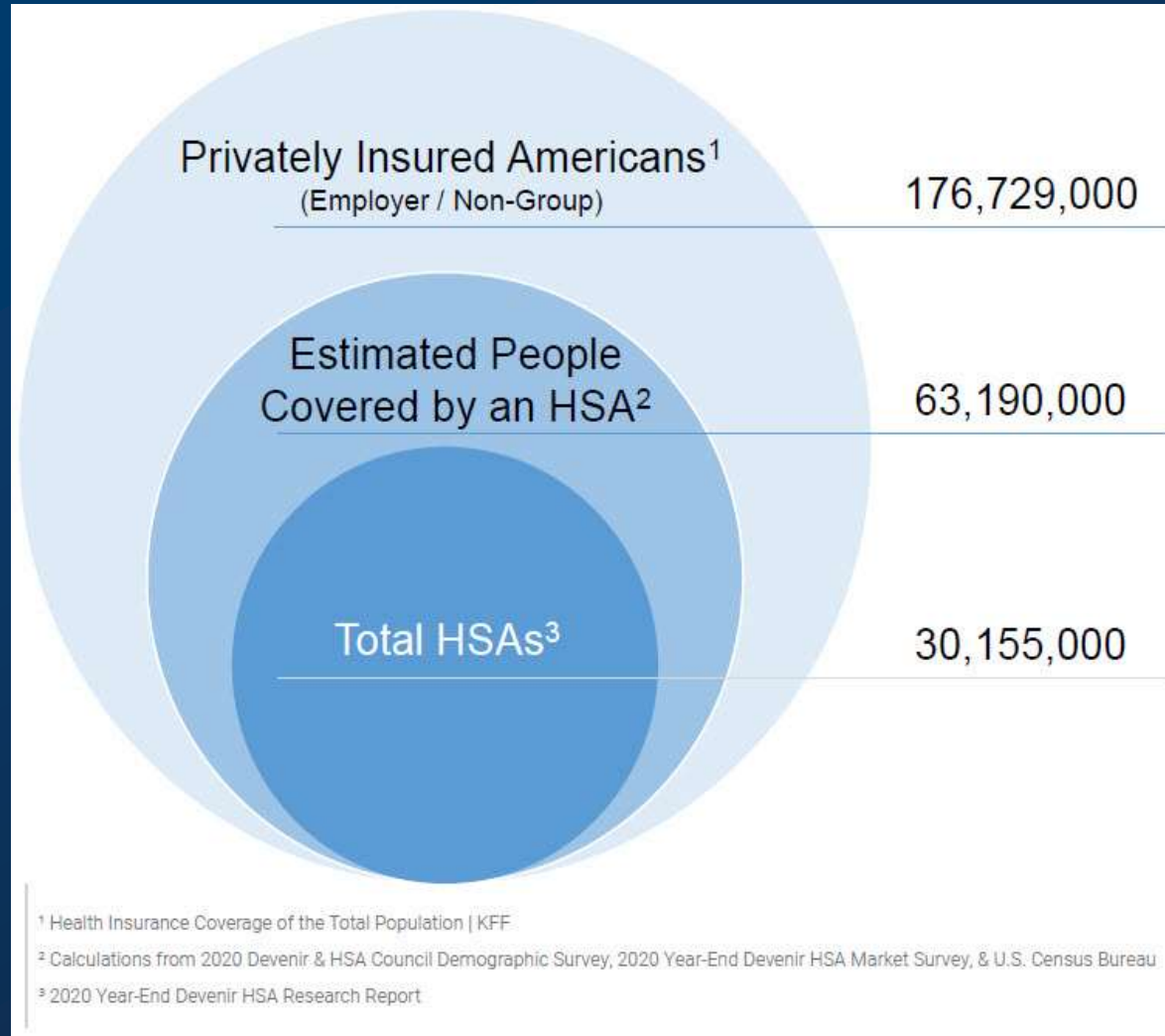
**This is Collateral**



**This is Debris**

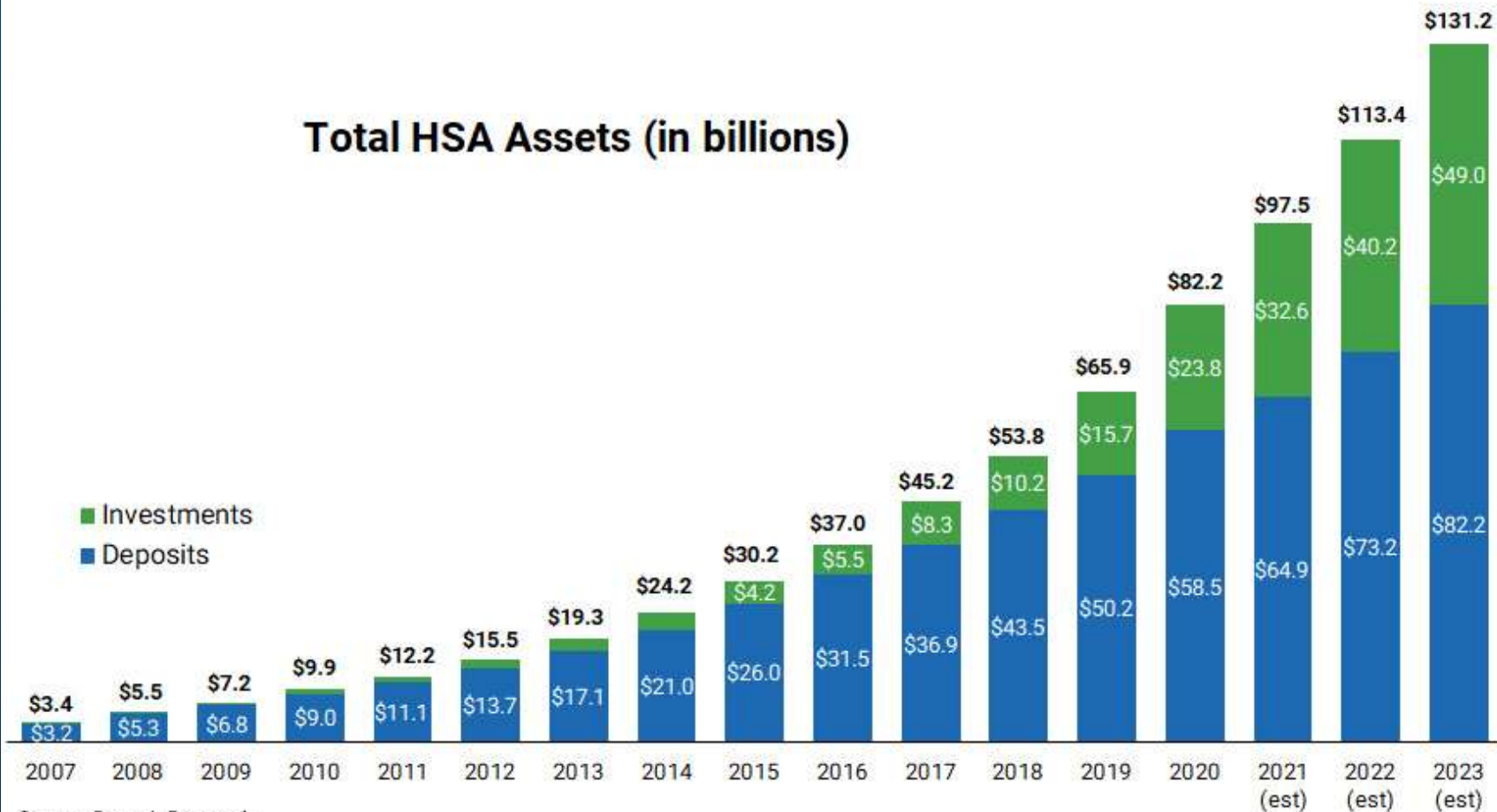


# The Story of Health Savings Accounts (HSAs)



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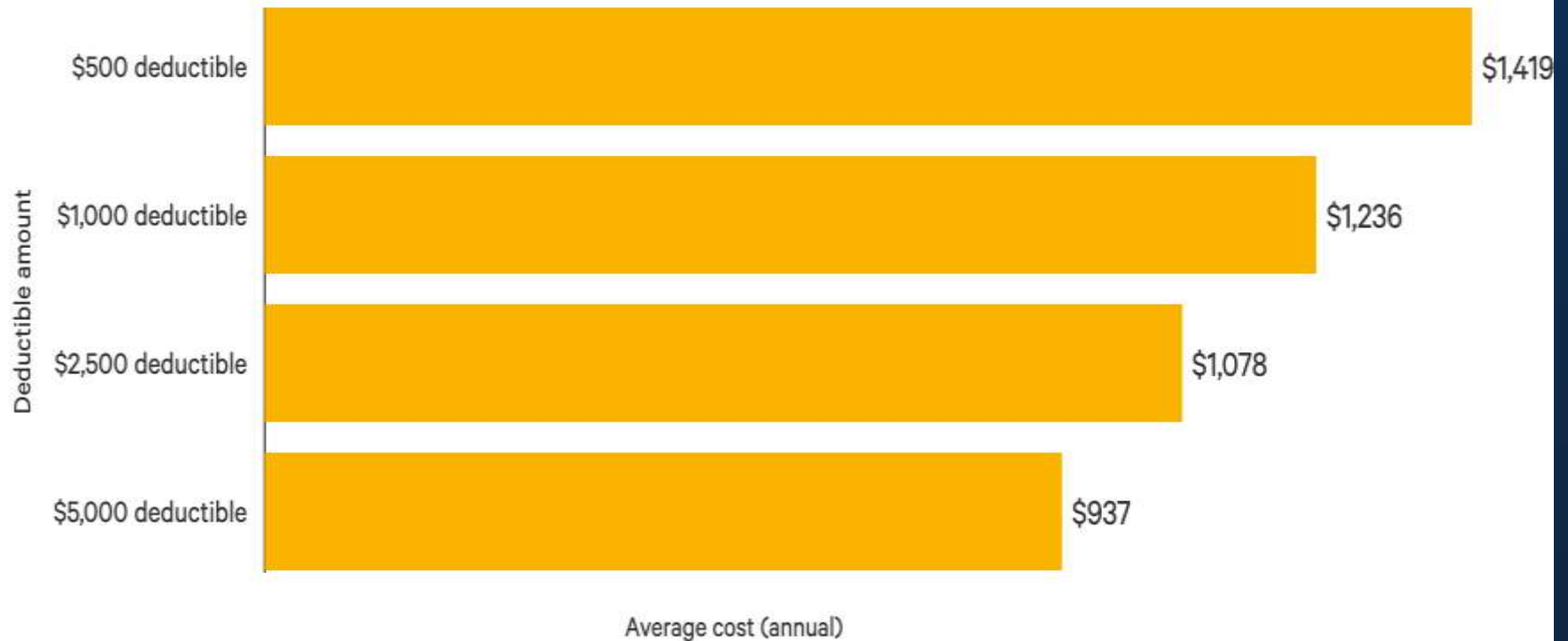
## Total HSA Assets (in billions)



Source: Devenir Research

# Larger Deductibles Mean Lower Premiums

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



# 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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