



GEORGE DALE
Commissioner of Insurance
State Fire Marshal

LEE HARRELL
Deputy Commissioner

STATE OF MISSISSIPPI
Mississippi Insurance Department

501 N. West Street
1001 Woolfolk Building (39201)
Post Office Box 79
Jackson, Mississippi 39205-0079
(601) 359-3569
<http://www.doi.state.ms.us>

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George Dale, Commissioner of Insurance/State Fire Marshal
Mississippi Insurance Department
Jackson, Mississippi
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For additional information, please contact
Donna J. Cromeans, Public Relations Director 601-826-9600

Dale Urges Congress to Save National Flood Insurance Program

Jackson –Commissioner of Insurance George Dale announced today he has contacted the Mississippi Congressional delegation strongly urging them to take immediate action in passing The National Flood Insurance Program (NFIP) Further Enhanced Borrowing Authority Act of 2005.

On Friday, November 11, Write Your Own Companies under the NFIP were informed that at that time FEMA was unable to increase companies' Letters of Credit until Congress increases the NFIP's borrowing authority. As a result, the companies were advised to discontinue issuing claim payments to the extent they would need additional Letters of Credit amounts. Some insurance companies are informing Hurricane Katrina victims who had purchased flood insurance through the government's NFIP that they are not able to pay flood claims until NFIP gets more money. The Act would increase the NFIP's borrowing authority and allow Write Your Own Companies to continue to pay claims.

In his letter faxed to the delegation Dale said, "Unless the National Flood Insurance Program Further Enhanced Borrowing Authority Act of 2005 is immediately passed, those Mississippi citizens who had purchased flood insurance and have been paying premiums for years will suffer yet another catastrophic blow."

"While we all search for ways to assist those who did not have flood insurance we cannot and must not abandon those who have been paying flood insurance premiums with the good faith knowledge that the federal government would pay claims if disaster struck. Disaster has struck and is in danger of striking again if the federal government fails to stand behind its obligations to pay these claims because the NFIP has run out of borrowing authority."

Dale stressed that MID does not anticipate this having any impact on wind claims that are paid directly by the insurance companies.

The National Flood Insurance Program Further Enhanced Borrowing Authority Act of 2005 asks that the National Flood Insurance Act of 1968 (42 U.S.C. 4016(a)), as amended by the National Flood Insurance Program Enhanced Borrowing Authority Act of 2005 (Public Law 109-65; 119 Stat. 1998), be amended by striking '\$3,500,000,000' and inserting '\$8,500,000,000'.

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