

*Subject: New Article Regarding Apartment Owners and Insurance*

# **NMHC Urges Congress to Aid Apartments Owners Facing High Insurance Rates**

By Kelly Sheehan, Online News Editor

MARCH 28, 2007 -- Washington, D.C. -- The National Multi Housing Council (NMHC) and National Apartment Association (NAA) said that federal solutions to the insurance crisis facing property owners in the Gulf Coast, East Coast and California must address the needs of apartment property owners, according to testimony before Congress Thursday. Congress was encouraged to consider proposals that aim to advance the goal of calming the market for catastrophic insurance coverage.

“The 2005 hurricane season had a devastating impact on the insurance market,” said Malcolm Bennett, president of Los Angeles-based property investment/management firm International Realty and Investments Inc., representing the NMHC and NAA before Congress. “Before Hurricane Katrina, property insurance for apartment properties was widely available and reasonably priced. Now, owners are facing premium increases of up to 400 percent, substantially higher deductibles, and in some areas, a complete lack of coverage.”

Although many apartment owners expected and were prepared for 2005’s hurricanes to affect their 2006 insurance rates, they were not prepared enough. Higher premiums and deductibles are affecting even California owners, because most insurance carriers include earthquakes in the same risk pool as hurricanes.

Bennett said that the apartment industry has “as much at stake,” in response to previous debates regarding insurance after Katrina being focused on only homeowners. He noted that because affordable housing providers cannot pass the cost of rising property insurance along to their residents, many owners cannot pay for the upkeep of these properties and their units. Some affordable housing complexes are even completely uninsured.

Proposals presented to Congress include the creation of a federal backstop to state catastrophe funds, tax-exempt catastrophe reserves for insurers, National Flood Insurance Program (NFIP) reform, and the expansion of the Risk Retention Act. Bennett suggested establishing a bipartisan commission to examine these proposals and others.