



**Property Casualty Insurers  
Association of America**

**Shaping the Future of American Insurance**

**TESTIMONY OF ANGELA L. ZAYDON**

**SUBMITTED TO THE**

**PENNSYLVANIA HOUSE VETERANS AFFAIRS**

**AND EMERGING PREPAREDNESS COMMITTEE**

**MARCH 6, 2008**

**CITY HALL, SCRANTON, PA**

Good morning Chairman Melio, Chairman Fairchild and members of the House Veterans Affairs and Emerging Preparedness Committee. I am Angela L. Zaydon, Regional Manager and Counsel for the Property Casualty Insurers Association of America (PCI). PCI is composed of more than 1,000 member companies, representing the broadest cross-section of insurers of any national trade association. PCI members in Pennsylvania write over \$8.4 billion in property and casualty all-lines annual premium which represents 43.3% of the market share in the state. I would like to thank the members of the Committee for the opportunity to submit written remarks outlining PCI's concerns with House Bill 1989.

PCI believes that House Bill 1989 is the wrong way for Pennsylvania to provide flood protection incentives, for the following reasons:

- The bill imposes flood prevention costs on the wrong base – HB 1989 places the costs of grants for “flood prevention and for assistance with repair of flood-related damage” on homeowners and business-owners policies. While this is a method of raising funds, it taxes the wrong community base. Homeowners and business-owners policies do not provide coverage for flood losses, and it is inappropriate to tax these policies when such loss-

prevention measures may not even provide those paying the tax with a benefit.

- The bill will increase insurance costs for Pennsylvanians – Although a \$1-per-policy charge may seem small, it is an additional cost levied on the provision of insurance in Pennsylvania. Insurers will incur additional administrative costs to collect the surcharge and remit it to the State Treasury. PCI believes that surcharges of this nature are a costly and ineffective way to implement state programs, and this proposal sets a bad precedent. If this and other surcharges are adopted, Pennsylvania will become a more difficult state in which to write insurance, and this will not help Pennsylvania consumers and businesses.
- If a program like this is necessary, we suggest other means of funding be considered, such as Pennsylvania's projected budget surplus – We understand that Pennsylvania may have a \$300-\$400 million budget surplus this year. If this is the case, there is no reason to impose what is in effect a new tax on policyholders and businesses to fund a program that could already be funded from the budget surplus.

We appreciate and respect the intent of HB 1989's sponsor and co-sponsors to address this problem and provide flood assistance. However, we do disagree with this approach. I am available to discuss our concerns and testimony. Please contact me at 717-856-3015 at your convenience.

Again, thank you.