

AMENDMENT TO H.R. 2555

OFFERED BY MR. CAMPBELL OF CALIFORNIA

Page 30, after line 14, insert the following new paragraph (and redesignate the succeeding paragraph accordingly):

1 (9) WORKING CAPITAL.—

2 (A) REQUIREMENT.—The working capital
3 of the State program, including private reinsur-
4 ance under contract and actually available, and
5 any other unrestricted funding source actually
6 available to the State program, shall together
7 be sufficient to pay, without resort to any debt
8 guaranteed under this Act, all expected claims
9 and expenses of the State program that are rea-
10 sonably expected to result from the following
11 types of events occurring at the following levels:

12 (i) EARTHQUAKE PERIL.—In the case
13 of earthquake peril—

14 (I) except as provided in sub-
15 clause (II), an event with a return pe-
16 riod of 90 years; and

17 (II) if at any time the State pro-
18 gram pays claims and claim expenses

1 from a covered event that result in
2 program expenditures, including fu-
3 ture program expenditures that are
4 reflected in that program's stated
5 claim reserves, that in the aggregate
6 are equal to 50 percent or more of the
7 program's working capital in place at
8 the time such covered event occurred,
9 during the 5-year period beginning
10 upon the date of the occurrence of
11 such covered event, an event with a
12 return period of 30 years..

13 (ii) OTHER PERILS.—In the case of
14 any other covered peril that is not an
15 earthquake peril, an event with a return
16 period of 90 years.

17 (B) EXCLUSIONS FROM WORKING CAP-
18 ITAL.—For purposes of this paragraph, the
19 term “working capital” shall not include—

20 (i) unearned premium;

21 (ii) proceeds from the sale of pre-
22 event or post-event bonds, whether or not
23 backed by premium surcharges or future
24 revenues;

1 (iii) private reinsurance and private
2 reinsurance proceeds; nor

3 (iv) any other funds subject to restric-
4 tive legal covenants or to contractual re-
5 strictions.

