

A RESOLUTION

**Proposed Resolution
20-111**

**See Emergency Act
D.C. Act 20-39
20 DCSTAT 523**

To declare the existence of an emergency with respect to the need to amend the District of Columbia Medical Liability Captive Insurance Agency Establishment Act of 2008 to change the name of the District of Columbia Medical Liability Captive Insurance Agency to the District of Columbia Medical Liability and Earthquake Captive Insurance Agency, to provide property insurance for risks to District government real property assets for earthquake and earthquake related hazards, to authorize the agency to enter into contracts with other insurance companies and re-insurers, and to require the agency's plan of operation to be modified to include procedures for offering property insurance.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the "Captive Earthquake Property Insurance Emergency Declaration Resolution of 2013".

**Captive Earthquake
Property Insurance
Emergency
Declaration
Resolution of 2013**

Sec. 2. (a) On August 23, 2011, a 5.8 magnitude earthquake occurred in Washington, D.C., that caused \$6,800,000 in damage to District-owned property, including 31 school buildings.

(b) On November 8, 2011, President Barack Obama signed a disaster declaration for the District of Columbia making the District eligible to receive public assistance from the Federal Emergency Management Agency ("FEMA") equal to 75% of the total cost to repair damage to buildings.

(c) FEMA regulations require that in order to receive the FEMA public assistance, the District must obtain and maintain insurance equal to the amount of the eligible and paid funding, which is approximately \$5,100,000.

(d) While the FEMA regulations allow for certain extensions of time, the longer the District prolongs this matter the greater the chances that the District could miss the opportunity to secure the currently available public assistance. Delay also may further expose the District to loss of future FEMA public assistance should another disaster occur before the satisfaction of the FEMA insurance requirements.

(e) As set forth in Reorganization Plan No. 1 of 2003, effective December 15, 2003, the Office of Risk Management ("ORM") is vested with the authority to utilize risk financing strategies, including the procurement of insurance, for the benefit of the District government to compensate for large liabilities and catastrophic exposure to risk.

(f) The most cost-effective strategy for meeting the federally mandated insurance requirement is through amendment of the District of Columbia Medical Liability Captive Insurance Agency Establishment Act of 2008, effective July 18, 2008 (D.C. Law 17-196; D.C. Official Code § 1-307.81 *et seq.*) ("Establishment Act"), to expand the authority of the District of Columbia Medical Liability Captive Insurance Agency ("Agency") to issue property insurance policies. The Agency is administered by the Chief Risk Officer, who heads ORM.

(g) The Captive Earthquake Property Insurance Emergency Amendment Act of 2013 makes 2 material amendments to the Establishment Act.

(h) The first amendment expands the Agency's authority to provide property insurance for risks to District real property assets for earthquake and earthquake-related hazards.

(i) The second amendment authorizes the Agency, by delegation from the Mayor, to enter into contracts with other insurance companies and re-insurers. This amendment would allow the Agency to employ risk-transfer strategies to further minimize risk to District-owned property.

(j) The Captive Earthquake Property Insurance Emergency Amendment Act of 2013 will provide the Agency with the flexibility to provide the property insurance required by FEMA in order to secure public assistance funding for repairs to damaged buildings as a result of the 2011 earthquake. Additionally, approving the amendments will improve the District's overall risk-management strategies by reducing the probability, occurrence, and cost of risk to the District government.

Sec. 3. The Council of the District of Columbia determines that the circumstances enumerated in section 2 constitute emergency circumstances making it necessary that the Captive Earthquake Property Insurance Emergency Amendment Act of 2013 be adopted after a single reading.

Sec. 4. This resolution shall take effect immediately.