

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda—underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

ALEC's Corporate Board
—in recent past or present

- AT&T Services, Inc.
 - centerpoint360
 - UPS
 - Bayer Corporation
 - GlaxoSmithKline
 - Energy Future Holdings
 - Johnson & Johnson
 - Coca-Cola Company
 - PhRMA
 - Kraft Foods, Inc.
 - Coca-Cola Co.
 - Pfizer Inc.
 - Reed Elsevier, Inc.
 - DIAGEO
 - Peabody Energy
 - Intuit, Inc.
 - Koch Industries, Inc.
 - ExxonMobil
 - Verizon
 - Reynolds American Inc.
 - Wal-Mart Stores, Inc.
 - Salt River Project
 - Altria Client Services, Inc.
 - American Bail Coalition
 - State Farm Insurance
- For more on these corporations, search at www.SourceWatch.org.

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

Home → [Model Legislation](#) → Commerce, Insurance, and Economic Development

A Resolution Relating to Residual Markets and Reinsurance Funds

WHEREAS, some states have established government-run reinsurance programs ("catastrophe funds") in an attempt to reduce insurance premiums;

WHEREAS, some states have established government-run residual homeowners' insurance markets, including "beach plans," and "wind pools," and "insurers of last resort" intended to provide high-premium coverage for those unable to obtain coverage otherwise in the private market;

WHEREAS, government-imposed price controls on insurance products make it difficult for many private companies to offer insurance and still meet obligations to shareholders and policyholders;

WHEREAS, state-run insurance companies that offer subsidized insurance products oftentimes fail to meet standards of actuarial adequacy;

WHEREAS, government subsidies and price controls relating to homeowners' insurance may encourage development in environmentally sensitive locations where it otherwise would not take place;

WHEREAS, the potential liabilities of catastrophe funds and government-run insurance programs imperil the fiscal future of some states, and in the long term states will need to increase taxes or cut services in order to meet these insurance and reinsurance liabilities;

WHEREAS, the current liability in one state alone, Florida, is approaching \$36 billion;

WHEREAS, the recent collapse of municipal debt markets throughout the United States makes it unlikely that states could sell any significant amount of bonds to provide pre-or post-event financing for any event;

WHEREAS, the House of Representatives has passed legislation calling for a national catastrophe fund;

WHEREAS, such a national fund would create taxpayer liability exceeding \$100 billion, and would further displace productive private insurance and reinsurance industry;

WHEREAS, such a system would ultimately create "payer" and "payee" states, since funds would be collected from the states, pooled by the national government, and redistributed, leading to some states subsidizing others;

WHEREAS, the Emergency Economic Stabilization Act has created a mechanism through which the federal government could provide emergency liquidity to private insurers and reinsurers if truly massive catastrophe or series of catastrophes in close conjunction were to bankrupt the entire insurance industry;

THEREFORE, BE IT RESOLVED, The American Legislative Exchange Council (ALEC) believes risk-based rates for homeowners' insurance determined by market forces and accepted actuarial practice offer the best environment for the mitigation and management of risk.

BE IT FURTHER RESOLVED, ALEC opposes any federal takeover of the reinsurance

Did you know that global corporation Kraft Foods served as corporate co-chair in 2011?

industry or the creation of any new catastrophic fund of “insurance backstop” that would be in direct competition with insurance or reinsurance provided by the private-sector; and

BE IT FURTHER RESOLVED, ALEC supports mitigation efforts that help homeowners and communities secure themselves against natural disasters; and

BE IT FURTHER RESOLVED, ALEC opposes the use of state residual market insurance plans to provide subsidized coverage intended to compete with the private market.

Related Files

[A Resolution Relating to Residual Markets and Reinsurance Funds](#) (Adobe PDF File)

About Us and ALEC EXPOSED. The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish www.PRWatch.org, www.SourceWatch.org, and now www.ALECexposed.org. For more information contact: editor@prwatch.org or 608-260-9713.