

STATEMENT OF HONORABLE JOHN E. FOGARTY, M.C., 2nd RHODE ISLAND DISTRICT,  
UPON INTRODUCTION IN THE UNITED STATES HOUSE OF REPRESENTATIVES OF A  
BILL TO AMEND THE WAR RISK INSURANCE ACT SO AS TO PROVIDE RELIEF FOR  
VICTIMS OF DISASTERS RESULTING FROM THE FORCES OF NATURE. 1/12/36.

The December flood disasters in California bring into sharp focus the need for some type of federal program which will relieve all of the people of the country from the worry which attends the sudden and unexpected striking of the forces of nature.

What form that federal program should take is a matter subject to a wide difference of opinion. None of us are unmoved by the suffering which attends a middle-of-the-night flood, whether it be the result of a hurricane, melting snow or persistent rain. But, I find it difficult to determine just where we have to draw the line between the area of local responsibility and that of the federal government - when these disasters strike.

I know, from the inquiries I have made here in our State after the August flood disasters, that something must be done at the federal level to guarantee, as nearly as is possible that when disaster does strike, a man can be reasonably sure that he will be able to re-establish his home and his business. To what extent we should get the federal government involved in our families and our business is where I have my trouble.

Because of these worries, and after a great deal of thought, I have drafted a bill which is an amendment to the War Risk Insurance Act. It is essentially an insurance program. My thought is that the average family man, or small business man, should be able to purchase

insurance against disaster at a rate which is not backbreaking. The federal governmental machinery - through direct insurance or reinsurance with private insurance companies can, I am certain, make this possible.

With the federal government underwriting the major portion of the risk involved, private insurance companies will be encouraged to write policies, at reasonable rates, which will provide for all of us what insurance is supposedly designed to provide - a reasonable amount of peace of mind. If private insurance companies are not so encouraged, the federal government can do the job itself at rates which will shame the private companies into action.

This approach I think has a feature which guarantees a square deal to everyone. The Secretary of Commerce, in whom my bill places responsibility for the insurance program, must report to Congress. From personal experience, I can testify that Members of Congress are responsive to the expressions of the will of the people. By this means we can make certain that the program is working satisfactorily, both in the area of rate setting and the settlement of claims.