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Cannon FY/

THE WHITE HOUSE
WASHINGTON

SIGNATURE

June 4, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON *JC*

SUBJECT: RECOMMENDATION FOR MAJOR DISASTER
DECLARATION - OKLAHOMA

Governor David L. Boren of Oklahoma has requested a major disaster declaration because of severe storm and flood damage in his State.

The City of Tulsa and the small community of Broken Arrow sustained extensive damage to public and private property as a result of a severe thunderstorm which caused flash flooding and tornadoes on May 30.

Temporary housing assistance is required for families left homeless by the storms and tornadoes. Disaster Unemployment Assistance payments will be needed for individuals unemployed by the disaster who do not otherwise qualify for regular State unemployment insurance. Individual and family grants have been requested and the Small Business Administration has indicated that there will be a substantial requirement for home and business disaster loans. A more detailed report is attached.

Secretary Hills and Tom Dunne, Administrator of the Federal Disaster Assistance Administration, conclude that this is a disaster of major proportions and that Federal assistance is required.

RECOMMENDATION

It is recommended that you declare a major disaster for the State of Oklahoma by signing the attached letter authorizing the necessary funds to provide Federal disaster assistance. Max Friedersdorf concurs in this recommendation.



THE WHITE HOUSE

WASHINGTON

SIGNATURE

June 7, 1976

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM CANNON
SUBJECT: RECOMMENDATION FOR MAJOR DISASTER
DECLARATION - TRUST TERRITORY OF
THE PACIFIC ISLANDS

Acting High Commissioner Peter T. Coleman of the Trust Territory of the Pacific Islands has requested a major disaster declaration because of damage caused by Typhoon Pamela.

The Typhoon, which struck the Truk District of the Trust Territory during the period May 15 - 20, caused extensive public, private and agricultural damage. In addition to the need for public assistance and individual and family grant aid, there is a requirement for food, as the subsistence farming operations, which are the major food source, sustained extensive damage. (A more detailed report is attached.)

Secretary Hills and Tom Dunne, Administrator of the Federal Disaster Assistance Administration, conclude that this is a disaster of major proportions and that Federal assistance is required.

RECOMMENDATION

I recommended that you declare a major disaster for the Trust Territory of the Pacific Islands by signing the attached letter authorizing the necessary funds to provide Federal disaster assistance. Max Friedersdorf concurs in this recommendation.



Cannon FYI

THE WHITE HOUSE

SIGNATURE

WASHINGTON

June 10, 1976

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM CANNON
SUBJECT: RECOMMENDATION FOR TURNDOWN OF REQUEST
FOR MAJOR DISASTER - TEXAS

Attached for your concurrence is a proposed letter to Governor Dolph Briscoe of Texas, denying the request of Acting Governor W. P. Hobby for a major disaster declaration because of severe storm damage on May 25, 1976.

The amount of work eligible for Federal assistance is minimal and the Federal Disaster Assistance Administration believes that it is within the capabilities of the State and local governments. In addition, neither the State nor the local governments have made a reasonable commitment of funds for the alleviation of the disaster as required by Public Law 93-288. Requirements for assistance to individuals can be met through the assistance program of the Small Business Administration, which can be made available under independent statutory authorities. Remaining requirements for assistance to individuals are minimal. (A more detailed report is attached.)

Secretary Hills and Tom Dunne, Administrator of the Federal Disaster Assistance Administration, conclude that this situation is not of sufficient severity and magnitude to warrant a major disaster declaration.

RECOMMENDATION

I recommend that you indicate your concurrence on the attached letter to Governor Briscoe, denying the request for a major disaster declaration. Max Friedersdorf concurs in this recommendation.



Cannon FYI

THE WHITE HOUSE

SIGNATURE

WASHINGTON

June 10, 1976

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM CANNON
SUBJECT: RECOMMENDATION FOR MAJOR DISASTER
DECLARATION - GEORGIA

Governor George Busbee of Georgia has requested a major disaster declaration because of severe storm and flood damage in his State.

Widespread portions of northeastern Georgia sustained extensive damage as a result of severe storms and flooding which began on May 28, 1976. The primary requirement for aid is for financial assistance to assist the State and local governments in repairing and restoring public property, as the affected counties are deeply in debt and have low revenues. Temporary housing assistance and Disaster Unemployment Assistance payments will be required, as will disaster loan assistance from the Small Business Administration and emergency loan assistance from the Farmers Home Administration. (A more detailed report is attached.)

Secretary Hills and Tom Dunne, Administrator of the Federal Disaster Assistance Administration, conclude that this is a disaster of major proportions and that Federal assistance is required.

RECOMMENDATION

I recommend that you declare a major disaster for the State of Georgia by signing the attached letter authorizing the necessary funds to provide Federal disaster assistance. Max Friedersdorf concurs in this recommendation.



Pending

THE WHITE HOUSE

WASHINGTON

July 23, 1976

MEMORANDUM FOR ROBERT T. HARTMANN

FROM: JIM CANNON *J.C.*

SUBJECT: Presidential Letter

I would appreciate your concurrence on the attached response to Mr. Edward J. Frey, a personal friend of the President's.

Thank you.

Attachment



THE WHITE HOUSE

WASHINGTON

July 26, 1976

Dear Ed:

Thank you for your letter of June 21, 1976, regarding the typhoon which struck Guam in May. I am appreciative of your interest in the welfare of the island.

I too was greatly concerned about the catastrophic impact of the storm on Guam and upon a recommendation from the Federal Disaster Assistance Administration, I declared the area to be eligible for Federal disaster assistance. I also sent the Under Secretary of Interior, Kent Frizzell, to Guam as my personal representative to inspect the relief efforts.

Once again, I thank you for your interest in this matter.

Sincerely,

Mr. Edward J. Frey
Chairman
Union Bank and Trust Company
200 Ottawa N.W.
Grand Rapids, Michigan 49502



15
Personal Disaster Relief
UNION BANK AND TRUST COMPANY

NATIONAL ASSOCIATION
200 OTTAWA N.W.,
GRAND RAPIDS, MICHIGAN 49502

EDWARD J. FREY
Chairman

June 21, 1976

LM
The President of the United States
The White House
Washington D. C. 20500

Dear Mr. President:

I am sure you are familiar with the recent typhoon disaster on Guam which caused estimated losses of \$400,000,000. Having spent many months on Guam in the Navy, I developed a number of relationships with the native people as you will see by the enclosed letter from the Most Reverend Bishop Flores.

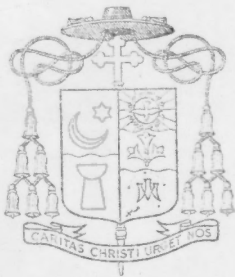
Whatever our good government can do would be appreciated by the Guamanians. They are very loyal citizens of the United States.

Best personal regards,

Ed

EJF/mbs
Enclosure





MOST REVEREND FELIXBERTO C. FLORES, D. D.

DIOCESE OF AGAÑA

June 7, 1976

Mr. Edward Frey
President
Union Bank of Michigan
Grand Rapids, Michigan

Dear Mr. Frey:

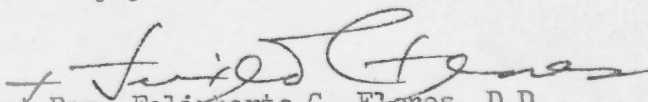
From the enclosed you can see the enormity of the disaster that visited us. Still reeling under such destructive impact, we had a plane crash here last Friday with 46 lives lost.

Please pray for us.

Would appreciate you and your friends helping the Church rehabilitate to continue serving the people.

Many thanks and God bless.

Sincerely yours in Christ,


Most Rev. Felixberto C. Flores, D.D.
Bishop of Agaña

Enc.



AL
Disasters

THE WHITE HOUSE
WASHINGTON

SIGNATURE

July 29, 1976

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON *Jam*

SUBJECT:

Letter to Edward J. Frey

Attached for your signature is a response to Mr. Frey's letter of June 21, 1976, regarding the typhoon which struck Guam in May.

The letter has been approved by Robert T. Hartmann.



THE WHITE HOUSE
WASHINGTON

July 26, 1976

Dear Ed:

Thank you for your letter of June 21, 1976, regarding the typhoon which struck Guam in May. I am appreciative of your interest in the welfare of the island.

I too was greatly concerned about the catastrophic impact of the storm on Guam and upon a recommendation from the Federal Disaster Assistance Administration, I declared the area to be eligible for Federal disaster assistance. I also sent the Under Secretary of Interior, Kent Frizzell, to Guam as my personal representative to inspect the relief efforts.

Once again, I thank you for your interest in this matter.

Sincerely,

Mr. Edward J. Frey
Chairman
Union Bank and Trust Company
200 Ottawa N.W.
Grand Rapids, Michigan 49502



THE WHITE HOUSE
WASHINGTON
August 27, 1976

Art Quern

MEMORANDUM FOR JIM CANNON

FROM: LYNN MAY *Lynn May*

SUBJECT: Insurance Industry's Objection to a Proposed Rulemaking by the Federal Insurance Agency

After consulting with Steve McConahey, I prepared the attached self-explanatory memo for your signature. Both Steve and I believe the matter warrants your attention and we concur in the recommendation.



cc: Steve McConahey
Art Quern

Jim, you asked why this is moving now. Basically, HUD believes it is necessary to issue these regs now. See top of p 2 of memo

Art - I used Top of page 2, but I am not convinced more regulations are necessary. Would you and Lynn see me Wednesday 9/1/76

THE WHITE HOUSE

WASHINGTON

August 27, 1976

MEMORANDUM FOR:

JACK MARSH
JIM LYNN
BILL SEIDMAN
BILL BAROODY
JIM CAVANAUGH

FROM:

JIM CANNON

SUBJECT:

Insurance Industry's Objection to
a Proposed Rulemaking by the Federal
Insurance Agency

ISSUE

James Kemper, Jr., President of Kemper Insurance Companies, contacted me on behalf of several other members of the insurance industry. He objected to the language and the alleged impact of a notice of proposed rulemaking of the Federal Insurance Agency (FIA) located in HUD. He requested White House assistance in delaying the publication of the proposed rulemaking, stressing that it would subject members of the National Flood Insurance Association to arbitrary Federal controls. Governor Arch Moore of West Virginia has also requested White House review of this matter, including a meeting with certain representatives of the insurance industry.

BACKGROUND

The National Flood Insurance Act of 1968 established a National Flood Insurance Program to provide flood insurance at rates made affordable through a Federal subsidy. In return, communities are required to adopt and administer local measures that protect lives and new construction from future flooding. The National Flood Insurance Association (NFIA) is an organization of private insurance companies formed specifically to provide insurance under the cooperative Government-private industry program.



HUD and the FIA, citing provisions of the 1968 Act and the amendatory Flood Disaster Protection Act of 1973, have determined that regulations clarifying relationships and responsibilities between the NFIA and the FIA are necessary. On August 13, 1976, Secretary Hills issued a Notice of Proposed Rule Making to establish these relationships (Tab A).

The NFIA has criticized a preamble to the proposed rule change as inflammatory and inimical to the insurance industry (Tab B). It maintains that the regulations would put HUD in control of every segment of the insurance aspects of the program. Legal representatives of the NFIA met with John Rhinelander, Undersecretary of HUD, earlier this week to protest the proposed regulations. Rhinelander agreed to eliminate much of the objectionable material in the preamble but affirmed HUD's intention of publishing the regulations in the Federal Register on Monday, August 30, 1976.

Rhinelander informed a member of my staff that HUD expected extreme resistance from the insurance industry on this matter, including several law suits, but he maintained that the new regulations were necessary. He also indicated that he and Acting Director of the FIA were setting up a series of hearings during the thirty day comment period following publication of the proposed regulations in the Federal Register to provide maximum industry and consumer input.

RECOMMENDATION

Since Secretary Hills is merely publishing the rule change for comment, I do not think that the White House should intervene. Member companies of the NFIA and others will likely seek a White House audience to press their case. I recommend, therefore, that Bill Seidman and I meet with these insurance industry leaders who wish an audience.



Memorandum

DATE: JUL 28 1976

TO : David O. Meeker, Jr., Assistant Secretary
for Community Planning
and Development

IN REPLY REFER TO:

FROM : J. Robert Hunter, Federal Insurance Administration, I

SUBJECT: Finding of Inapplicability -- HUD/NFIA Roles Regulations

On August , 1976, the Department published, for proposed rule making, in the Federal Register (4 F.R.) the following new sections to the National Flood Insurance Program Regulations:

- § 1911.13 establishing the "Dwelling Building and Contents" and "General Property" forms of flood insurance policies as "The Standard Flood Insurance Policy," along with appropriate endorsements, renewal certificates, and flood insurance application and declaration forms utilized in connection with the Standard Flood Insurance Policy;

- § 1911.14 affirming the responsibility of the Administrator to promulgate, from time to time, scope of coverage determinations construing the coverage afforded under the Standard Flood Insurance Policy and codifying some past scope of coverage determinations;

- § 1921 establishing notification procedures, for use by the Department's contractor-agent, in notifying the Administrator of sub-contracts the contractor-agent would enter into in furtherance of the Program;

- § 1922 establishing methods by which the Department can utilize the insurance industry, including insurance companies, insurance agents and brokers, and insurance adjustment organizations, in providing service to the Program under the direction and control of the Secretary;

- § 1923 authorizing the Administrator to require that the utilization of the insurance industry in servicing the Program be accomplished through contracts awarded under a competitive bidding process;

- § 1924 establishing a method for review of flood insurance claim files by the Administrator and authorizing the Administrator to direct the contractor-agent or sub-contractor of the contractor-agent adjusting the loss to pay, or not to pay, for damages claimed by an insured consumer to have been incurred as a result of a



flooding event covered, as determined by the Secretary or the Administrator, by the terms and conditions of the Standard Flood Insurance Policy.

These new sections do not materially alter the nature or character of the National Flood Insurance Program regulations but, rather, confer benefits upon the nation's flood insurance consumers in terms of better definition of the coverages provided under the Standard Flood Insurance Policy; disposition, at times with more dispatch, of pending controverted flood insurance claims; and, from a fiscal point of view, the consumer-taxpayer will be benefited by closer Department oversight of contracts awarded by the contractor-agent to sub-contractors and, through competitive bidding processes, by savings, hopefully, in the cost of services rendered by sub-contractors servicing the Program.

It is hereby found that these actions do not constitute major Federal actions significantly affecting the quality of human environment. This Finding of Inapplicability is made in accordance with HUD Handbook 1390.1.

Acting Administrator
Federal Insurance Administration

[Signature]
for *[Signature]* Robert Hunter

Concurrence: Richard H. Broun, Director
Office of Environmental Quality

[Signature]

Concurrence: Burton Bloomberg
Assistant General Counsel for Finance and
Administrative Law

[Signature] Burton Bloomberg

Approved *for* David O. Meeker, Jr. FAIA, AIP
Assistant Secretary for CPD

[Signature] Russell Jones



NFIA SUMMARY RESPONSE TO FIA PROPOSED RULE OF AUGUST 13, 1976

The Federal Insurance Administration has prepared a document entitled, "Notice of Proposed Rule Making" that was approved on August 13, 1976 by Secretary Hills. It includes a lengthy preamble so inflammatory in its tone and so one-sided in its treatment of the facts of the relationship between NFIA and FIA that it can serve no constructive purpose. The regulations, if promulgated, totally usurp the authority of the insurance industry and NFIA from their responsibility for providing the operational functions of the insurance aspects of the program.

Setting aside the preamble, the regulations contain several new sections and none is more explicit in describing the government takeover than is 1922.1 which provides the Secretary of H.U.D. authorization over all insurance facets of the program including control over all insurers, agents and brokers, and insurance adjustment organizations. It establishes the tone of the regulations by stating that all insurance services to be provided by any segment of the insurance industry will be under the direction and control of the Secretary of H.U.D. (emphasis added)

The regulations carefully establish full operational control of every segment of the insurance aspects of the program. Section 1911.13 not only mandates a contract form 19 months out of date but requires the exact form and substance of renewal notices and certificates, policy application forms, and all other forms that are basic system documents generally subject to modification to best suit the data processing system used. Section 1911.14 establishes full authority to make scope of coverage determinations whenever the Administrator desires without prior consultation with the industry. Section 1921 provides the Administrator with full control over all NFIA contracts by establishing his authority to subjectively withhold federal financial participation after the fact, if he



does not prior approve of the need for the contract, the selection process used to obtain the contractor, the prices of the contract, and the agreement itself. Section 1923 provides FIA with the authority to require competitive bidding for insurance services and to enter insurance service contracts directly without utilizing the industry Association formed specifically to provide administration of the insurance program. Section 1924 establishes FIA's authority to approve or disapprove all claim settlements.

It is the opinion of NFIA and its counsel that FIA's proposed regulations attempt to usurp to the government operational control of the program contrary to the Congressional mandate for an "Industry Program with Federal Financial Assistance". The National Flood Insurance Act of 1968 contains specific requirements for the government to consult with the industry if it should desire to assume in whole or in part any operational responsibility and then report to Congress setting forth the reasons for its assumption with pertinent findings.

Congress clearly established its preferences for private insurance participation when it was debating passage of the bill. Typical among the comments was the bill's floor manager, Senator Harrison A. Williams, Jr. when he stated: "The facilities of the private insurance industry would be used to the maximum extent practicable to sell and service flood insurance policies. Both the insurance industry and the Government have agreed that the joint approach under Part A (Industry Program with Federal Financial Assistance) would be preferable to the government approach under Part B (Government Program with Industry Assistance) and all efforts will be directed to making certain that the joint program under Part A works out." (emphasis added)

Undersecretary of H.U.D. Wood in testimony about the pending legislation viewed the operation of an insurance pool as not only a protection for the industry but also the most efficient arrangement from the government's point of view. As he described the arrangement, the government would deal only with the pool, and the pool would manage the participating companies' activities, an arrangement that would serve to limit the administrative burden for operating the program.



It is also clear that Congress intended for the terms of NFIA's relationship to the government to be established only through negotiation and agreement. This principle lies at the heart of the NFIA/FIA relationship and there can be no mistaking the insistence of Congress upon an industry-government partnership.

Contrary to the Congressional mandate for a full report of the government's intentions, FIA has attempted to have this proposed rule, with its inflammatory and groundless preamble designed solely for a full operational takeover of the flood program, published in the Federal Register. Not only did H.U.D. fail to consult with NFIA or the industry about these regulations, they refused a request to meet personally to discuss the respective roles of the parties and attempted to keep secret from NFIA and the insurance industry that they were completed.

This summarized response cannot be concluded however, without taking strong and adamant exception to the preamble in general and certain in accurate and misleading statements in particular.

Assuming that the preamble was intended to serve as a summary description of the NFIA/FIA relationship, it provides instead, a variety of groundless attacks upon NFIA's involvement in the insurance program, mostly relating to NFIA's activity in the program during the past nine months. Specifically, FIA's posture that NFIA has rejected a policy of competitive bidding is without foundation as is the statement that NFIA has made no firm contractual arrangements with its servicing facilities or others with whom it has professional counseling or servicing relationships. Of special importance is the fact that the current price structure used for reimbursement of service facilities was negotiated with FIA in 1974 and was mutually accepted by both NFIA and FIA as a result of those negotiations. FIA is aware that NFIA has met with professional consulting firms regarding a study to determine reasonable costs for marketing services. Furthermore, NFIA currently has in effect performance guidelines and standards that each servicing company utilizes for its performance criteria. Formal written agreements have accompanied these standards.

FIA gives considerable attention in its preamble to the industry's refusal to honor the scope of coverage interpretations issued by FIA relative to expenses paid for contents removal in imminent danger of flood damage. Several misstatements and omissions of fact accompany the FIA discussion on the subject. First, FIA initially expressed a position of no such coverage in a May 1, 1975 letter to Congressman Schneebeli only to reverse this position in another letter to him dated December 24, 1975. Such arbitrary and circular decision-making without prior consultation with NFIA or the benefit of a proposed regulatory guideline required NFIA to challenge the decision. Furthermore, there is strong legal argument to support the position that no statutory authority exists for making available this coverage, and that the present policy provisions do not provide such coverage. FIA is aware that NFIA's position is based upon the fact that the policy insuring clause is silent in this regard, and at no time has NFIA taken the position that Exclusion G of the policy is the basis for NFIA's interpretation. NFIA has long contended that it is for the courts to interpret policy coverage and not government administrators. NFIA has expressed to FIA a willingness to provide removal coverage and has provided a proposed amendatory endorsement to this effect. FIA failed to respond NFIA's request to consult on this matter.

Two other specific allegations made by FIA in its preamble must be challenged as groundless and inaccurate presentations that leave the reader with a misleading impression of the facts. The first is that those member insurance companies participating in the program are doing so in a risk free environment. The second is that the industry has a guaranteed profit situation and that certain companies are in a position to realize many millions of dollars of profits and revenues from the flood insurance program.

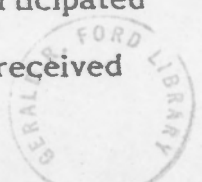
The contention that the property insurance companies participating in the flood insurance program are doing so with no possibility of risk exposure to their committed capital is contrary to the facts. In actuality the insurance aspects of the program are rapidly moving toward a financially self sufficient position. This is supported by the



fact that the federal subsidy has declined from 90% of the total cost of the insurance aspects of the program to a current estimated federal subsidy of 58%. It is important to emphasize that the risk exposure of the participating companies' capital commitment can be measured only for the fiscal year in which the program is currently operating. Any year that experiences devastating flood losses that cause a depletion of the program's working capital and trust fund leaves the industry highly exposed the following year. As the ratio of federal subsidy continues to decline, the greater is the reliance upon policyholders and industry financing to meet future flood losses. It should also be emphasized that the industry's current \$50 million commitment is a recurring annual pledge if the circumstances warrant. Furthermore the industry has paid H.U.D. approximately \$13 million dollars in uncollected reinsurance premiums.

One of the strongest accusations in the preamble is also one of the most groundless and inaccurate. It relates to FIA's allegation that several major companies stand to reap the overwhelming majority of \$36 million in profits that will be realized by participating member companies during the current decade and that these same companies will enjoy about 80% of \$100 million in servicing fee revenues during this same period. FIA avoids stating what the industry has received in profits and service fee revenues during the years the program has been operational. The facts are that 124 participating companies have received to date an aggregate \$4.7 million as so called profits for six years' participation in the program. It is estimated the seventh year will increase the aggregate for the 124 insurers to less than \$8 million. While this figure will hopefully rise considerably during the next three years, it is totally unrealistic to anticipate the astronomical figure of \$36 million being returned to the participating insurers.

While it should be recognized that service fee revenues are not profits, the \$100 million revenue figure used by FIA catches the imagination. This figure cannot be substantiated using reasonable projections beyond the seven years that the industry has participated in the program. As of June 30, 1976 all servicing companies combined have received a cumulative total of \$20.6 million for their efforts over seven years.



FIA has done a monumental disservice to those several major property insurance companies that have steadfastly supported the flood insurance program, especially during these early years when the program is struggling for acceptability. These companies were fully supportive of the program and active participants when the flood insurance program was receiving considerable criticism as being impractical and unworkable. Early statistics support the lack of attractiveness in view of the fact that only 158 communities were eligible for flood insurance as late as June 30, 1971 and only 5,500 policies were in force. These companies not only did not profit from their commitment to this program in those early years, they in fact invested substantially more in space allocation, personnel and insurance industry expertise than they could have possibly recovered. These companies, as do many insurers today agreed to provide servicing facilities as an accomodation to a program to which they had made a supportive commitment. All major insurance companies that currently operate servicing facilities advocate major changes in the servicing facility concept and pricing arrangement and have made this known in numerous meetings with FIA staff personnel.

For the many reasons cited in this summary, plus numerous others that could have been added, the NFIA and the property insurance industry vigorously oppose these proposed regulations and take the strongest exception possible to the preamble that precedes them and the motivations behind them. The proposed rules of August 13, 1976 must properly reflect the original conception of the partnership arrangement envisioned by the Congress, and any preamble that preceeds them should provide a factual basis of the historical relationship between the property insurance industry and the federal government.



THE WHITE HOUSE
WASHINGTON

Thurs. 9/9
File
Huo

9/2

Kris:

Please call May/McConahey and see
exactly what time next Thursday this
meeting is?

thanks

cd



*We will
get back to us.*

9/8

Jmc attendance
Cancelled

Schedule

THE WHITE HOUSE
WASHINGTON

September 2, 1976

MEMORANDUM FOR: JIM CANNON
FROM: LYNN MAY *Lynn May*
SUBJECT: HUD's Position on Issuing New Flood Insurance Regulations

Secretary Hills feels that new regulations are necessary to clarify the roles of the Federal Insurance Administration (FIA) and the National Flood Insurance Association (NFIA). She cites current disputes between these institutions as cause for the new regulations.

BACKGROUND

The NFIA currently disputes the authority of the FIA to interpret the scope of the coverage of the standard Flood Insurance Policy. It rejects what it feels to be unnecessary government interference with insurance coverage.

The FIA, on the other hand, argues that the Congress clearly furnished the Secretary of HUD with primary responsibility for establishing a national flood insurance program. The agency cites arbitrary policy coverage and lack of competitive bidding practices by the NFIA as a reason for issuing a stronger protective role toward policyholders. The FIA refutes the NFIA's calls for non-interference by pointing out that the cost of flood insurance coverage is borne primarily by policyholders and the government, not the participating insurance companies. The FIA also argues that Federal responsibilities for ensuring fair policy coverage and rates is heightened because in 1973 an amendment of the National Flood Insurance Program made it virtually mandatory for everyone residing in a flood plan (Federally backed loans are unavailable to those who do not participate).



COMMENTS

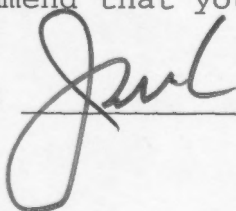
This dispute arises primarily because National Flood Insurance, unlike almost all other forms of insurance, is mandated by statute to be Federally managed and regulated. Policyholders with complaints about flood insurance cannot appeal them to State insurance regulating officials, as occurs in other forms of insurance, because these officials have no authority in this matter. Therefore, the decision by the Federal government to fill this role is conflicting with the insurance industry's traditional resistance to Federal control.

The following representatives of the insurance industry would like to meet with you and possibly Bill Seidman next Thursday afternoon to discuss this issue:

Herb Schoen, President, Hartford Insurance Co.
Tom Morrill, President, State Farm Insurance Co.
Charles Cox, President, INA
William Bailey, President, Aetna Insurance Co.
Steve Lesnik, Vice President, Kemper Insurance Co.
Sam Weese, Executive Director, NFIA

I recommend that you meet with these individuals.

APPROVE

A handwritten signature in dark ink, appearing to be "J. L. Seidman", is written over a horizontal line.

DISAPPROVE



THE WHITE HOUSE

WASHINGTON

September 29, 1976

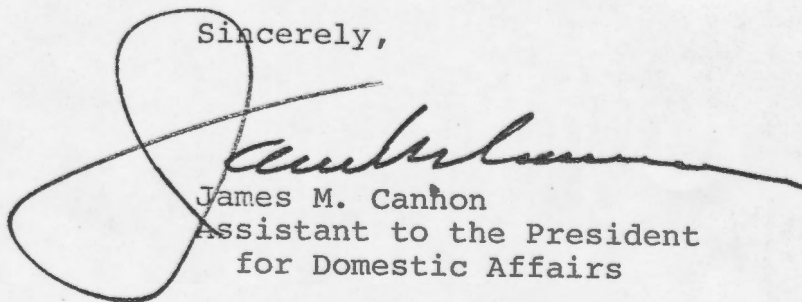
Dear Mr. Stanton:

On behalf of the President, I would like to thank you for your report on American Red Cross activities during the month of August.

All Americans are grateful for your organization's efforts on behalf of the injured and sick. Your work on behalf of disaster victims in recent months has been extremely helpful in alleviating these crises.

Thank you once again for your informative letter.

Sincerely,



James M. Cannon
Assistant to the President
for Domestic Affairs

Mr. Frank Stanton
Chairman
The American National Red Cross
National Headquarters
Washington, D.C. 20006





THE AMERICAN NATIONAL RED CROSS

NATIONAL HEADQUARTERS

WASHINGTON, D. C. 20006

OFFICE OF THE CHAIRMAN

September 10, 1976

My Dear Mr. President:

It is my privilege to submit this report to you covering certain highlights of American Red Cross operation during the month of August.

RL
The agreement calling for American Red Cross assistance to federal, state and local public health authorities in implementing the National Influenza Immunization Program was formalized in a Statement of Understanding signed by ARC President George M. Elsey and Dr. David Mathews, Secretary of Health, Education, and Welfare. The agreement recognizes the proven capabilities of the Red Cross to coordinate volunteer resources in carrying out large-scale humanitarian activities. The magnitude of the vaccination project will require Red Cross chapters throughout the country to organize, train, and assign volunteers to provide a variety of services. We have provided our chapters with program guidelines and promotional materials and are maintaining close liaison with federal officials to coordinate national publicity efforts. Red Cross divisions have received lists of the state and local health officials who are responsible for the immunization program and with whom they should work closely, and the Department of Health, Education, and Welfare is advising those officials of the role of the Red Cross and requesting them to involve Red Cross chapters in the planning and coordination of all volunteer resources.

Cooperation between the American Red Cross and the Food and Nutrition Service of the U.S. Department of Agriculture has resulted in the streamlining of procedures for utilization of USDA-donated surplus food commodities to benefit disaster victims. The Red Cross also was given a directory of state agency contacts to facilitate distribution of these commodities.

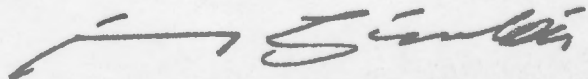


I am pleased to report that 15 months of work by the ARC and ICRC culminated successfully on August 1 when 49 U.S. citizens and their dependents were allowed to leave Vietnam via Thailand. During the period following the collapse of the Saigon government, the American Red Cross submitted health and welfare inquiries on behalf of many of the families of Americans in Vietnam to delegates of the International Committee of Red Cross (ICRC) in that country. The ICRC handled these messages and simultaneously transmitted messages from the persons involved to their families through ARC channels. The Red Cross maintained close coordination with the Department of State, and in the end was able to inform the families of many of the returnees that their relatives were finally en route home.

Also on August 1, Red Cross disaster workers responded to the tragic flash flood in Big Thompson River Canyon in Colorado, providing help to survivors and assisting families of the dead and missing. The Red Cross handled 4,600 disaster welfare inquiries and gave direct assistance to 218 families in the form of food, clothing, other emergency help, and transportation home, if needed.

Later in the month, Hurricane Belle brushed the East coast from Cape Hatteras to New England. Red Cross disaster workers at chapters from North Carolina to New England opened 415 shelters to house 70,471 coastal evacuees. At least that number of evacuees and emergency workers were fed by Red Cross. Luckily, the storm weakened as it made landfall, and damage was light. Only 750 families suffered hurricane-caused losses; 359 were expected to need emergency assistance from the Red Cross. In the past several weeks, the Red Cross has mobilized to face a total of six hurricane threats. Fortunately, most of these storms have passed with little or no consequence. But the Red Cross, in line with its traditional obligation, continues to maintain a constant state of preparedness.

Faithfully yours,



Frank Stanton

The President
The White House
Washington, D.C.



F. Desaut

THE WHITE HOUSE
WASHINGTON

October 12, 1976
1976 OCT 13 PM 2 12

MEMORANDUM FOR: JIM CANNON

FROM: LYNN MAY *lynn*
GEORGE KIDD *gk*

SUBJECT: Federal Disaster Declarations

Three Federal Disaster Declarations are now in various stages of preparation; you should know about them because we may receive a certain amount of adverse publicity on one of them.

Governor Godwin of Virginia has requested a Federal Declaration for the drought in his State; this is being evaluated with help from USDA experts and should be ready to go to the President late Wednesday or early Thursday.

Declaration sent 10/13.

The potential problem area is Frederick, Maryland, which was hit by serious flooding in the wake of last weekend's storm. *A.M.*

An immediate estimate of \$20 million in damage was made by local officials who were inexperienced in damage estimates. This has since been revised down to about \$4 million by Maryland officials; FDAA representatives have not yet gone into the area and probably will not until the formal request comes in from Governor Mandel in the next day or so.

The problem is that the Mayor of Frederick has apparently put the \$20 million figure in his head, and is saying that Federal officials are downgrading the damage estimates. The fact is that the Federal officials have not yet been there.

FDAA should receive the Maryland request Wednesday or Thursday. If their estimates are \$4 million or higher, there is a good chance they will recommend approval.

The third request will probably be coming in from Governor Schapp of Pennsylvania, for damages during the same storm that hit Frederick. FDAA does not know yet when this last request will be received.

Tom Dunne, the FDAA Administrator, remarked in a telephone conversation this morning that we can probably expect several more disaster relief requests, particularly for such things as drought relief, as the election draws closer.

cc: Steve McConahey
Max Friedersdorf



101312

file

THE WHITE HOUSE

WASHINGTON

October 21, 1976
1976 OCT 21 PM 5 18

MEMORANDUM FOR:

JIM CANNON
JIM CAVANAUGH
PAUL O'NEILL

FROM:

LYNN MAY
GEORGE KIDD

SUBJECT:

South Dakota Disaster Declaration.

Tom Dunne, Administrator of FDAA, has informed us that a request from Governor Kneip will be forthcoming in the next day or so, asking that a major disaster be declared in South Dakota as a result of ~~the prolonged drought~~. The Disaster Declaration would entail funds to provide assistance for economic dislocation and lost revenues, which would be used to run essential public services like schools, etc.

The request will likely be coming to FDAA deficient in the information required by law, thereby almost certainly necessitating a turndown. This turndown would then be used as evidence that the President "doesn't care" about South Dakota or its people. (In point of fact, because of the nature of the disaster, there is very little aid which can be given under current law. Dunne believes the South Dakota authorities are well aware of this).

The President has already provided Federal disaster assistance for six states, including ~~South Dakota, North Dakota, Minnesota, Wisconsin, Missouri and Virginia~~. Most of the assistance granted so far is in the form of transportation of silage and similar agriculture-related aids. If disaster assistance is requested by South Dakota, several or all of the other states will probably request similar aid.

Lynn -
seems inconsistent -
S.D. already a
drought disaster
area? Jm

