

## Don Brown: End subsidized insurance for coastal property owners

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It looks as if Florida is once again the luckiest state, with Hurricane Irene just skirting the coast. But while September is considered the most active time of year with regard to hurricane season, it was the month of August that produced two of the most devastating storms our state has ever experienced — hurricanes Andrew and Charley.

It's been 19 years since Andrew made landfall in South Florida and seven since Charley pummeled the west coast, but again this year we can only wait and see if the next named storm will be another one for the history books.

Regardless of how we recovered from the storms of the past, today Florida is in a rather precarious position. Despite the fact the largest insurer in the state, Citizens Property Insurance Corp., is financially unsound, most Floridians believe we will be able to repair the damage from the next storm and rebuild our communities the same way we have done in the past.

Unfortunately, that is not the case.

Instead, what Floridians will be forced to deal with following another Andrew or Charley is a financial burden beyond imagination.

According to estimates, Citizens will have a \$5.7 billion surplus by the end of 2011, with the potential to recover \$6.591 billion in Florida Hurricane Catastrophe Fund reimbursements and \$575 million in private reinsurance to pay claims after a storm.

However, with a total exposure of about \$465 billion and the 100-year probable maximum loss estimated at \$22 billion, it will be all Floridians — whether they are Citizens policyholders or not — who will repay the loans for the amounts needed in excess of what Citizens has available to pay consumer claims.

The cost of this debt will be paid for in the form of hurricane taxes tacked on to all insurance policies, including those of working families, business owners, churches, charities and renters.

While no one relishes paying more for insurance, fairness requires that those who generate risk should pay their full share of it. By choosing to live in the Sunshine State, a year-round vacation spot for many with perfect temperatures and beaches for miles, we must also take responsibility for the cost of this American paradise.

For those fortunate enough to own multimillion-dollar beach front property as a first home, or even vacation home, it is unreasonable that they receive subsidized insurance via Citizens at the expense of so many hardworking Floridians who can't afford to own property on the beach.

As we maneuver through this time when lawmakers are working to put our state on a path to financial stability, we need those fortunate individuals who made the choice to live on Florida's coast to take responsibility for their actions.

By reforming the two state-run entities and encouraging the return of the private market, we can work to alleviate both the financial pressures Citizens policyholders are being faced with today and the potential financial calamity the entire state will face in the wake of the next major storm.

#### **ABOUT THE AUTHOR**

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