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Statement from Florida Groups

Regarding Announcement of Cat Fund \$3.2 Billion Shortfall

TALLAHASSEE – Following yesterday’s Cat Fund Advisory Council meeting, various groups who have for years supported reform of both Citizens Property Insurance Corp. and the Florida Hurricane Catastrophe Fund spoke out regarding the announcement of the Cat Fund’s \$3.2 billion shortfall. The announcement was made following the release of the fall bonding and claims-paying capacity estimates prepared by Raymond James & Associates.

Jay Liles, Policy Consultant, Florida Wildlife Federation

“Once again we are told by the fund managers that the Florida Hurricane Catastrophe Fund is unable to fulfill its financial obligations. Even with the assessments (what I would call a not so hidden tax) imposed upon every policyholder in this state – from charities to homeowners, business owners, renters and automobile policyholders – we face a potential \$3.2 billion shortfall. I hope the legislature seriously considers the effect the estimates and projections will have on all Floridians should this hurricane season suddenly become more active. It would be wise for our elected officials to heed the advice of Cat Fund COO Jack Nicholson and scale back the size of the fund this upcoming session.

Coastal areas of southwestern Florida could very easily have seen a more significant storm this week had conditions varied slightly, yet we continue to subsidize construction in flood-prone areas with little attention to the economic and human catastrophe it could produce.”

Jose L. Gonzalez, Vice-President, Governmental Affairs, Associated Industries of Florida

“The announcement that the Cat Fund cannot meet its statutory obligations demands reform. The government is playing Russian roulette with insurers and their policyholders, but it’s time to stop loading bullets in this crazy game. AIF has long opposed the hurricane taxes that the Cat Fund and Citizens can impose upon the state’s businesses, charities, and others. The state has no business selling reinsurance if the Cat Fund cannot meet its obligations. If it fails, insurers and consumers will suffer and claims are likely to be delayed or worse, plus businesses will face massive taxes. Floridians need jobs and lawmakers must act now to reduce this threat to Florida’s job creation engine.”

Abigail F. MacIver, Director of Policy & External Affairs, Americans for Prosperity – Florida

"The \$3.2 billion estimated shortfall for the Cat Fund announced yesterday does not come as a surprise. AFP-FL, along with other business and consumer groups, has been warning that the fund was not solvent enough to cover its liabilities, a debt burden that will fall on the taxpayer. Until the legislature is willing to remove government control over property insurance allowing market forces to work and end the "hurricane tax," the Cat Fund's billions in unfunded obligations will be a risk for the future financial security of Florida and its citizens."

Christian Cámara, Director of Florida Insurance Project, The Heartland Institute

“We’ve been saying for the past several years the Cat Fund needs to be shored up. The release of the fall bonding and claims-paying capacity estimates goes to show even after years of Florida not being hit by a hurricane the current system leaves taxpayers very vulnerable. The legislature would do well in making necessary reforms to the Cat Fund in order to protect the state and residents from an economic disaster, and the current reform proposal by COO Jack Nicholson is a step in the right direction.”

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