

FOR IMMEDIATE RELEASE

February 29, 2012

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BROAD COALITION CONTINUES FIGHTING FOR NECESSARY CAT FUND REFORM

Tallahassee, Fla.— Today an unusual coalition of nonprofit, business and consumer groups from throughout the state delivered a letter to members of the Florida Legislature urging them to support Senate Bill 1372 (Sen. J.D. Alexander, R-Lake Wales) and House Bill 833 (Rep. Bill Hager, R-Boca Raton). The legislation which aims to “right-size” the Florida Hurricane Catastrophe Fund and put the state on a glide path to stability will save all Floridians money by eliminating duplicative costs and reducing the current risk associated with “hurricane tax” assessments.

Bill Newton, Executive Director, Florida Consumer Action Network

“Florida Consumer Action Network supports SB 1372 and HB 833 and encourages our elected leaders to do all they can to pass this important legislation before the end of next week. The consumer-friendly bills, which have bi-partisan support, are critical to protecting Florida consumers and the financial security of our state before the start of the 2012 hurricane season.”

Thomas C. Feeney, III, President & Chief Executive Officer, Associated Industries of Florida

“SB 1372 and HB 833 is thoughtful and necessary legislation supported by various business, consumer and environmental groups. These bills are critical to better protecting all Floridians from the current risk associated with the Florida Hurricane Catastrophe Fund, and with less than two weeks left of the regular state session it would be irresponsible of Florida Legislature to go home with a huge pre-planned financial disaster hanging over the heads of citizens and businesses of Florida. We strongly urge both the Senate and House to consider these important bills, and ask leadership to continue to push SB 1372 and HB 833 through the legislative process and send it to Governor Scott for his signature.”

Jay Liles, Policy Coordinator, Florida Wildlife Federation

“The Florida Wildlife Federation supports reform that will end insurance subsidies which encourage new development where we should not be building at all - on Florida's undeveloped barrier islands and in wetlands that offer important environmental benefits and weather related safeguards. Our organization strives to protect Florida's wildlife as well as the critical coastal habitats that help protect Florida from storms and rising tides and SB 1372 and HB 833 is imperative to doing just that. We urge the Florida Legislature to take the appropriate action this legislative session by passing this important legislation.”

For additional information on the risk associated with the Florida Hurricane Catastrophe Fund, please visit www.youtube.com/CatFundReform.

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The Florida Senate
The Capitol
404 South Monroe Street
Tallahassee, FL 32399

Florida House of Representatives
The Capitol
402 South Monroe Street
Tallahassee, FL 32399

Dear Honorable Members of the Florida Legislature:

As you are well aware, our hurricane-prone state has been storm free for the past six hurricane seasons. This good luck allows all of you – our elected officials – another opportunity to reform our state’s property insurance market and help lessen the risk associated with Citizens Property Insurance Corp. and the Florida Hurricane Catastrophe Fund (FHCF). To continue to require all Floridians including businesses, churches, charities, renters and automobile policyholders to subsidize many of our state’s most fortunate — homeowners living on the coast and those with vacation homes – is harmful and unfair.

For years we have worked together urging the Legislature to acknowledge the importance of the current situation and make the necessary changes. This session J.D. Alexander (R-Lake Wales) and Rep. Bill Hager (R-Boca Raton) courageously made the decision to champion for reform. Senate Bill 1372 and House Bill 833 aim to “right-size” the FHCF and put our state on a glide path to stability.

This legislation has bi-partisan support in the Legislature and the support of business, consumer, environmental and tax groups. A necessary, inexpensive and honest piece of legislation, SB 1372 and HB 833 will save all Floridians money by eliminating duplicative costs and reducing the current risk associated with “hurricane tax” assessments.

In three of the past four years, the FHCF has announced that because of the uncertainty in the bond market the Fund would be unable to pay its obligations in full. Today, the Fund’s shortfall is estimated at \$3.2 billion, and a major storm or series of storms this year could very well lead to a financial catastrophe in our state. While it is believed that reform will lead to unavoidable rate hikes, in reality it’s the “hurricane tax” assessments that can be levied on all Floridians that pose the greatest risk of financial disaster. Rate hikes, if any, will be minor, phased in and offset by the elimination of duplicate costs under the current system. Furthermore, whether or not this legislation passes, the bond markets have already created the rate impact. This legislation, which is based upon proposals from the FHCF to ensure its ability to meet its obligations and continue to be a force of stability in the state’s homeowners insurance property market, merely aligns Florida law with bond market realities.

Under the current structure of the FHCF all Floridians – including the organizations and members we represent – are required to pay “hurricane tax” assessments to help pay off claims because the state-run entity knowingly fails to collect enough premiums in advance. However, now is the time to end the

practice of allowing the state to put its debt on the backs of Florida businesses and charitable organizations that receive no benefit from the program.

With less than two weeks left of the regular state legislative session we urge you to support these important bills in order to promote a more stable property insurance market while eliminating the potential massive "hurricane taxes" we all currently face. Legislative leaders including Sens. Alexander and Garrett Richter (R-Naples) and Reps. Hager and Bryan Nelson (R-Apopka) have been working hard to ensure this important legislation passes and we applaud them for their efforts.

There is no quick fix to this problem, just the probability that the solvency of insurers will be at stake and our economy will be weakened if the appropriate changes are not implemented. We urge you to help alleviate the ongoing property insurance crisis that continues to plague our state and pass SB 1372 and HB 833 this session.

Sincerely,



Thomas C. Feeney, III
President & Chief Executive Officer
Associated Industries of Florida



Jay Liles
Policy Consultant
Florida Wildlife Federation



David Hart
Executive Vice President
Florida Chamber of Commerce



C. Scott Dudley
Legislative Director
Florida League of Cities



Bill Newton
Executive Director
Florida Consumer Action Network



Dominic M. Calabro
President
Florida TaxWatch



Christian R. Cámara
Director of Florida Insurance Project
The Heartland Institute



Louis Garcia
Chief Executive Officer
Big Brothers Big Sisters of the Big Bend