



Florida House of Representatives

Representative Bill Hager

District 87

District Office:

301 Yamato Road
Suite 1240
Boca Raton, FL 33431
(561) 470-6607

Tallahassee Office:

1101 The Capitol
402 S. Monroe Street
Tallahassee, FL 32399
(850) 488-2234

Email: Bill.Hager@myfloridahouse.gov

For Immediate Release

April 5, 2012

Contact: Larry Casey

(O) 561-470-6607 or (C) 561-906-2900

**SENATOR J.D. ALEXANDER AND REPRESENTATIVE BILL HAGER
SPEAK OUT REGARDING LEGISLATURE'S FAILURE TO SUPPORT CAT FUND REFORM**

Tallahassee, Fla. – Sen. J.D. Alexander (R-Lake Wales) and Rep. Bill Hager (R-Boca Raton) today spoke out regarding the Florida Legislature's failure to support SB 1372 and HB 833 which would have reduced the risk associated with the Florida Hurricane Catastrophe Fund. Despite support from Florida consumers, statewide business, environmental, consumer and nonprofit groups and the Senate Banking and Insurance Committee, which voted 8-1 in favor of SB 1372, the legislation did not pass this session.

"Based on a proposal by Dr. Jack Nicholson of the Cat Fund and its advisers, SB 1372 and HB 833 were created in an effort to reduce the Cat Fund's over-exposure and better protect all Floridians from the fund's potential \$3.2 billion shortfall," said Sen. Alexander. "As an elected leader representing the people of this great state, I felt it was my responsibility to protect those who put me in office from the financial calamity that will surely ensue the next time a major storm or series of storms makes landfall on our coast."

If the full legislature had acted, the bill:

- ✓ Would have reduced the "hurricane tax" burden of policyholder assessments on families, employers, churches and charities statewide
- ✓ Would have begun the process to "right size" the Cat Fund and ensure that in the future it can fully pay its obligations
- ✓ Would have helped foster a more stable, predictable property insurance market in Florida, encouraging strong companies to return to our state and compete for our business
- ✓ Would have made it more likely that Florida's local private insurers would survive the inevitable next hurricane, honor their claims and continue to serve Florida
- ✓ Would have better reflected the risks we incur rather than continuing to transfer our liabilities to our future and our children
- ✓ Would have reduced the state's future debt load and represented a move towards fiscal prudence

-MORE-

“It’s extremely disappointing that good legislation which is necessary, cheap and honest was not seriously considered this session,” said Rep. Hager. “While there were many important issues the full Legislature had to consider this year, as leaders of a hurricane-prone state this legislation should have been at the top of everyone’s list. Opponents argued that if passed SB 1372 and HB 833 would have caused rates to go up. However, in reality, the bond markets have already created the rate impact and rates may very well go up slightly without the legislation in place.”

Statewide business, environmental, consumer and nonprofit groups, including Associated Industries of Florida, The Florida Chamber of Commerce, Florida Consumer Action Network, Florida Wildlife Federation, Florida League of Cities, The Heartland Institute and Florida TaxWatch followed the bills closely, mainly because of the “hurricane tax” assessment risk associated with the current structure of the Cat Fund.

“In addition to the Cat Fund shortfall threatening numerous insurers with insolvency in the wake of the next storm, all Floridians will be forced to pay ‘hurricane tax’ assessments from Citizens and the Cat Fund, which were as high as 8 percent after the 2004 and 2005 storms,” said Sen. Alexander. “These taxes, which are authorized to last as long as 30 years, will be levied on all homeowner, business and automobile policyholders and affect everyone in the state including those who do not benefit from Florida’s broken system.”

The 2012 Atlantic Hurricane Season begins in less than two months. Due to the Legislature’s inability to pass any meaningful reform bills this session, Floridians are once again forced to rely on good luck to keep them safe from a financial catastrophe.

“It is our responsibility as Florida’s elected leaders to implement meaningful legislation that protects our constituents,” said Rep. Hager. “The reform included in SB 1372 and HB 833 was necessary and inexpensive compared to the risk and the alternatives. While we unfortunately did not make any progress this session, I pledge to continue the fight next year and put Florida on a needed path to stability.”

###