

FOR IMMEDIATE RELEASE

May 31, 2012

Contact: Melissa Richman
melissa@coremessage.com

ENVIRONMENTAL GROUPS URGE FLORIDA LEGISLATURE TO REFORM CITIZENS AND CAT FUND

Tallahassee, Fla. — With the 2012 Atlantic Hurricane Season officially beginning tomorrow, Florida environmental groups sent a letter to members of the Florida Legislature urging them to reform Citizens Property Insurance Corp. and the Florida Hurricane Catastrophe Fund. Lamenting the fact necessary changes were not made to the state-run entities this past session, the groups voiced concern over potential insurer insolvencies, hurricane tax assessments and the impact continued subsidized coastal development will have on the state.

Manley Fuller, President, Florida Wildlife Federation

“For years the Florida Wildlife Federation has been vocal about the Florida Legislature’s need to support reform of both Citizens Property Insurance Corp. and the Florida Hurricane Catastrophe Fund and end unnecessary state subsidies for high-risk coastal development. Before the 2012 hurricane season officially began, two storms formed in the Atlantic and one made landfall in Florida. We are no longer storm-free and we cannot continue to rely on good luck to solve the issues with these state-run entities. Protecting Floridians, protecting Florida’s wildlife and protecting Florida’s coastal habitats are absolutely necessary. It’s time for our elected officials to realize the consequences of failing to address the situation and to support change that has been embraced by environmental, business, consumer and nonprofit groups as well as many individual Floridians.”

Charles Lee, Director of Advocacy, Audubon of Florida

“The way Citizens Property Insurance is managed under Florida Law is an example of socialism at its worst. Homeowners throughout inland Florida are subsidizing risky oceanfront development by paying higher rates. Should we have a major storm, everyone’s rates will skyrocket – even homeowners who suffer no damage. Florida needs to get out of the socialized insurance business and let the free market determine the cost of insuring high-risk properties. Government interference with the insurance market in Florida simply encourages the wrong kind of development in environmentally sensitive coastal locations – and we all pay for it.”

Charles G. Pattison, FAICP, President, 1000 Friends of Florida

“Risky coastal development, which we are all underwriting through subsidized insurance and related programs, not only is a burden to taxpayers, but it promotes development in the very areas that are the most prone to storm damage. No reasonable person can conclude that anything but a fundamental change is overdue, and that we are most fortunate that our luck has held out as long as it has. Action now to reform the Citizens Property Insurance and the Florida Hurricane Catastrophe Fund programs is needed by the Legislature.”

###

May 31, 2012

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:

Once again, Florida enters another hurricane season and we are reliant upon Mother Nature, rather than sound public policy, to protect the state from economic calamity. This is due to the fact the Florida Legislature has yet to act on meaningful and long term reform of Citizens Property Insurance Corp. and the Florida Hurricane Catastrophe Fund (Cat Fund).

Citizens, once the insurer of last resort, is now the largest property insurer in Florida, holding 25% of the entire market. With over 1.4 million policies, Citizens' total exposure exceeds \$515 billion and is growing at a rate of more than 1,000 new policies a day!

On average, one in four homeowners will experience a 1-in-100 year hurricane during the term of a 30 year mortgage and Citizens estimates such an event would cost over \$23.2 billion. The \$10.4 billion difference between Citizens' resources to pay claims (\$12.775 billion) and its 1-in-100 year exposure (\$23.2 billion) would be covered by assessments levied by Citizens on every policyholder in this state, regardless of whether they are insured by Citizens or by a private carrier.

Today, the Cat Fund, created to stabilize the property insurance market and help pay claims, also has the potential to create a serious financial crisis in Florida. In three of the last four years, Cat Fund officials have determined that the fund could not borrow enough money if needed to pay its full obligations because of the uncertainty with today's bond markets.

Not knowing what future hurricane seasons may bring, continuing along this path is dangerous and irresponsible. While opponents of reform believe that because reserves have built up over the past six storm-free hurricane seasons the state is not at risk, subsequent active hurricane seasons are not unlikely and will in fact drain the fund of all its cash reserves and will have potentially destabilizing shortfalls thereafter. A shortfall in the Cat Fund will undoubtedly trigger a significant number of insurer insolvencies and massive hurricane tax assessments that will be levied on all Floridians including homeowners, renters, businesses, churches, charitable organizations and automobile policyholders.

From our perspective, a subsidized insurance program like Citizens serves only to further encourage irresponsible development in places where we should not be living, like undeveloped coastal barrier islands. When left in their natural state, these islands offer protection from storms and offer wildlife habitat as well as prime recreational opportunities. To continue to require all Floridians to subsidize

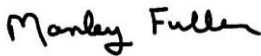
Page 2
May 31, 2012

many of our state's most fortunate — homeowners living on the coast and those with vacation homes — is unfair and harmful to the environment and those consumers, businesses, charities and nonprofits who provide those subsidies.


As you prepare for the 2013 state legislative session we strongly urge you to consider the importance of reforming both Citizens and the Cat Fund. Changes to these state-run entities should be a top priority of each member of the Florida Legislature, as we are confident that even with modest cost increases reform will prove to be a long-term financial savings to Floridians as opposed to the alternative risk your constituents currently face. Furthermore, changes will be beneficial to the environment and wildlife that are so important to the state we all call home.

We look forward to working closely with you and Governor Scott in offering solutions to better protect Floridians and our hurricane-prone state. If we can be of further assistance, please do not hesitate to contact us.

Sincerely,



Manley Fuller
President
Florida Wildlife Federation



Mary Munson
Executive Director
Florida Conservation Alliance



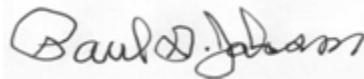
Charles Lee
Director of Advocacy
Audubon Florida



Gary Appelson
Policy Coordinator
Sea Turtle Conservancy



Charles G. Pattison, FAICP
President
1000 Friends of Florida



Paul G. Johnson
Interim Coordinator
Florida Coastal & Ocean Coalition