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THE READERS' FORUM

Citizens is subsidized by private insurance holders

The 77 percent of Florida homeowners that have private homeowners insurance are paying the full amount that their insurers believe is necessary for their own risk. In addition to paying 100 percent of their own premium, these Floridians are subject to the threat of additional hurricane taxes and assessments to cover for Citizens not charging its customers their fair share. Homeowners are still paying hurricane tax subsidies to Citizens from 2004 and 2005.

What it comes down to is that 23 percent of homeowners in Citizens are being subsidized by the other 77 percent who aren't Citizens' policyholders. This overwhelming majority includes businesses and members of the Florida Chamber of Commerce.

Regrettably, the organizations and individuals affected by nonpolicyholders covering for Citizens extend far beyond businesses. In fact, all automobile-insurance policyholders, charities, religious institutions and even local governments and school boards with private insurance are required to shoulder the burden of hurricane tax assessments to subsidize Citizens policyholders.

If a major storm or series of storms were to hit, Citizens' claims could use all its reserves and its capital built up in the Florida Hurricane Catastrophe Fund could be exhausted. If this were to happen, both Citizens and the Cat Fund would simultaneously have to try to issue bonds and borrow sizeable amounts to pay their remaining claim obligations. These bonds would be paid off by hurricane taxes levied on all Floridians. So, in addition to the taxes or assessments non-Citizens policyholders are currently paying in addition to their own premium, another tax could be added to their policies for the foreseeable future.

While the Florida Chamber realizes that it is an extensive process to reinvigorate the private market and provide Floridians with alternative property insurance options, we are perplexed by the ongoing banter that Citizens policyholders are being unfairly threatened with rate increases. It's important to remember that those who are truly being treated unfairly are the 77 percent of homeowners, as well as members of organizations such as ours, who are forced to pay more and subsidize Citizens policyholders.

To secure Florida's future, our state and all Floridians need to focus on the unfairness of relying on subsidies from non-Citizens policyholders and support the Citizens board as it continues trying desperately to make the necessary reforms to Florida's property insurance market.

David Hart, executive vice president, Florida Chamber of Commerce, Tallahassee