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Opinion

Welfare for the rich

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Floridians should be outraged and policymakers should be, too. Government-run Citizens Property Insurance Corp., now the biggest insurer in Florida, is Robin Hood in reverse.

Citizens provides artificially low insurance prices to homeowners along the hurricane-prone coast and requires others to pick up the cost of the subsidy. Although many may think the "others" are a small group of Floridians, they actually represent 77 percent of Florida homeowners as well as all businesses, charities, religious institutions, renters, automobile policyholders, local governments and school boards.

This means that coastal homeowners, including wealthier homeowners and those living out of the state or country, benefit from lower insurance prices, while average Floridians pay the difference with higher insurance prices, assessments and hurricane taxes.

According to data from the U.S. Census, it would take the income of nearly 20 households in Gainesville to equal the income of the median household on Miami's Fisher Island. Yet homeowners in Fisher Island can qualify for subsidized homeowners insurance as long as the value of the home is less than $1 million. Essentially, homeowners in Gainesville are paying their full insurance costs plus something extra to help often well-to-do consumers on the coast.

What's worse is that homeowners who live out of the state and out of the country get benefits, too. More than 60 percent of the homes on Fisher Island, the homes subsidized by privately insured Floridians, are not owner-occupied, not renter-occupied, not for sale and not for rent — they are mostly vacant homes, used as vacation and investment properties. According to data from the National Association of Realtors, these second homeowners typically have higher incomes than other consumers, and they get subsidized.

Because about half of second homebuyers live more than 300 miles away and 40 percent live more than 500 miles away, many of these second homebuyers do not even live in the state. In fact, data from the National Association of Realtors shows the influx into Florida of wealthy foreign homebuyers. Specifically, Florida accounts for nearly one-third of foreign-owned homes in the United States, with 80 percent of foreign buyers paying cash for their second home. How is it that these wealthy homebuyers can pay cash for their property but can't pay the real cost of insurance?

When you put the data together, one thing is clear: Citizens runs a welfare scheme that benefits the rich.

We all know that insurance in Florida is not cheap. However, Floridians, especially those living in hurricane-prone regions, need to assume their own risk instead of placing the burden on the backs of other Floridians.

In the past, when homeowners along the hurricane-exposed coast needed help, policymakers erred by making other consumers pay for it. Now policymakers need to have the courage to fix this scheme by limiting welfare for the rich and second homeowners, as well as encouraging insurers back into the private market.

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