



STRONGER SAFER FLORIDA URGES FLORIDA LEGISLATURE TO REFORM CAT FUND

Tallahassee, Fla. — In advance of today's House Insurance & Banking Subcommittee meeting, during which HB 1107 was workshopped, Stronger Safer Florida delivered a letter to members of the subcommittee expressing their support for Rep. Bill Hager's (R-Boca Raton) good bill. 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.

David Hart, Executive Vice President, Florida Chamber of Commerce

"The Florida Chamber of Commerce thanks Chairman Bryan Nelson and members of the House Insurance & Banking Subcommittee for workshopping Rep. Hager's Florida Hurricane Catastrophe Fund reform bill. Knowing Florida is only one costly storm away from economic devastation, HB 1107, as well as SB 1262 sponsored by Sen. Alan Hays, are critical to reforming Florida's broken property insurance system and the systemic flaws with the Cat Fund. Beyond providing protection for Florida's homeowners, the Cat Fund is a risk management tool that protects and helps stabilize the state's economy. Without a reliable insurance market, a growing and vibrant economy cannot flourish. To secure Florida's future, we encourage the House Insurance & Banking Subcommittee to schedule Rep. Hager's good bill for a vote next week, and urge legislative leadership to support both HB 1107 and SB 1262."

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

"HB 1107 sponsored by Rep. Bill Hager and SB 1262 sponsored by Sen. Alan Hays are necessary and needed pieces of legislation supported by Florida business, consumer and conservation groups. We appreciate House Insurance & Banking Subcommittee Chair Bryan Nelson and members of the subcommittee for taking the time to workshop the bill, and hope the bill will be up for a vote next week. As suggested by experts as well as the Cat Fund's own advisers, the Fund is overexposed and needs to be structured so that it can realistically provide stability while promoting an on-going market. Continuing along the current path and allowing another session to pass without reform of the state-run insurance entity creates unnecessary risk for the state. Additionally, we should not consider any proposal which expands the Cat Fund or reduces its retention, as that will only lead to 'hurricane tax' assessments becoming more frequent and probable. HB 1107 and SB 1262 are critical to protecting all Floridians from the financial burden associated with the current structure of the Cat Fund, and we strongly urge leadership to push these bills through the legislative process this year."

Sarah Owen Gledhill, Planning Advocate, Florida Wildlife Federation

“The Florida Wildlife Federation is just one of many conservation groups who stand behind reform of the Florida Hurricane Catastrophe Fund. Thankfully, some elected leaders including Rep. Bill Hager and Sen. Alan Hays understand the importance and dire need to implement necessary reform of this government-run program. It’s time that we 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. Through the good bills sponsored by Rep. Hager and Sen. Hays, we can better protect Florida’s wildlife as well as the critical coastal habitats that help protect Florida from storms and rising tides. We urge the Florida Legislature to take the appropriate action this legislative session by passing HB 1107 and SB 1262.”

Christian R. Cámara, Florida State Director, R Street Institute

“The reforms contained in HB 1107 by Representative Hager and SB 1262 by Senator Hays are necessary to protect consumers, policyholders, and the state's economy. Currently, Florida state government is selling reinsurance coverage through the Florida Hurricane Catastrophe Fund that it knows it cannot make good on. This is not only unacceptable ethically and philosophically, but it poses an enormous risk on working Floridians who expect to have their insurance claims quickly and fully paid to start rebuilding their lives after a hurricane. Knowingly selling false coverage and the risks associated with it is unacceptable. As such, the Legislature must take steps during this year's session to address this issue before our seven-year, hurricane-free run of good luck expires.”

The letter sent to the House Insurance & Banking Subcommittee is below.

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Stronger Safer Florida is a nonpartisan coalition comprised of business, consumer and environmental groups from throughout Florida. For more information, visit www.strongersaferflorida.org.



March 12, 2013

Hon. Bryan Nelson, Chair, and Members of the House Insurance & Banking Subcommittee
The Capitol
402 South Monroe Street
Tallahassee, FL 32399

Subject: HB 1107 – Florida Hurricane Catastrophe Fund Reform
STRONG SUPPORT

Dear Honorable Members of the Insurance & Banking Subcommittee:

The undersigned members of Stronger Safer Florida, a broad, nonpartisan coalition of Floridians, write to you to urge favorable consideration of HB 1107 sponsored by Rep. Bill Hager (R-Boca Raton). This bill is not only good public policy, it's urgently necessary.

The facts necessitating right-sizing the Florida Hurricane Catastrophe Fund are simple.

Florida law currently mandates that Florida's homeowners insurance companies buy \$17 billion of coverage from the Cat Fund. However, the Cat Fund does not have, and its advisers fear it cannot borrow, \$17 billion. This year's shortfall is consistent with the shortfalls identified in bonding capacity estimates since 2008. The Cat Fund would have no capacity for a subsequent event or season, promoting turmoil rather than stability.

Last year Florida Insurance Commissioner Kevin McCarty informed our legislature that if the Cat Fund underperformed even partially, half of the state's top fifty insurers would likely be insolvent or financially impaired. That startling fact describes 35 percent of the Florida homeowners insurance market, or more than 2.2 million policies. The most expensive insurance is that which is insufficient to pay the claims.

Over the past few years, both experts and the media have exposed problems with Florida's state-run insurance entities – Citizens Property Insurance Corp. and the Cat Fund. These entities are underfunded, and rely on post event debt supported by policyholder assessments, or hurricane taxes, from working families who rent their homes but have auto or other assessable policies, and from Florida's businesses, charities, churches, local governments and school boards. Citizens and the Cat Fund offer their policies at actuarially unsound rates, subsidizing risky development and encouraging moral hazard.

This session you and the other members of the House Insurance & Banking Subcommittee have the opportunity to better protect the majority of your constituents. Rep. Bill Hager's bill is important reform legislation that is necessary in order to reduce the Cat Fund's over-exposure and reduce the possibility of massive 'hurricane tax' assessments to all Floridians in the wake of the next major storm or series of storms.

The members of Stronger Safer Florida strongly urge you to support HB 1107. We believe the incremental changes outlined in this good bill will reduce the financial burden associated with the Cat Fund's current structure, while helping to better protect Florida's environment by somewhat diminishing subsidies for risky coastal development in the most storm-exposed areas of the state. Rep. Hager's bill would help stabilize the Cat Fund and move it to a reasonable size where it can keep its promises, rather than promote instability. Polling from the Florida Chamber of Commerce shows that the vast majority of Floridians - and even Citizens policyholders - support property insurance reform.

The members of Stronger Safer Florida also urge you to reject any calls to expand rather than right-size the Cat Fund. The time for gimmicks rather the real reform in our state is over. We must not rearrange the deck chairs on the Titanic, especially when we can choose to promote meaningful reform. Moreover, Stronger Safer Florida believes these reforms must take effect now, without delay.

We strongly support real reform of the Cat Fund and hope the entire Florida Legislature will do so as well. The reasonable, incremental reforms in this bill will prove to be a long-term financial savings to Floridians, reducing tax risk, promoting sounder development and land use and stabilizing our private insurance market, as opposed to the cataclysmic risks of hurricane taxes or broader market failures your constituents currently face. The time to reinvigorate the private market, stabilize Florida's insurance system and help protect every Floridian and Florida's environment is now.

Sincerely,



Thomas C. Feeney, III
President & CEO
Associated Industries of Florida



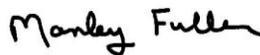
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