



Bill Hager: This is our chance to right-size CAT Fund

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By Bill Hager

This session, I have filed House Bill 1107, which is designed to right-size Florida's Hurricane Catastrophe Fund (CAT Fund), which is the state's owned and operated reinsurance company. It provides a good share of the reinsurance needed by the underlying retail homeowner's insurance companies that do business in Florida.

As such, it is important that the CAT Fund can pay its claims when the big storm comes, which it surely will. The House district I represent is a coastal district that is very susceptible to hurricane and tropical storm-related damage, and it is important that the CAT Fund can pay its claims. If it fails to do so, your insurance company in turn will not be able to pay your homeowner's claim after the storm. HB 1107 will stabilize the CAT Fund so that it can pay these claims when they arise.

The CAT Fund was created in 1993 after Hurricane Andrew, to help insurers pay homeowner's claims if a major storm causes widespread damage. Because Florida is considered the world's highest-risk land mass for hurricanes, a financially dependable CAT Fund is critical.

The CAT Fund itself estimates that it would not have been able to pay its claims to their homeowner's insurance companies in four of the past several years (2007, 2008, 2011 and 2012.) That's more than 50 percent of the time, and that puts Florida at risk for financial disaster.

This is exactly why we need to right-size the CAT Fund.

In order to do this, the maximum obligations of the CAT Fund needs to be reduced from the current \$17 billion to \$14 billion, and this bill does just that. David Hart of the Florida

Chamber of Commerce told the Government Operations Subcommittee last week that its vote on the bill would “be the most responsible votes you’ll take this session.”

So far, this bill has seen bipartisan and overwhelming support from my colleagues in the House. This is because research shows that right-sizing the CAT Fund can be done with negligible impact on rates. Florida’s insurance consumer advocate, Robin Westcott, has so testified in committee meetings.

I will present this bill to the House Regulatory Affairs Committee today, and Sen. Alan Hays, R-Umatilla, will present the Senate companion bill to the Insurance and Banking Senate Committee.

Together we’re working to bring this good legislation to the full Legislature for a vote to lessen the risk to Floridians.

The 2013 hurricane season begins very soon. Floridians should not be forced to rely on good luck to keep them safe from a financial catastrophe.

If action is not taken, the CAT Fund shortfall has the potential to lead to financial disaster. My objective as an elected official is to correct a situation that has begged for a solution for many years.

I want your homeowner’s claim to be paid when the inevitable storm comes.

Bill Hager, R-Boca Raton, represents District 89 in the Florida House of Representatives.