

Insurance Issues 2012-Present

Builder's Risk Reinstated (2013)

- Builders Risk insurance protects policy holders during construction/renovation and while in other areas, there are often affordable private market alternatives to a policy with Citizens, that is not the case in the Florida Keys
- In response to a request from the Governor's Cabinet, Citizens eliminated Builder's Risk policy options from both their personal and commercial lines in 2012
- This led to a situation where individuals who had been waiting years for a building permit (because of our permit allocation system) could not afford the insurance necessary to begin building/renovating
- Additionally, if someone wanted to purchase a property that needed renovation (like so many of our older homes do), they were unable to find affordable coverage for the construction phase (coverage that any mortgage lender requires unless you are paying cash for your house)
- In February of 2013, Rep. Raschein sent a letter to Citizens highlighting the lack of private market competition for wind coverage for properties under construction in Monroe County
- As a result, Citizens restored their Builders Risk coverage

Addition of a Structural Engineer to the Florida Commission on Hurricane Loss Projection

Methodology "The Commission" (2013 Session)

- The Commission is responsible for evaluating the models used by insurance companies to determine our rates
- Language was successfully added to a Senate bill in 2013 that added additional expertise to The Commission by requiring an additional member: a structural engineering professor with experience in wind mitigation specifically

Glide Path Exemption (2013 Session)

- A Senate bill passed in 2013 reduced the maximum coverage available from Citizens from \$1 million to \$700,000 over a period of several years
- High land/construction costs in the Keys and a lack of private competition would have left homeowners throughout Monroe County unable to keep their policy's with Citizens but unable to find private market alternatives that would satisfy the requirements from their mortgage lender
- An amendment was successfully added to that bill that exempted from that glide path areas where the Office of Insurance Regulation has determined there is no reasonable degree of competition (which they did in Monroe County)

FAM Tours (2013-2014)

- During that first session, it became clear that there was a great deal of misinformation about wind/flood risk in the Florida Keys among both elected officials and the insurance industry themselves
- In 2013, the first Monroe County Construction Standards Familiarization Tour (FAM Tour) was organized to bring public and private stakeholders from all sides of the insurance industry to Monroe County to see first-hand how we build our homes
- The tours have highlighted different types of construction from historic renovations in Key West to new concrete construction in the Upper Keys

- From these tours, we have seen private market representatives and reinsurers take a second look at the viability of writing policies in the Keys

Flood Memorial/NFIP Affordability Act (2014/2015)

- As a result of federal action related to the National Flood Insurance Program (Biggert Waters Act passed in 2012) many homeowners in Monroe County saw their flood insurance rates skyrocket
- One resident saw their policy increase to \$49,000 a year for a \$225,000 home
- During the 2014 session, Rep. Raschein filed a resolution to urge Congress to delay the implementation of the bill that was to blame for these increases until an economic impact study could be completed
- The resolution also called for Congress to utilize a glide path approach (like what we require Citizens to adhere to)
- Rep. Raschein also worked with FIRM and with our federal representatives to support their efforts to pass the Flood Insurance Affordability Act which rolled back premium rates for a number of homeowners and required a study of flood insurance rates

CBRS (2015)

- Rep. Raschein introduced a bill in 2015 to ensure that major structures in certain coastal areas would be able to maintain insurance coverage through Citizens should they need to make improvements to their property (for example, after a storm)
- Existing law would have required Citizens to drop their policy, and with no private market options would have been devastating
- In Monroe County alone, there are 656 improved parcels that would have become ineligible for insurance with Citizens if they had to make substantial repairs/renovations to the structure
- Because of that bill, those property owners remained eligible for Citizens coverage should they need to rebuild, remodel, or repair those structures

Operations of Citizens Property Insurance/Condo Amendment (2016)

- Last session, a pro-consumer bill was passed that revised the depopulation program at Citizens to maximize policyholder options and encourage increased participation by insurers and agents
- The bill (HB 931) requires Citizens to provide more information to policy holders including estimates of comparable coverage in the private market and the rates available through Citizens
- Rep. Raschein worked with FIRM to amend this bill to include language that removed the requirement for Citizens to use the public hurricane model as a “benchmark” for rate making and allows Citizens to take into consideration other models when setting rates (which may result in more accurate rates)
- These changes were a priority for FIRM and have the biggest impact on personal residential condo associations

Rate Freeze Request (2016)

- For the first time, one of the models used to calculate Citizens proposed insurance rates showed a divergence from the other models
- One of the four accepted models showed that our rates should not be going up while the other three continued to show a need for increases
- Rep. Raschein worked with Citizens, FIRM, and Monroe County to request that OIR reject the proposed increases for Monroe County this year and research why the models were so different