

Greetings!

The 2011 Florida Legislative Session is, thankfully, over. FIRM members made several trips to Tallahassee this session to lobby on behalf of Monroe County and minimize the detrimental affects of several key pieces of legislation. (Executive Director Annalise Mannix was there for the entire last week of session!)

We have temporarily averted some economic disasters, but some legislation that passed will impact YOU. Please read on to learn what passed, what didn't, what to expect and what FIRM's next steps will be.

SB 408 / HB 803 Passed



SB408 (sponsored by Senator Garrett Richter) / HB 803 passed, with some acceptable amendments we fought for, but some language which we all need to be aware of. SB408 may be helpful to maintain the integrity of Citizens Property Insurance Corporation and to attract insurers to Florida. Here's what will impact YOU:

CLAIMS: You must now file a new or supplemental claim within 3 years of a hurricane. It will be very important to get a thorough engineering inspection promptly if you endure damage from a hurricane.

Senator Richter ACV/RCV: Insurers will pay you either actual cash value (ACV) or replacement cost value (RCV) depending upon the policy you have. For a STRUCTURE (your home), the insurance company will pay you the ACV immediately, and then pay the difference between that and the RCV as you make repairs. You must make a claim for the replacement cost within a year of the hurricane. If it is a total loss, the company must pay you the RCV without holding anything back. For PERSONAL PROPERTY, you have a choice of coverage. In the first option, the insurer may limit its initial payment to the ACV or 50% of the RCV, whichever is greater, and must pay the balance of that RCV when you provide a receipt for the replaced property. In the second option, insurers have to pay you for the RCV for items you choose not to purchase also (like those kids beds you no longer need because the graduated, or those clothes that no longer fit anyway). This coverage will be offered for an additional fee.

MITIGATION: We were able to have the language removed from the bill that would have reduced mitigation credits and allowed insurers alone to determine their value. Mitigation credits remain the same.

PUBLIC ADJUSTERS: You can still use a public adjuster to file a supplemental claim with Citizens, but the adjuster's fee will be limited to 10% of whatever the adjuster helps you secure above what Citizens originally offered you.

USE AND FILE: As of December 31, 2010, insurers

were allowed to bill customers without having their rates approved ("file and use"). Senator Fasano successfully introduced an amendment reinstating "use and file" until June 1, 2012 -- but that means we'll be working to extend this again next year.



EXCESSIVE RATES: Originally, the bill would only have allowed the Office of Insurance Regulation to deny a rate that was discriminatory or inadequate, not excessive. We helped change that so that now, OIR can deny a rate increase that is excessive, inadequate, or unfairly discriminatory.

EXPEDITED RATE FILINGS: The bill allows an insurer to request an expedited rate filing for an increase of a maximum of 15% per policy, (used to be 10%) for insurers which elect to purchase financing products such as a liquidity instrument or line of credit; however, the cost included in the filing may not result in a premium increase exceeding 3 percent for any individual policyholder. The bill removes current law that restricts insurers from using an expedited rate filing if the insurer has implemented a rate increase in the prior six months but restricts insurers from making any other rate filing for six months after the expedited rate filing.

Senator Fasano

RATE INCREASES: All costs contained in a filing may not result in an overall premium increase of more than 15% for any individual policyholder. However, if there are any assessments because there is a significant storm and Citizens can't pay all the claims, Citizens policyholders will be the first ones billed for that assessment. Originally, increases may have been as high as 25% annually. **So will your rate increase? Possibly, but by no more than 15%.**

SB 1714 / HB 1243 Failed



Senator Hays

This was the "Citizens Bill" sponsored by Senator Alan Hays and Representative Jim Boyd. We worked with Rep. Boyd and if the bill had made it to the floor, he would have offered some amendments to protect Keys residents. We are pleased that it never made it to the floor of either chamber. The bill would have:

- Prohibited Citizens from offering coverage to homes with a replacement value of over \$500,000 by 2016. That means that most homes over 1,750 square feet would not be able to get new policies. So if you sold your home the new owner would not be able to get insurance. Your buyer would have to pay cash or would be force-placed by mortgage companies at 12-13% of the replacement value.
- Prohibited Citizens from offering new policies to businesses; this would effectively end small business investment since no mortgagors will provide loans to buildings without insurance.
- Prohibited anyone insured by Citizens from engaging the services of a public adjuster, forcing insureds to take immediately hire attorneys and file lawsuits rather than work toward compromise.
- Dictated that if any private insurer offers a Citizens customer a policy that is up to 25% higher than the Citizens rate, the customer would have to take that coverage, causing excessive rate increases which could be easily \$2,500 on many Keys policies.
- Allowed Citizens to not only increase rates by up to 25% per policy per year, but also prohibit the rates from being reduced where it makes sense actuarially to reduce them. Consumers would not be allowed the benefit of rate reductions that may be actuarially indicated.

This bill failed this session, but may come back as early as the fall in a possible special session. We laid the groundwork for defeat, but will have to continue working on this.