



## ***Special Legislative Session on Property Insurance***

House Unveils Sweeping Insurance Reform and Consumer Protection Legislation  
Hasner Leads House Push Calling on Congress to Enact National Insurance Reform Legislation  
Adam Hasner...In The News  
Important News from Around the State on Property Insurance Reform

## ***On the Move...Addressing Florida's Property Insurance Crisis***

This week I travel to Tallahassee for the Special Legislative Session which starts today at 1 PM. Addressing Florida's property insurance crisis is my number one priority, and I will be working hard to provide needed rate relief to Floridians. I understand how real this problem is for our community as Jillian and I are facing higher insurance bills just like you.

I have listened to your concerns and understand what hardships these rate increases are placing on families and the threat that they pose to our state's economy. While I recognize that there is no magic wand solution, I am fully committed to providing Florida's homeowners with more affordable rates in the short term, as well as developing comprehensive reforms that will provide long term stability.

I am pleased to let you know that as we begin the special session, I am among several members of the Florida House proposing tough legislative measures that will protect consumers and lower insurance rates. We are also demanding changes at Citizens, including the repeal of the recent rate increases and eliminating the requirement that they charge the highest rates.

Additionally, during the special session I will be championing legislation calling upon our federal

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representatives in Washington to take action on this issue. The reforms we are proposing in Tallahassee are comprehensive in nature and will lead to immediate relief, but a total solution will require cooperation from Congress. There is recognition that we need our elected officials in Washington to pass meaningful reforms such as the establishment of a National Catastrophe Fund, as well as tax reforms that will allow for the deductibility from income taxes for home improvement mitigation measures and the creation of tax free disaster savings accounts.

Included in this message is a summary of some of the actions we are proposing to take this week, as well as some recent news articles that you will find of interest. As we begin the special session on Tuesday, one thing is clear - Democrats and Republicans in Tallahassee are committed to providing real solutions for all Floridians.

Working together, we will keep Florida on the Move!



## House Unveils Sweeping Insurance Reform and Consumer Protection Legislation

***~House recommendations will cut most Homeowners' insurance rates by at least 25%, rollback and freeze Citizens' increases ~***

TALLAHASSEE, FL – Leaders within the Florida House of Representatives today unveiled a broad consumer- focused insurance reform package designed to cut homeowners insurance rates by 25%, replace Citizens Property Insurance's Board of Directors and rollback the company's most recent rate increases, crack down on pup companies and cherry-picking, and ensure that consumers are treated fairly by insurers.

"It's hard to have a good quality of life for your family when you always have to decide what to cut next so that you can pay your insurance bill," said Speaker Marco Rubio. "It's a problem too many Floridians are facing. I know that Governor Crist and the Senate share our commitment to providing real relief for Florida homeowners, and I am confident that the plan we are announcing today will help make dealing with insurance costs easier for Floridians."

The legislation, unveiled today, includes:

- The Insurance Industry Accountability and Consumer Protection Act by Representative Denise Grimsley and David Rivera
- The Homeowners Rate Reduction Act by Representative Dick Kravitz
- The Citizens Reform and Private Market Restoration Act by Representative Ellyn Bogdanoff
- The Homeowner Enhancement and Loss Prevention (HELP) Act by Representative Trey Traviesa
- The Uniform Building Code Act by Representative Marti Coley
- National Memorial on Federal Solutions by Representative Adam Hasner

## **HOUSE INSURANCE LEGISLATION HIGHLIGHTS**

### **Insurance Industry Accountability and Consumer Protection Act**

- Requires that existing pup companies increase their investment in Florida by creating a surplus of 133% of the minimum required statutory surplus, and prohibits the formation of any future pup companies in Florida.
- Eliminates the practice of “cherry-picking” by requiring that any insurer that offers homeowners policies in other states and offers any other line of insurance in Florida be “meaningfully engaged in the sales of property insurance in Florida.”
- Requires the Office of Insurance Regulation to consider the profitability of national affiliates during the rate review process for current Florida-based subsidiaries.
- Prohibits non-renewals of policies during hurricane season.
- Requires a signatory oath of truth with a penalty of perjury on all insurance company financial documents filed with the state.
- Prohibits excess profits by property insurers and requires return of excess premiums to policyholders.
- Requires insurers to use the storm-worthiness of homes rather than the date of construction to determine risk.

### **The Homeowners Rate Reduction Act**

- Lowers CAT Fund retention level to \$2 billion and increases CAT Fund capacity to \$20 billion for two years. After two year period, the CAT Fund retention/capacity would be governed by statutory formula, with the Financial Services Commission retaining the right to reset retention/capacity with approval from the Legislative Budget Commission.
- Requires insurers who purchase low cost reinsurance through the CAT Fund to pass 100% of savings onto consumers. Insurers who access low cost reinsurance

must provide at least a 25% overall savings to consumers, or receive a waiver from the Financial Services Commission.

- Suspends the rapid cash buildup provision to the CAT Fund which would immediately result in a 3% savings for consumers.

### **The Citizens Reform and Private Market Restoration Act**

- Calls for replacement of Citizens Board of Directors.
- Repeals the January 1, 2007 Citizens rate filing and refunds any premium already paid. Freezes rates at 12/13/06 level for 2007.
- Requires Citizens rates to be actuarially adequate, but no longer requires Citizens' rates to be the highest in the market.
- Eliminates the reinsurance factor in calculation of Citizens rates, eliminating an estimated 56% increase in current rates.
- Changes Citizens' Probable Maximum Loss factor from 100 years to 50 years, with a gradual growth to 100 years over a period of five years (i.e. 2008: 50 years, 2009: 60 years, 2010: 70 years).
- Eliminates the requirement which currently forces Citizens to charge the highest rate in any given market.
- Allows homeowners to make Citizens policy payments on an installment basis.
- Redefines catastrophic loss under a sinkhole policy.
- Encourages foreign reinsurers to do business in Florida.
- Suspends the provision in law which allows insurance companies to automatically raise rates without review.

### **Home Enhancement and Loss Prevention (HELP) Act**

- Authorizes \$100 million from Florida Small Cities Community Development Block Grant Program Fund to Hurricane Damage Mitigation Program for home stormproofing.
- Improves and enhances program to receive stormproofing grant dollars to homeowners sooner.
- Requires uniform mitigation inspection forms.
- Ensures agents and insurers provide homeowners with specific information about mitigation premium discounts. Includes a continuing education requirement for agents.
- Creates a uniform grading system for evaluating hurricane strength of homes.
- Requires mandatory hurricane deductible if a homeowner invests in mitigation.

### **The Uniform Building Code Act**

- Eliminates regional exemptions to the Uniform Building Code.
- Prohibits future changes to the building code unless the changes enhance the structural integrity of the code as it relates to wind protection.
- Requires the Florida Building Commission to develop voluntary "code-plus" guidelines for increasing the hurricane resistance of buildings, modeled on the

Miami-Dade building code.

## **House National Memorial on Federal Solutions**

By Deputy Majority Leader Adam Hasner

- Advocates creation a National State Summit on Property Insurance between Florida, other high risk states, and elected and appointed leaders from the federal government.
- Renews Florida's commitment toward the creation of a National Catastrophe Fund.
- Renews Florida's commitment toward amending Internal Revenue Service code to allow tax-deferred hurricane reserve accounts.
- Renews Florida's commitment toward amending Internal Revenue Service code to allow Hurricane Savings Accounts.
- Establishes Florida's commitment toward amending Internal Revenue Service code to allow personal income tax deduction for home mitigation.
- Supports the National Hurricane Research Initiative

The six legislative bills are available online at [www.myflorida.house.gov](http://www.myflorida.house.gov)

The Legislature's Special Session on Property Insurance begins January 16th and lasts through January 22nd.

### **Hasner Leads House Push Calling on Congress to Enact National Insurance Reform Legislation**

TALLAHASSEE, FL - Representative Adam Hasner (R- Delray Beach), in his new role as one of the top Republican leaders in the Florida House, is helping lead the push for a broad, consumer-focused insurance reform package which will be taken up by the full House during next week's Special Session of the legislature.

The bill unveiled by House Speaker Marco Rubio, Deputy Majority Leader Hasner and other House leaders yesterday provides relief by cutting homeowners insurance rates by 25%, reforming Citizens Property Insurance's and rolling back the company's most recent rate increases, cracking down on Florida only pup companies and cherry-picking, and ensuring that consumers are treated fairly by insurers.

But in his role as House Deputy Majority Leader, Hasner is not just focused on state insurance reforms.

"The reforms proposed by House leaders are comprehensive and will lead to immediate relief, but a total solution to Florida's insurance problem will require cooperation from Congress." said Representative Hasner. "We need Congress to act this year in order to provide real, meaningful and long- term stability for the insurance market and relief for our homeowners."

In addition to the five pieces of legislation heralded by Speaker Rubio, Hasner,

and other House leaders yesterday, Hasner is also proposing a House Memorial which calls on Congress to among other things, establish a National Catastrophe Fund. Such a fund could entice weary insurance companies to return to Florida and encourage companies still engaged in Florida to write more policies with lower rates.

In addition, Hasner is calling on Congress to change Internal Revenue Service tax codes to allow homeowners to set up and fund tax-free savings account which they can use to repair damaged homes after future storms. He also proposed that Congress act to provide income tax deductions for home improvements to prevent against storms as well as deductions for insurance premiums.

"These are measures that will result in real financial cost-savings for Florida's families," added Hasner.

Hasner reiterated the concerns he's heard from Floridians in his South Florida district, and suggested Florida's congressional delegation would do well to heed their constituents' wishes.

"Florida voters sent a clear message in the last election: the priorities in Tallahassee and D.C. need to reflect to priorities of Floridians," added Hasner. "Insurance is the number one priority of all Floridians, and our Florida congressional delegation needs to act accordingly. We're all in this together, and all of us need to do our part."

Hasner went on to suggest that any aspiring presidential candidates campaigning in vote-rich Florida for the 2008 campaign should pledge their commitment to national insurance reforms. "Presidential candidates who don't commit to corn-subsidies are not welcome in Iowa. We should adopt the same policy here in Florida, and let those leaders aspiring to our nation's highest post know that our welcome mat will not be left out for anyone who doesn't support federal insurance reform."

#### House National Memorial on Federal Solutions

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### Adam Hasner...In The News

[1/16/07 - House offers five bills to address insurance woes \(Boca Raton News\)](#)

The Boca Raton News summarized the views of Deputy House Majority Leader Adam Hasner (R-Delray Beach) together with the views of the Florida Senate and new Governor Charlie Crist.

[1/15/07 - Crist wants to "mandate" property ins. rate cuts Senate eyes 71 percent Citizen rate drop \(Boca Raton News\)](#)

Rep. Hasner also wants to up the Federal ante.

"The November message from voters, he said, "is they want government to solve the problem. We have to show them that we're serious here in Florida about reducing rates and protecting consumers."

[1/14/07 - Hasner: "No magic wand solution" to property insurance woes \(Boca Raton News\)](#)

"The reforms proposed by House leaders are comprehensive and will lead to immediate relief, but a total solution to Florida's insurance problem will require cooperation from Congress," said Hasner. "We need Congress to act this year in order to provide real, meaningful and long-term stability for the insurance market and relief for our homeowners."

[1/11/07 - Taxpayers may bear insurance risk \(The Orlando Sentinel\)](#)

"Circumstances have certainly changed," said Rep. Adam Hasner, R-Delray Beach. "We recognize that the ideas and solutions we put forward [last year] need to be re-evaluated."

[1/10/07 - Florida primary may be sooner \(The Miami Herald\)](#)

Republican state Rep. Adam Hasner of Delray Beach said: ``Every presidential candidate that comes to the state of Florida should also have to address property insurance in the state of Florida."

### Important News from Around the State on Property Insurance Reform

[1/16/07 - Editorial - \*ISSUE: Special session convenes\* \(South Florida Sun-Sentinel\)](#)

[1/16/07 - INSURANCE - \*Proposal: Lower insurance rates but bigger risks\* - Lawmakers have proposed offering homeowners a deal: Pay less for hurricane insurance -- but accept a higher risk. \(The Miami Herald\)](#)

[1/16/07 - \*Choices not easy as lawmakers take on insurance crisis\* \(Daytona Beach News-Journal\)](#)

[1/16/07 - \*Lawmakers argue over fixes\* - Politicians have conflicting ideas on how to lower rates \(Sarasota Herald-Tribune\)](#)

[1/14/ 07 - \*Crist's boasts set up risky insurance fight\* \(Palm Beach Post\)](#)

[1/14/07 - Editorial - \*Tallahassee has consumers on the insurance agenda\* \(Palm Beach Post\)](#)

[1/13/07 - \*Lawmakers close on insurance fix, but is it solution?\* \(Sarasota Herald-Tribune\)](#)

[1/13/07 - \*What Tipped The Scales?\* \(The Tampa Tribune\)](#)

[1/12/07 - \*Storm insurance proposal expands government role\* \(Daytona Beach News-Journal\)](#)

[1/12/07 - \*Crist seeking end to excess\* - State could see increased role in insurance \(Pensacola News Journal\)](#)

Political advertisement paid for and approved by Adam Hasner, Republican for State Representative - District 87.

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