



Special Legislative Session on Property Insurance

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

Thank you for placing your trust and confidence in me to be your voice in Tallahassee at this most critical time for our great state.

I am pleased to report that in an unprecedented bipartisan effort, the Florida Legislature has passed comprehensive property insurance reform that will provide rate reductions and rate stabilization for Florida homeowners.

While this was perhaps the most difficult challenge we have faced since I was elected, it was also the most critical for the future of our state. During the Special Session, I had the privilege of being selected to serve as one of the members on the House/Senate Conference Committee which negotiated the specifics of the final version of the comprehensive package. We worked together around the clock, and I believe we have made a real difference for the people of Florida.

This legislation will provide meaningful rate relief for Floridians insured by private companies, as well as the elimination of the 21% and 56% rate increases for those covered by Citizens. Most importantly, this legislation is a responsible approach to the crisis

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facing us, and provides important consumer protections that balance the scales that have for far too long favored the insurance industry.

As you've heard me say time and again, there is no magic wand solution. However, our approach helps us to accomplish our immediate goal of providing across the board rate reductions, and puts Florida on a pathway for long term stability.

Since a total solution to this crisis will require the cooperation of the federal government, I sponsored a [House Memorial](#) calling on our elected officials in Washington to take action with the creation of a national catastrophe fund, as well as IRS reforms that will allow Floridians to deduct our property insurance premiums and also allow for tax-free hurricane recovery savings accounts. This measure passed unanimously, but it will require the strong support of our leaders in the US Congress to make these reforms and savings a reality. We will be watching closely.

This past November, Floridians sent the message that they want their elected officials to put aside our differences and work together to solve problems. The Florida Legislature and Governor made the property insurance crisis priority Number One – and we rolled up our sleeves with our colleagues from across the aisle and across the State to provide relief.

But the challenges aren't over, and there is still much work to be done. Property taxes – which along with insurance is the twin threat to Florida's families and Florida's economy – is next on our agenda.

Working together, we will keep Florida and our community... On the Move.



Comprehensive Reforms Passed During Special Session...Highlights of Legislation

Insurance Industry Accountability, Regulatory Reform & Consumer

Protections

The bill instills additional accountability requirements for insurance companies, including higher reserves for “pup companies,” prohibition of “cherry picking,” an oath of truth in rate filings, temporary suspension of “use and file” and arbitration, and expedited payment of claims.

- Require all Florida-only subsidiaries to have a surplus of at least \$50 million in liquid assets to help ensure that policyholders can receive payment when they need it.
- Prohibit excess profits by property insurers and require return of excess profits to policyholders.
- Suspend the “use and file” procedure for rate increases. Insurance companies will have to seek and obtain OIR approval before implementing a rate increase.
- Require an oath of truth, with penalty of perjury, for rate filings. Rate filings must be signed by the insurance company’s CEO or CFO and actuary.
- Require insurance companies to evaluate the hurricane-security of a structure rather than the date of construction when determining risk. Age of the home may not be used as the sole reason for rejection of coverage.
- Require any insurance company that writes homeowners policies in other states and writes auto insurance in Florida to sell homeowners insurance in Florida.
- Insurance companies must pay or deny property claim within 90 days of notice of the claim.

Expanding Consumer Choice & Savings

The bill provides consumers with new options for insurance policies including premium installment plans, coverage options that reduce premiums, and discounts for obtaining multiple lines of coverage through the same company.

- Eliminate the cap on deductibles so a homeowner can choose a deductible other than the standard 2%, 5%, or 10%.
- Allow homeowners to choose quarterly and semi-annual installment plans to pay the premium.
- Allow insurance companies to provide discounts to policyholders who obtain multiple lines of coverage through the same insurance company.
- Allow homeowners to exclude windstorm coverage from their policies by writing

a statement and providing approval from the mortgage holder.

- Allow risk pooling of “like” entities, such as hospitals, municipalities, condominium associations, and not-for-profit corporations.
- Relax restrictions on multi-family dwellings, condominium associations, and other such entities that self-insure.

Expanding Florida's CAT Fund

The bill creates a 3-year-period during which the CAT Fund retention level will be set as low as \$3 billion, and the capacity will be as high as \$32 billion. Insurance companies must pass savings associated with the CAT Fund changes to consumers, whether or not they purchase this new coverage.

- Make additional reinsurance available through the CAT Fund.
- Every residential property insurance company will be required to make a rate filing showing what premium savings would be available if it purchased this additional coverage, regardless of whether it buys the additional coverage. The company will be required to pass to consumers whatever savings it would have received if it purchased coverage.

Mitigation

- Develop a uniform home grading scale to grade a home’s ability to withstand wind damage.
- Every Florida house will receive a simple grade that carries with it a specific and tailored description of its hurricane resistance strength. Consumers will then know how ready they are to face a storm and what they can do to prepare.
- The hurricane grading system will help hold insurance companies accountable. Insurance companies will be forced to justify their premiums in relationship to the assigned hurricane grades. This will bring much needed fairness to the ratemaking process as homes will be judged on their ability to survive a storm not on arbitrary characteristics like age.
- Allow homeowners who invest in mitigation the option of lowering their hurricane deductible or choosing instead a reduced premium.
- Require insurance companies to reflect hurricane mitigation measures when determining rates.
- OIR will develop a uniform mitigation verification inspection form to be used by

all insurance companies when determining discounts for wind insurance.

Uniform Building Code

The bill eliminates the Panhandle exemption to the Florida Building Code and creates code-plus guidelines for structures that exceed the minimum code. The bill limits future modifications to the building code to changes that enhance structural integrity for wind protection or the prevention of water intrusion.

Citizens Rate Relief & Service Improvements

Reduce Rates for Citizens Policyholders

- Repeal the 21% January 1, 2007 Citizens rate change and refund the premium collected pursuant to that rate filing.
- Repeal the proposed 56% rate increase anticipated in March 2007.
- Require a new rate filing for an effective date of January 1, 2008.
- Eliminate current statutory requirement that Citizens rates by the highest.
- Delay until 2008 the requirement that Citizens impose a 10% of premium assessment on nonhomestead policyholders if a deficit occurs.
- Citizens may offer multi-peril policies in the High Risk Area subject to a business plan demonstrating a pathway to improvement of operations.

Improve Consumer Choice, Options, and Protection

- Create a Strike Force to review Citizens outstanding claims, make recommendations for disposing of outstanding claims, and recommend revisions to Citizens claims handling process.

Reforms to Citizens Eligibility

- Move all commercial non-residential policies out of the PCJUA and place them in Citizens. Citizens will write commercial coverage statewide and will cover the first \$1 million on commercial property.
- Remove requirement that non-homestead policies are ineligible for coverage in Citizens beginning March 1, 2007 unless rejected by three surplus lines and one authorized insurance companies.
- Current Citizens policyholders can stay in Citizens unless they decide to take a policy with a private carrier. Those seeking new coverage in Citizens may only obtain it if they receive an offer from a private company that is more than 25% greater than comparable coverage in Citizens.

Adam Hasner...In The News

[1/23/07 - Hasner: "Unprecedented bipartisanship" will reduce property insurance rates \(Boca Raton News\)](#)

"This is meaningful rate relief," Hasner said, and a plan not possible, he added, without "unprecedented bi-partisanship" from Florida legislators.

"We heard the message from voters in November," Hasner said, "and they wanted us to set aside our differences and solve the problems of Floridians – and what we've just done demonstrates how we can do that."

[1/23/07 - Legislators give us an insurance break \(South Florida Sun-Sentinel\)](#)

"There's not a lobbyist within 50 miles of the Capitol that supports anything that we've done, and that's a good thing," said Rep. Adam Hasner, R-Delray Beach.

[1/23/07 - LEGISLATURE 2007 - Special insurance session produces bill, relief \(The Palm Beach Post\)](#)

Rep. Adam Hasner, R-Delray Beach declared Monday: "The crisis is not over today. But there is not an insurance lobbyist within 50 miles of the capital that supports anything we did in this legislation, and that's a good thing."

[1/22/07 - Legislative deal would cut windstorm rates by 7-35% for Florida property owners \(South Florida Sun-Sentinel\)](#)

"There's going to be rate relief around the state," said Rep. Adam Hasner, R-Delray Beach. "For far too long the scales have been tipped toward the insurance industry, and I think our action has certainly put that in balance."

[1/22/07 - Vote on rate cuts today \(Daytona Beach News-Journal\)](#)

Also, lawmakers agreed to allow Citizens to sell insurance to businesses statewide, which it has not been able to do in the past. Rep. Adam Hasner, R-Delray Beach, said many businesses are having a hard time finding coverage.

[1/21/07 - Leaders step back, let lieutenants do talking \(The Palm Beach Post\)](#)

Rubio tapped his top lieutenant and close friend Rep. David Rivera, R-Miami; Speaker-designate Ray Samson, R-Destin; and Reps. Ellyn Bogdanoff and Adam Hasner to push the House's agenda.

Hasner, R-Delray Beach, is Rubio's message man. Bogdanoff, R-Fort Lauderdale, is Rubio's majority whip, which means she educates members about policy positions.

[1/19/07 - Property insurance relief bill down to the nitty-gritty \(The Palm Beach Post\)](#)

From the House, committee members Adam Hasner of Delray Beach and Ellyn

Bogdanoff of Fort Lauderdale are expected to play important roles.

Hasner, the deputy majority leader, is one of the lead negotiators and sponsored a resolution this week urging Congress to create a national catastrophe fund.

[1/18/07 - South Floridians play a key role at insurance session \(South Florida Sun-Sentinel\)](#)

Rep. Adam Hasner, R-Delray Beach: This third-term legislator is House deputy majority leader -- the lead pitchman for House Republican proposals. He has crafted bills urging Congress to pass federal tax breaks and other measures to ease the costs of homeowner insurance.

Important News from Around the State on Property Insurance Reform

[1/24/07 - EDITORIAL - ISSUE: Lawmakers approve reforms. \(South Florida Sun-Sentinel\)](#)

[1/24/07 - Insurance plan marks first test for governor \(The Orlando Sentinel\)](#)

[1/24/07 - Session Special For Goodwill \(The Tampa Tribune\)](#)

[1/23/07 - New leaders took new, bipartisan approach on Fla. insurance fix \(Sarasota Herald-Tribune\)](#)

[1/23/07 - INSURANCE CRISIS/LEGISLATURE 2007 - State takes on more risk to give insurance relief \(The Miami Herald\)](#)

[1/23/07 - Premiums may fall, but all bets are off if catastrophe strikes \(The Orlando Sentinel\)](#)

[1/23/07 - Politics - Legislators play odds to reduce premiums \(St. Petersburg Times\)](#)

[1/23/07 - Storms are key to bill's savings \(The Florida Times-Union\)](#)

[1/23/07 - Answers to more of your insurance questions \(South Florida Sun-Sentinel\)](#)

[1/22/07 - Elements of state's insurance bill \(Sarasota Herald-Tribune\)](#)

Tackling Florida's Other Twin Threat - Relief from Rising Property Taxes

Florida House and Senate leaders announced plans to hold eight "town hall" – style public hearings to discuss property taxes with Floridians from around the state.

The Legislative Hearings on Property Tax Reform will be held in Panama City, Jacksonville, West Palm Beach, Fort Lauderdale, Miami, Tampa, Fort Myers, and

Orlando. Members for the Senate and the House of Representatives will attend the meetings, as well as local elected officials.

Leaders also announced the creation of a website where the public can find information about the meetings, take a "Property Tax Test," and submit feedback about property tax issues. Go to the Senate website at www.flsenate.gov and click on the "Property Tax Reform" icon.

[1/24/07 - Rubio favors special election to pass property tax relief \(The Florida Times-Union\)](#)

Under Rubio's scenario, a special election would be held this summer, followed by a special session in September for lawmakers to pass implementing legislation. That way, the reforms would be in place before city and county budgets take effect Oct. 1.

House/Senate Hearings on Property Tax Reform in Our Area

MONDAY, FEBRUARY 12TH 9:00 AM - 12:00 PM

Palm Beach County
West Palm Beach/Lake Worth
Palm Beach Community College
Dunkin Theatre: Lake Worth Campus

MONDAY, FEBRUARY 12TH 6:00 PM - 9:00 PM

Broward County
Fort Lauderdale
Broward Community College

TAKE THE PROPERTY TAX TEST

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

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