

## EAST LAKE BLISTER

### **Citizens Insurance No. 1 Reason for Constituent Calls**

By Senator Mike Fasano

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Citizens Property Insurance. Just the name can send chills down the spines of policyholders. That reaction is not unjustified. Unfortunately too many people have been forced into what was once the “insurer of last resort.” The number one issue that my constituents call my office about is Citizens. While Citizens plays an important role in the lives of many Floridians, and has been a lifesaver for those unable to purchase coverage elsewhere, the culture surrounding Citizens has been one of cutting coverage and increasing premiums wherever possible. Thankfully a recent proposal to circumvent a statutorily imposed 10 percent cap on annual premium increases was tabled, at least for the time being, by the chair of the Citizens board.

For years we have heard the refrain that if we allow the insurance market to become more competitive, more insurers will come into our state and begin writing policies. Unfortunately, despite our best efforts to make Florida more business-friendly, the homeowners insurance market has not responded. That has left the burden on Citizens to continue carrying the ever-increasing weight. If Citizens responded with a consumer-positive attitude and an understanding of the burden its expensive coverage can have on individuals and families struggling in this down economy, then I would have less reason to be critical. However, that is not the case. We are seeing an unprecedented attempt by Citizens to raise rates in the most creative ways possible, while making maintaining existing coverage, let alone expanding it, nearly impossible.

The insurer questions wind mitigation discounts and is even skeptical about inspection reports turned in by qualified inspectors. People harden their homes to not only make them safer in the event of a major hurricane, but to get a break on their premiums. Instead of running those people through the mill, reward them for what they do. Safer homes should translate into lower claims. Sinkhole coverage? It has been priced so high that most people can't afford it. Citizens has dropped coverage on such structures as pool enclosures, sheds and carports. Replacement cost estimates have been inflated. In many cases the only way people can afford to keep coverage is by increasing deductibles and taking the risk that they will have the cash on hand if a storm hits and damages their home. Mobile home owners have also found themselves in a bind if they are insured by Citizens.

A complex problem does not engender an easy solution. To start, the Citizens board and its executive director must remember that actual people pay the premiums and live in the homes that Citizens insures. These people have real-life concerns and struggles that are directly impacted by the insurance bill that arrives in the mail each year. Many have mortgage holders that require coverage no matter the cost.? Instead of responding to its own problems with strictly bottom line-centric answers, Citizens needs to ask itself and its policyholders the simple question: “what can they realistically afford?” As any successful business operator knows, once you lose sight of your market, you eventually lose your business.

Perhaps the best solution would be to split off the perils that Citizens covers. Ideally, if we could create a national windstorm pool, the cost of this coverage would be spread out across all states. Since there is no movement in Washington in this direction, the next ideal option would be to create a regional windstorm pool so Florida and neighboring states could share the burden. Again, this seems unlikely to happen any time soon. The third option would be the creation of a statewide windstorm pool. If one entity was solely responsible for this coverage, the remaining perils that Citizens now covers (i.e. fire, theft, etc.) would be snapped up by the private market. This would not only bolster the health of private insurers, it would narrow Citizens' role to one, albeit major, peril.

I have appeared at public hearings and meetings held by Citizens to guarantee that every policyholder has a voice in the decision-making process. I will continue to do so with the express goal of trying to educate the Citizens board about the impact its decisions have on the people they cover. I will also continue to advocate that until other coverage options are available, that the insurance people need will be available at an affordable price.

**Sen. Mike Fasano** has represented the Tampa Bay area in both the Florida Senate and the Florida House of Representatives since 1994.

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