

Commentary: Reforms Needed to Protect Florida Policyholders

<https://www.insurancejournal.com/news/southeast/2018/06/07/491458.htm>

By Jay Neal | June 7, 2018

Like thousands of other Floridians, I recently received my homeowner's insurance renewal statement only to learn that my premium was increasing by a double-digit percentage – nearly \$600 annually. But like most homeowners who have a mortgage and who pay insurance and property taxes through an escrow account, I won't have to pay anything out-of-pocket yet. It will be a year from now when the pain will come.

I will receive a new escrow calculation showing that my monthly mortgage payment will increase – not only to make up for the shortfall from the previous year's premium increase, but also to pay the increased premium for the following renewal year – a total of \$1,200 for the year, or \$100 extra per month.

And if rates continue to increase as they did this year, I and virtually every other Florida homeowner will continue to see our mortgage payments increase this way year after year after year.

Seniors on a fixed income, working families struggling to make ends meet, people saving for college or retirement, and the rest of us who would simply rather keep more of our earnings will suffer. It will feel no different than a huge tax increase, but at least taxes pay for useful things like schools, roads, police, and firefighters. The proceeds from this increase will be used to pay fraudsters.

Real estate values will also take a hit because the more we spend on insurance, the fewer dollars we can apply to the actual mortgage payment. If you want to sell your house, there will be fewer people who can afford it. Lower demand means lower prices. We have only recently experienced in the last decade how a soft real estate market drags down the overall economy.

There is only one entity that can act to reverse course on these rate increases and protect our real estate-driven economy: the Florida State Legislature. There are two reforms legislators can enact that will provide relief from relentless insurance premium rate hikes: 1) reduce systematic fraud by preventing abusive and needless [assignments of benefits litigation](#), and 2) lower the cost of reinsurance by reforming the Florida Hurricane Catastrophe Fund, a move that would decrease rates by 8 to 10 percent.

The time to act is now. Even if the proposed reforms are passed during the next legislative session in 2019, homeowners will have to wait until 2020 or beyond to feel relief through mortgage payments that go down instead of up.

That's a long way off – way past the November elections. But candidates we elect in November will be the ones who must act.

If we want lower rates in the future we need to commit to do two things today: 1) get candidates to state on the record that they will fight for both reforms, and 2) have memories like elephants if they don't. There are plenty of special interest groups who will pressure them to resist. Go to www.floridainsurancereform.org/petition to learn more about these two specific reforms and sign a petition demanding action. Elected officials must fear accountability from Florida voters more than the pressure of special interest groups. We need at least a quarter million signatures to show them that we expect and deserve action!

##end##



Jay Neal, is president and CEO of FAIR, the Florida Association for Insurance Reform. FAIR is a non-partisan, non-profit educational organization whose mission is to advocate for fair, stable and affordable insurance markets for Florida consumers, through leadership, education and robust competition. FAIR works with all constituencies to facilitate ongoing dialogue and transparent communications. He can be reached at jneal@floridainsurancereform.org