

The following are links to two articles published by the Tallahassee Democrat on August 23, 2012. They are reproduced here for ease of reference for a blog and commentary regarding their appearance side-by-side. The blog was published by Johnson Strategies, LLC on August 28, 2012.

Hidden hurricane tax is a burden on Floridians

6:05 PM, Aug 23, 2012 | Written By Manley Fuller, President Florida Wildlife Federation

<http://www.tallahassee.com/article/20120824/OPINION05/308240009/Manley-Fuller-Hidden-hurricane-tax-burden-Floridians?odyssey=nav|head>

It's hard to believe, but it's been 20 years since Hurricane Andrew made landfall in Florida.

After Andrew, residents rebuilt their homes, the South Florida economy grew, and Florida adopted stronger building codes. However, the Florida Wildlife Federation and other members of Florida's broader conservation community believe we have yet to fully absorb the land-use lessons Hurricane Andrew should have taught us, a challenge complicated by our government-dominated property-insurance market.

Florida, a low-lying peninsula, represents one of the world's most hurricane-prone areas. This exposure, in conjunction with the structure of today's property-insurance market, which relies heavily on the state-run Citizens Property Insurance Corp. and the Florida Hurricane Catastrophe Fund, represents an ongoing financial burden on all Floridians, including the substantial majority of Floridians not insured by Citizens.

No longer the insurer of last resort, Citizens is now the largest single property-insurance provider in the state, with more than 1.4 million policies, or roughly 1 out of every 4 policies written in the state.

Still, the majority of Floridians don't rely on the state or fellow Floridians to cover their risk or pay their claims. These Florida homeowners join the businesses, charities, churches, renters and automobile policyholders throughout Florida who are taxed to subsidize Citizens policyholders.

Moreover, private-market policyholders pay something closer to a risk-based rate that recognizes safety hazards and flood risks associated with land-use decisions. In contrast, the government subsidies to a minority of our homeowners — many of them among our state's most affluent — are unfair, and economically and environmentally counterproductive. It says that it must be OK to live on this barrier island or that flood-prone area, no matter the risk, because affordable insurance is available through state-subsidized insurance.

The Florida Wildlife Federation supports common-sense reforms of Citizens and the Cat Fund that discourage subsidies in such areas.

Florida's coastal landscapes are greatly affected by our property-insurance market. The "hidden hurricane taxes" most Floridians are subject to transfer funds from employers and working families to subsidize beachfront vacation homeowners. Under Citizens and the Cat Fund, all Floridians are providing support for reckless development in the most hazardous and environmentally significant areas.

Subsidizing development on Florida's coast not only threatens our beaches, coastal environments and barrier islands that are central to Florida's tourism and economic prosperity, but also promotes loss of undeveloped coastal habitats that help reduce inland storm damage.

Actuarially sound insurance rates would better reflect the true costs and risks of new construction in vulnerable areas.

The Florida Wildlife Federation applauds the reform efforts of the Citizens Board of Directors. We hope our elected leaders will consider the importance of reforming both Citizens and the Cat Fund, reducing the fiscal and environmental risks each poses. We hope both direct and indirect subsidies for structures in areas seaward of Florida's coastal construction control line and within units of the Coastal Barrier System can be eliminated.

During the 2013 session, legislators should diminish the burden of hurricane taxes, implement wiser land-use policies, reinvigorate our private-insurance market and return Citizens to its original mission of providing insurance as a last resort.

Doing so also will help protect our coastal fish and wildlife habitats.

##end##

Let market determine our insurance rates

6:05 PM, Aug 23, 2012; Written By Eli Lehrer, President R Street|

<http://www.tallahassee.com/article/20120824/OPINION05/308240010/Eli-Lehrer-Let-market-determine-our-insurance-rates?odyssey=nav|head>

Twenty years ago today, Hurricane Andrew — at the time, the costliest storm in U.S. history — made landfall near Homestead.

Andrew ended a 20-year period of modest Atlantic storm activity, during which many newly arrived Floridians remained oblivious to the enormous threats the state faced.

Today, it's wise to look back and see how, and if, the state has adapted to the risks that Andrew made manifest. A careful look reveals that neither private insurance nor government subsidies can solve the geographical problems Floridians face.

Residents will simply have to adapt to these acts of nature. Not even efforts to combat climate change on a global scale would change the fact that Florida is a low-lying peninsula in the middle of one of the world's most active areas for severe weather.

Florida's state and local governments have failed in getting voters to face this reality. While stronger building practices have made newer homes among the most hurricane-resistant in the world, the rest of Florida's public policy has actually done harm. Under the influence of building and real estate lobbies and their own desire for growth, state and local governments continue to provide subsidies that encourage construction in hurricane-prone areas and along once-wild coasts.

Insurance-related public policy has done even more harm. Rather than ask individuals and businesses to pay the real costs of living in dangerous areas, the state has instead pieced together a haphazard subsidy and regulation scheme that boosts rates in safer areas while subjecting everyone in the state to the risk of huge tax assessments following a major storm, all for the sake of holding insurance rates down. This Rube Goldberg-like contraption of interlocking subsidies and price controls hasn't made insurance cheap in Florida. But it has forced nearly all major insurance carriers to stop writing new policies in Florida's coastal areas. It also has left most of the state's residents stuck with thinly capitalized local insurance companies that might default or, worse, with the state-run Citizens Property Insurance Corp., whose liabilities are ultimately shared by taxpayers.

The insurance industry deserves a fair share of the blame. Some companies hurt everyone's reputation by refusing to pay clearly legitimate claims, while others went bust due to corruption and mismanagement. Some of these problems were avoidable. Florida never should have put taxpayers on the hook for subsidizing insurance claims and pay-outs, and insurers obviously should have paid their claims in full. But others stem from a simple denial of reality.

No public or private effort will make the real costs of Florida property insurance inexpensive. Over time, the risk of more events like Andrew means that everyone's rates must rise. Property owners should be able to develop their land in almost any way they see fit, but the stream of subsidies for roads, beach upkeep and destruction of coastal wetlands must end. It's almost certain that this will cost jobs in the state's already troubled building sector, but the state simply doesn't have a choice. Encouraging coastal habitation is more dangerous and more expensive than developing inland, and will only encourage insurance rates to rise for most of the next decade.

It isn't a happy situation but, 20 years after Hurricane Andrew, it's time for Florida to face reality.

##end##