

Pressure on Florida's Insurance Market

The Real Problem

- Florida: 8 hurricanes and 3 tropical storms in 15 months

2004

- Hurricane Charley: \$8.09 Billion
- Hurricane Frances: \$5.2 Billion
- Hurricane Ivan: \$4.2 Billion
- Hurricane Jeanne: \$4.1 Billion

2005

- Hurricane Dennis \$1 Billion
- Hurricane Katrina \$468 Million
- Hurricane Rita \$23 Million
- Hurricane Wilma \$9 Billion est.

Total Insured Losses: \$32 Billion

Worldwide Two-Year Period for Catastrophic Insured Damages

- Florida Storms: \$32 Billion
- Hurricane Katrina: \$35 Billion
- Hurricane Rita: \$4.5 Billion
- Asian Tsunami: \$3 Billion
- **Total: \$75 Billion**

Three Specific Challenges to Florida's Insurance Market

- Reinsurance is becoming less available and more expensive.**
- Florida homeowners are currently exposed to too much liability.**
- Florida families need assistance dealing with the costs of storm recovery.**

Challenge #1

Reinsurance is becoming less available and more expensive.

RECOMMENDATIONS

- Create a Federal Catastrophe Fund. Currently Sponsored by Rep. Brown-Waite.
- Allow Tax-Deferred Catastrophe Reserves for Insurers. Currently Sponsored by Rep. Foley.
- Study adding programs to the Florida Hurricane Catastrophe Fund to ease rate increases in the reinsurance market.

Challenge #2

Homeowners Exposed to Too Much Liability

RECOMMENDATIONS

- Standardize Florida's building codes statewide.
- Earmark sales taxes derived from hurricane reconstruction to offset losses from future assessments.
- Cap Citizens' Residential Policies at \$1 million dollars.

Challenge #3

Floridians and Their Families Unable to Deal with Costs of Storm Recovery

RECOMMENDATIONS

- Create Federal tax-free Catastrophic Savings Accounts.
- Institute Mediation for 2004 Condominium Associations Claims.
- Encourage Condominium Associations to establish catastrophic reserves to prepare for storms.