

## **Excerpt from SB 1486**

### **Section 24. Task Force on Long-Term Solutions for Florida's Hurricane Insurance Market.—**

(1) **TASK FORCE CREATED.**--There is created the Task Force on Long-Term Solutions for Florida's Hurricane Insurance Market.

(2) **ADMINISTRATION.**--The task force shall be administratively housed within the Office of the Chief Financial Officer, but shall operate independently of any state officer or agency. The Office of the Chief Financial Officer shall provide such administrative support as the task force deems necessary to accomplish its mission and shall provide necessary funding for the task force within its existing resources. The Executive Office of the Governor, the Department of Financial Services, and the Office of Insurance Regulation shall provide substantive staff support for the task force.

(3) **MEMBERSHIP.**--The members of the task force shall be appointed as follows:

(a) The Governor shall appoint three members who have expertise in financial matters, one of whom is a representative of the mortgage lending industry, one of whom is a representative of the real estate or construction industry, and one of whom is a representative of insurance consumers.

(b) The Chief Financial Officer shall appoint three members who have expertise in financial matters, one of whom is a representative of a national property insurer or of a Florida-only subsidiary of a national property insurer, one of whom is a representative of a domestic property insurer in this state, and one of whom is a representative of insurance agents.

(c) The President of the Senate shall appoint three members.

(d) The Speaker of the House of Representatives shall appoint three members.

(e) The Commissioner of Insurance Regulation shall serve as an ex officio voting member of the task force. Members of the task force shall serve without compensation but are entitled to receive reimbursement for per diem and travel expenses as provided in section 112.061, Florida Statutes.

(4) **PURPOSE AND INTENT.**--The Legislature recognizes that the continued availability of hurricane insurance coverage for property owners in this state is essential to the state's economic survival. The Legislature further recognizes that legislative efforts to resolve problems in the hurricane insurance market in 2005 may not be sufficient to address this state's long-term needs and that further action may be necessary in subsequent legislative sessions. The purpose of the task force is to make recommendations to the legislative and executive branches of this state's government relating to the creation and maintenance of insurance capacity in the private sector and public sector which is sufficient to ensure that all property owners in this state are able to obtain appropriate insurance coverage for hurricane losses, as further described in this section.

(5) **SPECIFIC TASKS.**--The task force shall conduct such research and hearings as it deems necessary to achieve the purposes specified in subsection (4) and shall develop information on relevant issues, including, but not limited to, the following issues:

(a) Whether this state currently has sufficient hurricane insurance capacity to ensure the continuation of a healthy, competitive marketplace, taking into consideration both private-sector resources and public-sector resources.

(b) Identifying the future demands on this state's hurricane insurance capacity, taking into account population growth, coastal growth, and anticipated future hurricane activity.

(c) Whether the Florida Hurricane Catastrophe Fund fulfilled its purpose of creating additional insurance capacity sufficient to ameliorate the current dangers to the state's economy and to the public health, safety, and welfare in its response to the 2004 hurricane season.

(d) The extent to which the growth in Citizens Property Insurance Corporation is attributable to insufficient insurance capacity.

(e) The extent to which the growth trends of Citizens Property Insurance Corporation create long-term problems for property owners, buyers, and sellers in this state and for other persons and businesses that depend on a viable market.

(f) The operation and role of Citizens Property Insurance Corporation, including:

1. How to ensure that the corporation operates as an insurer of last resort which does not compete with insurers in the voluntary market, but which charges rates that are not excessive, inadequate, or unfairly discriminatory;

2. Whether the bonuses paid by the corporation to carriers taking policies out of the corporation provide a cost-effective means of reducing the potential liability of the corporation;

3. Whether the "Consumer Choice" law should be repealed or amended to ensure that the corporation serves as the insurer of last resort;

4. Whether coverage amounts should be limited;

5. Whether the corporation has hired an adequate level of permanent claims and adjusting staff in addition to outsourcing its claims-adjusting functions to independent adjusting firms;

6. The effect of reducing or expanding the areas that are eligible for coverage in the high-risk, wind-only account;

7. Whether the corporation should purchase reinsurance or take other actions that reduce the potential for debt financing and deficit assessments; and

8. An evaluation of the infrastructure and administration of the corporation and how to improve customer service, claims handling, and communication and the exchange of information with agents of policyholders of the corporation.

(6) **REPORT AND RECOMMENDATIONS.**--By April 1, 2006, the task force shall provide a report containing findings relating to the tasks identified in subsection (5) and recommendations consistent with the purposes of this section and also consistent with such findings. The task force shall submit the report to the Governor, the Chief Financial Officer, the President of the Senate, and the Speaker of the House of Representatives. The task force may also submit such interim reports as it deems appropriate.

(7) **ADDITIONAL ACTIVITIES.**--The task force shall monitor the implementation of hurricane insurance-related legislation enacted during the 2005 Regular Session and shall make such additional recommendations as it deems appropriate for further legislative action during the 2004-2006 legislative biennium.

(8) **EXPIRATION.**--The task force shall expire at the end of the 2004-2006 legislative biennium.