



Property Casualty Insurers  
Association of America  
Shaping the Future of American Insurance



COLODNY  
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# State of the State: Florida Political Briefing

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# Statewide Officials

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Charlie Crist (R-St. Petersburg): Elected Governor in 2006. Defeated Jim Davis in the General Election.

- Native Floridian: Born in St. Petersburg, Florida
- Served for 6 years in the Florida Senate beginning in 1992
- Appointed by then Governor Jeb Bush as the Deputy Secretary of the Department of Business and Profession Regulation
- Elected Commissioner of Education in 2000
- Elected Attorney General in 2002

# Statewide Officials

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Bill McCullum (R- Winter Park): Elected Attorney General in 2006. Defeated Skip Campbell in the General Election.

- Native Floridian: Born in Brooksville
- Served on active duty and as an officer in the Judge Advocate General's Corps in the U.S. Navy
- Served in the United States Congress from 1981 until 2001
- Returned to private practice with the firm of Baker and Hostetler, LLP, until he was elected as the Attorney General

# Statewide Officials

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Alex Sink (D- Tampa): Elected Chief Financial Office in 2006. Defeated Tom Lee in the General Election.

- President of Bank of America, Florida's Largest Bank
- Appointed by Governor Lawton Chiles to the Commission on Government Accountability to the People
- Vice Chair of Florida Tax Watch

# Statewide Officials

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Charles Bronson (R- Tallahassee): Re-elected Agricultural Commissioner in 2006. Defeated Eric Copeland in the General Election.

- Native Floridian: Born in Kissimmee
- Appointed Agricultural Commission in 2001 and Elected in 2002
- Elected to the Florida Senate in 1994 and re-elected in 1998

# Statewide Officials

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Kevin McCarty: Florida's First Appointed Insurance Commissioner, January 2003.

- Appointed by the Financial Services Commission comprised of the Governor and Cabinet
- Served with the Department of Labor and Employment Security beginning in 1998
- Served with the Florida Department of Insurance beginning in 1991

# Florida Senate

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## Make-up of the Florida Senate

- 26 **Republicans**
- 14 **Democrats**

# Florida Senate

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Senator Ken Pruitt (R- St. Lucie): President of the Florida Senate, 2006-2008.



Senator Steve Geller (D- Hallandale Beach): Minority Leader of the Florida Senate, 2006-2008.

# Florida Senate

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Senator Jeff Atwater (R- North Palm Beach):  
President Elect of the Florida Senate, 2008-  
2010.



Senator Al Lawson (D- Tallahassee): Minority  
Leader Elect of the Florida Senate, 2008-  
2010.

# Florida Senate

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Senator Mike Haridopolos (R- Melbourne):  
President Elect of the Florida Senate,  
2010-2012.

# Florida

## House of Representatives

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### Make-up of the Florida House

- 77 **Republicans**
- 41 **Democrats**
- 2 Vacant seats
  - House District 103: Formerly held by Tee Holloway (D-Miami)
  - House District 32: Formerly held by Bob Allen (R- Merritt Island)

# Florida House of Representatives

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Representative Marco Rubio (R- Miami):  
Speaker of the Florida House of  
Representatives, 2006-2008.



Representative Dan Gelber (D-Miami Beach):  
Minority Leader of the Florida House of  
Representatives for 2006-2008.

# Florida House of Representatives

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Representative Ray Sansom (R- Fort Walton Beach): Speaker Designate of the Florida House of Representatives for 2008-2010.



Representative Franklin Sands (D- Plantation): Minority Leader Designate of the Florida House of Representatives 2008-2010.

# Florida

## House of Representatives

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Representative Dean Cannon (R- Winter Park):  
Speaker Designate of the Florida House of  
Representative for 2010-2012.



Representative Will Weatherford (R- Zephyrhills):  
Speaker Designate of the Florida House of  
Representatives for 2012-2014.

# Florida's Regular Legislative Session

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- 60 day Session held annually. Generally, from the beginning of March until the beginning of May.
- 2007: March 6 to May 4
- 2008: March 4 to May 2

# 2007 Special Sessions

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- 4 Special Sessions held, 2 relating to insurance
- Special Session 2007 A relating to Property Insurance
- Special Session 2007 C relating to Motor Vehicle Insurance (Personal Injury Protection)

# **SPECIAL SESSION – 2007 A**

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- **In January 2007, a Special Session of the Florida Legislature was called specifically to address the affordability and availability of property insurance in the state of Florida.**
- **The Special Session produced CS/HB 1-A, a bill aimed at reducing hurricane-related insurance costs for Florida homeowners and businesses.**
- **The legislation, which passed unanimously in the Florida Senate and by a vote of 116-2 in the Florida House of Representatives, makes considerable changes to both the Florida Hurricane Catastrophe Fund and Citizens Property Insurance Corporation, among other things.**
- **The bill was signed into law by Florida Governor Charlie Crist shortly after its passage.**

# **SPECIAL SESSION – 2007 A**

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## **Notable changes pursuant to CS/HB 1-A:**

### ***Citizens Property Insurance Corporation (Citizens)***

- **Extensive changes were made to Citizens, which is currently the largest property insurer in the state of Florida.**
- **In an attempt to provide immediate rate relief to Citizens' policyholders, the new law deletes the requirement that Citizens' rates be non-competitive and no lower than the top 20 insurers.**
- **Instead, Citizens' rates are required to be "actuarially sound" and subject to the standards that generally apply to property insurers.**

# **SPECIAL SESSION – 2007 A**

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- **Under the new law, if a new applicant to Citizens is offered coverage from an insurer at its approved rate, the property is not eligible for a Citizens' policy, unless the insurer's premium is more than 25 percent greater than the premium for comparable coverage from Citizens.**
- **Policyholders of Citizens remain eligible for coverage regardless of any offer of coverage from a private market insurer.**
- **The requirement that Citizens charge rates sufficient to purchase reinsurance up to specified PMLs has been eliminated.**

# **SPECIAL SESSION – 2007 A**

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- **The new law freezes Citizens' rates at the December 31, 2006, level for the remainder of 2007, rescinds the approved rate increase that took effect January 1, 2007, and requires Citizens to provide refunds to persons who have paid this rate.**
- **Under the new law, Citizens is authorized to offer multiperil coverage for commercial nonresidential properties in all areas of Florida, subject to the qualifications applicable to Citizens' High Risk Account (HRA).**
- **Citizens is entering the commercial lines market through the assumption of the Property and Casualty Joint Underwriting Association.**

# **SPECIAL SESSION – 2007 A**

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## ***Florida Hurricane Catastrophe Fund (Cat Fund)***

- **The new law substantially increases the amount of hurricane losses covered by the Cat Fund.**
- **The new law creates new Temporary Increase in Coverage Limit options (TICL options). The TICL options, available to residential property insurers for the 2007 thru 2009 hurricane seasons, allow an insurer to purchase additional reinsurance of up to \$12 billion, in \$1 billion increments, above the Cat Fund industry limit of \$16 billion estimated for 2007 (for a total of \$28 billion).**
- **The SBA may further increase the \$12 billion coverage limits up to an additional \$4 billion (for up to a total of \$32 billion).**

# **SPECIAL SESSION – 2007 A**

- **The new law creates Temporary Emergency Additional Coverage Options (TEACO), which allow residential property insurers to purchase additional coverage below each insurer's market share of the Cat Fund retention.**
- **Insurers are allowed to select their share of an industry retention level of \$3 billion, \$4 billion or \$5 billion for 2007, 2008, and 2009 to cover 90 percent, 75 percent, or 45 percent of their losses up to the normal retention for the mandatory Cat Fund coverage.**
- **Coverage based on a \$3 billion retention will be priced at an 85 percent rate-on-line; \$4 billion retention at an 80 percent rate-on-line; and \$5 billion retention at a 75 percent rate-on-line.**
- **The TEACO coverage applies to two hurricanes for each contract year.**

# **SPECIAL SESSION – 2007 A**

- **The new law also allows eligible residential property insurers to purchase up to \$10 million in additional Cat Fund coverage at a level significantly below the normal Cat Fund rate. The \$10 million coverage amount is above a retention equal to 30 percent of the insurer’s surplus, as of December 21, 2006.**
- **The premium is set at 50 percent of the coverage amount (i.e., \$5 million for \$10 million coverage). The coverage applies to two hurricanes and is offered only for the 2007 contract year.**
- **This coverage, which was previously available only to the “limited apportionment companies” described in Section 627.351(6)(c), is now available to insurers who participated in 2006, limited apportionment companies who began writing property insurance in 2007, and insurers approved to participate in either 2006 or 2007 for the Insurance Capital Build-Up Incentive Program. This coverage is available through May 31, 2008.**

# **SPECIAL SESSION – 2007 A**

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## ***Mandatory Rate Filings to Reflect Savings Due to Expanded Cat Fund Coverage***

- **Residential property insurers are now required to make a rate filing with the Office of Insurance Regulation (OIR) reflecting the savings or reduction in loss exposure to the insurer due to the expanded Cat Fund coverage.**
- **Each rate filing must take into account the "presumed factor" calculated by OIR for any policy written or renewed on or after June 1, 2007, to reflect all expanded Cat Fund coverage options available to the insurer, whether or not the insurer purchases the coverage.**

# **SPECIAL SESSION – 2007 A**

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## ***Miscellaneous Matters***

- **The bill also provides options for coverage exclusions and deductibles.**
- **All rate increase filings made on or before December 31, 2008 must be "file and use" filings.**
- **Under the bill, all property insurers are required to submit a certification under oath signed by the insurer's chief executive officer or chief financial officer and chief actuary with all rate filings.**