

Florida Real Estate Headlines

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From the Florida Association of Realtors®

Special Edition: Legislators roll back Citizens premiums, insure vacation properties

TALLAHASSEE, Fla. – Jan. 23, 2007 –

Charged with the daunting task of reducing homeowners' insurance premiums for millions of Florida property owners, the Florida Legislature last night passed a 167-page bill that could lower premiums between 5% and 40% and provide other insurance relief to millions of property owners. Gov. Charlie Crist is expected to sign the legislation today.

"Florida's 160,000 Realtors® congratulate the governor for his commitment to reducing property insurance costs, and to the Legislature for acting in a truly non-partisan manner to provide relief to those who call Florida home," says Nancy Riley, 2007 president of the Florida Association of Realtors (FAR). "This is a good first step in re-energizing the housing sector of our economy so buyers can take advantage of very attractive interest rates. But there's more work to be done in order to create a vibrant and competitive insurance market."

Here's how legislators intend to make that happen:

Lower rates

- Allow property owners to exclude windstorm coverage from their policies;
- Allow policyholders to exclude contents coverage;
- Remove the requirement that Citizens Property Insurance Corp. charge the highest premiums in the state;
- Repeal Citizens' Jan. 1, 2007 rate increase and freeze rates at the Dec. 31, 2006 level.
- Eliminate the cap on deductibles so a homeowner can choose a deductible other than the standard 2%, 5% or 10% in current law. However, the policyholder must execute a written statement demonstrating understand-

ing and intent, and must obtain approval by a lender if the deductible is more than 10% on a home valued under \$500,000.

- Allow non-homestead properties to be eligible for Citizens coverage effective March 1, 2007;
- Authorize Citizens to write multi-peril policies in the windstorm pool, which will result in a direct decrease in premiums for at least 110,000 policyholders.

Protect policyholders

- Require all Florida-only insurance company subsidiaries to have a surplus of at least \$50 million in liquid assets to help ensure that policyholders receive payment when they need it;
- Require insurance companies to evaluate the hurricane-security of a structure rather than the date of construction when determining risk and establishing premiums. Age of the home may not be used as the sole reason for rejection of coverage;
- Require insurance companies to give at least 100 days written notice, or written notice by June 1, whichever is earlier, for any non-renewal, cancellation or termination of a homeowners policy that would be effective between June 1 and Nov. 30;
- Require insurance companies to expedite payment of claims following a storm. Insurers must pay or deny a property insurance claim within 90 days of notice of the claim with an exception for factors beyond the control of the insurer.
- Prohibit excess profits by property insurers.

Expand the market

- Require any insurance company that writes homeowners policies in other states and writes auto insurance in Florida to sell homeowners insurance in Florida effective Jan. 1, 2008;

- Allow Citizens to write statewide commercial insurance policies and to determine policy limits and premiums;
- Allow Citizens to sell traditional homeowners policies to 350,000 customers who currently buy only windstorm coverage from Citizens;
- Enable insurance companies to purchase additional backup insurance from the state's Hurricane Catastrophe Fund at rates lower than on the private reinsurance market;
- Repeal a law that had called for insurers to pay extra into the fund to build up its reserves;
- Allow state regulators to waive a deposit requirement for foreign-based reinsurance companies to lure more worldwide reinsurers to sell coverage to Florida companies.

"Today, property owners in Florida are very happy," says John Sebrée, FAR's vice president of Public Policy. "The goal of the one-week special session was to lower property insurance rates. It's what the citizens were seeking and what the governor promised.

"But this is just the beginning of meaningful reforms," he adds. "Available and affordable property insurance remains a key issue for Florida Realtors, and FAR will press legislators for additional reforms during the 2007 legislative session that begins March 6."

To read the legislation in its entirety, visit <http://snipurl.com/185co>

Headlines is on hiatus next week.

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