

DON'T HARM THE PROPERTY INSURANCE MARKET

vote no
on SB 1104

Ensure insurance company health. Preserve the right to contract.

SB 1104 includes *highly problematic provisions* directed at property insurance companies that will strip the companies of their ability to make appropriate business decisions about the amount of risk they write in Florida and to make policy and rate changes consistent with Florida law.

These changes are ostensibly to protect consumers from being cancelled or nonrenewed, but they only complicate current law – which already protects consumers – and ties the hands of insurers in a way that will force them to reconsider how much risk they cover in Florida.

While the property market is showing some signs of improvement, with new companies being formed and policies being approved for removal from the state-backed insurer, Citizens Property Insurance Corporation, more progress is needed. **This bill will impede that progress.**

Specifically, SB 1104 forces insurers to continue to insure a damaged property if there is flood damage – even if the damage is not covered by that insurer. A standard Homeowners policy does not provide coverage for flood insurance. This coverage is typically provided by the government supported National Flood Insurance Program (NFIP).

The bill also requires insurers to renew any such policies using the same terms and rate in effect at the time of loss. This provision *would violate actuarial standards* and result in customer premiums that do not match rates filed and approved by the Florida Office of Insurance Regulation (OIR).

Insurers must have the ability, consistent with Florida's Insurance Code, to write risk – and to reduce risk by cancelling or not renewing some policies. This is particularly important if the cost of reinsurance increases significantly – if an insurer cannot cover the cost of reinsurance, it must reduce its risk portfolio or face potential insolvency.

This bill puts insurers in the position of having to “guess” how much it might cost to retain a risk due to a loss that it doesn't even cover. This will encourage insurers to increase their property rates to ensure their financial health.

By freezing policy and rate terms, the bill also deprives an insurer of the freedom to change its policy terms, including underwriting criteria, to create new products, and to change its rates for any policy that it must retain.

This legislation would make Florida a far outlier in the U.S., imposing undue burdens on insurers. **It would establish Florida as having the harshest regulations in all 50 states** around policy cancellation and non-renewals, **reducing the incentive for a national insurer to write more business in this state.**

We are hopeful litigation trends will continue to improve in the coming months as we pass the point when all property policies in force have been renewed and reforms included in HB 837 are fully implemented. We need to *give the market a chance to correct itself* and NOT create unnecessary new burdens.

Vote No on SB 1104.