

DON'T HARM THE PROPERTY INSURANCE MARKET

vote no
**on HB 1149
and SB 1104**

Ensure insurance company health. Preserve the right to contract.

HB 1149 and SB 1104 include **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 changes consistent with Florida law.

These bills diminish interest in serving Floridians when we need companies to expand service 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. These bills will impede that progress, sending the wrong signal to insurers who may otherwise be considering entering or expanding in the Florida market.

These bills limit an insurer's ability to effectively balance its portfolio of risks, which is a key tool for maintaining company financial health.

Specifically, HB 1149 and SB 1104 force 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 Senate bill goes further, requiring an insurer to renew an affected policy on “similar” terms. This provision would be extremely difficult to implement and would require OIR to determine whether policy terms are “similar.” It also would prevent an insurer from making global policy changes to its book of business in the state.

Insurers need the ability, consistent with Florida's Insurance Code, to write risk – and to reduce risk by 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. The bills put 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 limiting renewal terms to “similar” terms, SB 1104 also deprive an insurer of the freedom to change its policy terms, including underwriting criteria and other global changes.

The red tape in these bills positions Florida as one of the harshest places in the nation to do business.

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 need to give the market a chance to correct itself and NOT create unnecessary new burdens.

Vote No on HB 1149 and SB 1104.