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IN CASE YOU MISSED IT:

FLORIDA NONPROFITS' CONCERN ABOUT HURRICANE TAX PUBLISHED IN PAPERS STATEWIDE



Letters to the editor - Dec. 28, 2010

Time to fix the hurricane funds

Despite this year's highly active hurricane season no storm made landfall on our coast.

This is another opportunity for our elected officials to reform Citizens Property Insurance Corporation and the Florida Hurricane Catastrophe Fund (Cat Fund) and eliminate the unfair "hurricane tax" that charitable organizations, including the Florida Afterschool Network, are required to pay.

With the 2011 state legislative session beginning in March, officials have the daunting task of stabilizing our state's property insurance market.

Ensuring that the state's insurance prices reflect the real risk of hurricanes is imperative. This change will force Florida's wealthiest individuals, including coastal homeowners and those who own vacation homes, to pay the fair price to live in a vulnerable area, while protecting all other Floridians including charities, churches, business, homeowners and renters from subsidizing a lifestyle choice.

*Larry Pintacuda,
Executive Director
Florida Afterschool Network
Tallahassee*



Barney Bishop: Hurricane tax should be priority for Scott

Barney T. Bishop III • My View • Published: December 26, 2010

Gov.-elect Rick Scott has been saying for months, "Let's get to work," to rally Floridians around proposals to grow our economy, reduce government intervention in the market and create new jobs in the Sunshine State.

One area Scott and our newly elected legislators can start to work on immediately is to eliminate the unfair "hurricane tax" currently levied on Florida's businesses.

These taxes take the form of assessments levied on the insurance premiums of businesses statewide, as well as on charitable organizations, schools, churches and renters. In effect they subsidize many of our state's most fortunate — homeowners living on the coast. Eliminating the hurricane tax will free money for business to reinvest in new initiatives and jobs, encourage capital formation in our state and foster a more transparent, competitive and fair environment for businesses and consumers alike.

As the president of Associated Industries of Florida, I was present during Scott's speech to the Florida Council of 100, in which he discussed his plans for Florida. The governor-elect boldly called for a freer market, more cost-effective regulation, honesty and transparency in our metrics and governing our state along a clear business plan. When Scott assumes his post in Tallahassee, all of these values can be applied to achieve much-needed reforms of the state-sponsored Citizens Property Insurance Corp. and the Florida Hurricane Catastrophe Fund (Cat Fund). The instability of these entities and the taxes they generate affect all Floridians — not just those who are Citizens policyholders.

Today, our businesses are still paying for the storms from 2004 and 2005 because of the debt burden designed into the structure of Citizens and the Cat Fund. Although the 2010 storm season was an active one, Florida was spared from any storms making landfall.

Had our vulnerable shores been hit, Florida's businesses, churches and families would have experienced an unwelcome "surge" of new hurricane taxes to fund Citizens and the Cat Fund. Potentially, these taxes could exceed 50 percent of the insurance premiums on our businesses — each year for up to 30 years — in order to service the bonds that would be issued by Citizens and the Cat Fund, assuming a financing of that scale could even be achieved.

Before the election, Scott addressed Floridians during a town hall meeting in Miami stating, "I will return Citizens to the insurer of last resort, level the playing field so that solvent private insurers are allowed to compete with each other for business, not with the subsidized and financially unsound government-run insurance company." AIF both applauds and is prepared to support those initiatives. As we return Citizens to its original role as an insurer of last resort, we must also return the Cat Fund, currently a taxpayer agency of first call, to its own originally conceived role as an emergency buffer for the largest possible catastrophes.

Increased exposure

Under the current administration, the exposures in Citizens have increased astronomically and the Cat Fund has nearly doubled in size, posing a painful current and enormous contingent tax burden on Floridians. But it didn't have to be this way. The legislation rushed through in 2007, by our now outgoing Gov. Charlie Crist, undercut reforms championed by former Gov. Jeb Bush with bipartisan support that, in hindsight, would have helped take Citizens and the Cat Fund back to their original roles.

Consider also the situation in Louisiana — the state that bore the brunt of Hurricane Katrina's wrath and that also has a state-run insurer named Citizens. While Florida made our state-sponsored Citizens into one of the largest insurers in the country, Louisiana's leadership made the harder but wiser decision to keep their Citizens insurance option as a market of last resort. Instead of supplanting and competing with the private market, Louisiana maintained a stable, even-handed environment for insurers and attracted new capital, new competitors and new employers. As a result, the current market share of Louisiana's Citizens is below its pre-Katrina level.

Reforming Citizens and the Cat Fund are not the only challenges confronting Florida's property insurance market. We continue to suffer from abuses from certain public adjusters, mitigation inspectors and the continuing sinkhole crises. We need tort reform and changes in our so-called "bad faith" law.

But there is no better place to start than by reducing the risk associated with these state-run insurance entities and eliminating the risk of future hurricane taxes. With our new legislative leadership in Tallahassee, Gov.-elect Scott has the partners he needs to restore a freer insurance market in Florida and improve our standing as a place where employers want to come and hire new workers. Eliminating the risk of future property insurance assessments — and our current risk of relying on an uncertain and unpredictable bailout from Washington — should be one of the new governor's top priorities. We look forward to working with Rick Scott throughout his tenure as Florida's governor in an effort to eliminate the hurricane tax, which will ultimately benefit both the Florida business community and our state's most vulnerable citizens.

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Guest column: Property insurance reform should be priority for state

Posted: December 23, 2010

Gov.-elect Rick Scott has been saying for months, "Let's get to work," to grow our economy, reduce government intervention in the market and create jobs.

One area that he and our new legislative leadership can start to work on immediately is to eliminate the unfair "hurricane tax" on businesses.

These taxes take the form of assessments levied on the insurance premiums of businesses statewide, as well as on charitable organizations, schools, churches and renters.

They, in effect, subsidize many of our state's most fortunate homeowners living on the coast.

Eliminating the hurricane tax will free funds for business to reinvest in new initiatives and jobs, encourage capital formation in our state and foster a more transparent, competitive and fair environment for businesses and consumers alike.

When he takes office, Scott needs to seek reforms of the state-sponsored Citizens Property Insurance Corporation and the Florida Hurricane Catastrophe Fund (CAT Fund).

Today, our businesses are still paying for the storms from 2004 and 2005 because of the debt burden designed in the structure of Citizens and the CAT Fund.

Although 2010 was the most active storm season in 150 years, Florida was spared from any storms making landfall. Had our vulnerable shores been hit, Florida businesses, churches and families would have experienced an unwelcome "surge" of new hurricane taxes to fund Citizens and the CAT Fund.

Potentially, these taxes could exceed 50 percent of the insurance premium on our businesses - each year for up to 30 years - to service the bonds that would be issued.

Prior to the election, Scott said, "I will return Citizens to the insurer of last resort, level the playing field so that solvent private insurers are allowed to compete with each other for business, not with the subsidized and financially unsound government-run insurance company."

As we return Citizens to its original role as an insurer of last resort, we must also return the CAT Fund, currently a taxpayer agency of first call, to its role as an emergency buffer for the largest possible catastrophes.

Under the last administration, the exposures in Citizens have increased astronomically and the CAT Fund has nearly doubled in size, posing a painful current and enormous contingent tax burden on Floridians.

But it didn't have to be this way.

Louisiana, which bore the brunt of Hurricane Katrina's wrath, also has a state-run insurer named Citizens.

While Florida made our state-sponsored Citizens into one of the largest insurers in the country, Louisiana kept its Citizens as a market of last resort.

Instead of supplanting and competing with the private market, Louisiana maintained a stable, even-handed environment for insurers and attracted new capital, new competitors and new employers.

As a result, Louisiana's Citizens has a market share that is below its pre-Katrina levels.

Reforming Citizens and the CAT Fund are not the only challenges confronting Florida's property insurance market. We need tort reform and changes in our so-called "bad faith" law.

But there is no better place to start than by reducing the risk associated with these state-run insurance entities and eliminating the risk of future hurricane taxes.

Barney T. Bishop is president and CEO of Associated Industries of Florida, a Tallahassee-based group that promotes free markets.



Commentary

Gov. Scott's first order of business

By BARNEY T. BISHOP III

Special correspondent

Published: December 4, 2010

Gov.-elect Rick Scott has been saying for months, "Let's get to work," to rally Floridians around proposals to grow our economy, reduce government intervention in the market and create new jobs in the Sunshine State. One area Scott and our newly elected legislative leadership can start to work on immediately is to eliminate the unfair "hurricane tax" currently levied on Florida's businesses.

These taxes take the form of assessments levied on the insurance premiums of businesses statewide, as well as on charitable organizations, schools, churches and renters, and in effect subsidize many of our state's most fortunate – homeowners living on the coast. Eliminating the hurricane tax will free funds for business to reinvest in new initiatives and jobs, encourage capital formation in our state and foster a more transparent, competitive and fair environment for businesses and consumers alike.

As the president of Associated Industries of Florida (AIF), I was present during Scott's recent speech to the Florida Council of 100 where he discussed his plans for Florida. The governor-elect boldly called for a freer market, more cost-effective regulation, honesty and transparency in our metrics and governing our state along a clear business plan. When Scott assumes his post in Tallahassee, all of these values can be applied to achieve much-needed reforms of the state-sponsored Citizens Property Insurance Corporation and the Florida Hurricane Catastrophe Fund (Cat Fund). The instability of these entities and the taxes they generate affect all Floridians – not just Citizens policyholders.

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Under the last administration, the exposures in Citizens have increased astronomically, and the Cat Fund has nearly doubled in size, posing a painful and enormous contingent tax burden on Floridians. But it didn't have to be this way. The legislation rushed through in 2007 by our now-outgoing governor undercut reforms championed by former Gov. Jeb Bush with bipartisan support that would have fostered the evolution of Citizens and the Cat Fund back to their original roles.

Reforming Citizens and the Cat Fund are not the only challenges confronting Florida's property insurance market. We continue to suffer from abuses from certain public adjusters, mitigation inspectors and the continuing sinkhole crises. We need tort reform and changes in our so-called "bad-faith" law. But there is no better place to start than by reducing the risk associated with these state-run insurance entities and eliminating the risk of future hurricane taxes.

With our new legislative leadership in Tallahassee, Gov.-elect Scott has the partners he needs to restore a freer insurance market in Florida and improve our standing as a place where employers want to come and hire new workers.

We look forward to working with Scott throughout his tenure in an effort to eliminate the hurricane tax, which will ultimately benefit both the business community and our state's most vulnerable citizens.

Barney Bishop is the president and CEO of Associated Industries of Florida, a statewide organization of businesses.

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