



PROTECTING INSURED HOMEOWNERS, PROPERTY VALUES AND HOUSING COSTS BY ENSURING AFFORDABLE WIND INSURANCE

**MONROE COUNTY BUILDS THE STRONGEST
YET PAYS THE HIGHEST WIND INSURANCE PREMIUMS**

The escalating cost of wind (and flood) insurance is a significant and growing concern for our constituents. High insurance costs negatively impact our citizens, our workforce, our housing affordability, our property values, and our economy.

➤ **No discernable (private market) competition:**

Ninety-five percent (95%) of Monroe County's wind policies are insured by Citizens Property Insurance Company ("Citizens"). Monroe has 15,000 wind-only policies with Citizens (second highest in State behind Miami-Dade).

➤ **Highest wind premiums in the State:**

Monroe's premium rate is **141% higher** than the median coastal rate, the highest wind premiums in the State. Our rates have doubled over the past 10 years.

➤ **Excess premiums:**

Year after year, Monroe's insureds pay millions in excess premiums, even after storm events.

- From 2003-2021 Monroe's insureds paid a total of **\$865 MILLION** in premiums over claims.
- Monroe's insureds pay Citizens an average excess of **\$50M every year** (*this is annual year after year profit.*)
- There has only been a single year in which Monroe's claims exceeded annual premiums paid (2017, when Category 5 Hurricane Irma hit the Keys.)

➤ **Excessive and unfair premiums:**

The vast imbalance between premiums and claims paid illustrates that CPIC's premiums are not commensurate with Monroe's risk. CPIC's premiums in Monroe are excessive and unfair because they fail to account for Monroe's building codes and are founded on inaccurate modeling.

- **Monroe's building standards justify lower premiums:** Monroe County is the only county that builds to withstand a **180 MPH** wind load. We build to the **strongest standard in the State**. Yet this is not reflected in Citizens' rate calculations for Monroe. Monroe has the highest wind loads in the State, dating back to 1993.
- **Inaccurate modeling:** Catastrophe models' loss projections do not incorporate Monroe's building codes. Despite dramatic differences in projected losses for Monroe County from the various rating models, Citizens continues to use the **most unfavorable** to Monroe to apply statewide increases.

➤ **The State's new flood insurance mandate (SB 2-A) is excessive and costly:**

Recent requirements for flood insurance should not include properties that are **not at risk of flood**, this includes homes in x zones and elevated homes. Further, the requirement that wind and flood policies have **identical contents coverage** is only adding to the cost.

- The cost for flood insurance has steeply risen under Risk Rating 2.0, FEMA's new pricing scheme for National Flood Insurance program policies which now calculates risk (and premiums) based on proximity to the coast, propensity for rainfall and cost of reconstruction. Risk Rating 2.0 also eliminates the Preferred Risk Policies that were once offered **very inexpensively** for homes not at risk of flood. In other words, **flood insurance, especially for Floridians who fare badly under the new risk criteria, is no longer inexpensive.**
- The State of Florida, recognizing the problem of Risk Rating 2.0, recently joined a federal lawsuit with 9 other states against FEMA over the impacts of its costly new insurance pricing scheme on Floridians, among the hardest hit across the country.
- **Citizens' insureds are now facing higher than ever wind AND flood insurance costs.**

➤ **Monroe County is NOT a contributor to statewide issues that drive up costs for Citizens:**

Monroe's insureds cost Citizens \$0 in AOB abuse, \$0 in sinkhole losses, and is not a contributor to the spate of fraudulent and frivolous lawsuits a major contributor to the property insurance crisis in the State.

➤ **Florida statute requires affordability:**

Property insurance affordability is a key component in preserving the Keys' strong local economy. The legislature recognized the importance of affordable property insurance, yet Citizens is failing to apply an "affordability" definition or standard by exceeding the 10% cap on annual increases. ("Affordable" is used 6 times in the first paragraph of Citizens enactment legislation.)

The preservation of affordable wind insurance is one of the Monroe County Board of County Commission's highest state legislative priorities.

It is imperative for our constituents that the Florida Legislature work to reduce costs for responsible insureds where reasonable, appropriate, and justified.

In that spirit, Monroe County seeks the following legislative actions:

- ✓ Restore the 10% rate cap for Monroe County, recognizing Monroe's exceptional housing affordability issues and strong building codes and profitability to Citizens.
- ✓ Increase Citizens' eligibility cap from \$1M to \$1.5M, recognizing that property reconstruction values have soared Statewide.
- ✓ Roll back the requirement for flood insurance for Citizens' insureds that are not at risk for flood (in x zones or elevated above base flood elevation), recognizing that this is an excessive and burdensome cost for low and no-risk properties.
- ✓ Roll back the requirement that Citizens insureds' policies be identical to flood insurance policies (allow for lower or no contents coverage under flood insurance), recognizing that this is an unnecessary and burdensome cost for insureds that are already being hit with higher annual wind and flood premiums.

"The absence of affordable property insurance threatens the public health, safety, and welfare and likewise threatens the economic health of the State.

The state therefore has a compelling public interest and a public purpose to assist in assuring that property in the state is insured and that it is insured at affordable rates...in order to reduce or avoid the negative effects otherwise resulting to the public health, safety, and welfare, to the economy of the state, and to the revenues of the state and local governments which are needed to provide for the public welfare."

~ Florida Statute 627.351

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