



## **REDUCE PROPERTY INSURANCE COSTS IN MONROE COUNTY**

### **SUPPORT HB 565/SB 604**

**CHALLENGES:** 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. Monroe County insureds are disadvantaged in several ways. *HB 565/SB 604 reduces costs for responsible insureds where reasonable, appropriate, and justified.*

- **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 Miam-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.
- **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.
- **Strong Building Codes and Inaccurate Modeling Contribute to Excess Premiums Paid:**
  - **Excess Premiums Paid:** From 2003-2021 Monroe's insureds paid a total of **\$865M** in premiums over claims. The vast imbalance between premiums and claims paid illustrates that CPIC's premiums are not commensurate with Monroe's risk.
  - **Monroe's building standards strongest in the State:** Monroe County is the only county that builds to withstand a **180 MPH** wind load, 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:** CPIC's premiums in Monroe are excessive in part because they are founded on inaccurate modeling of catastrophe loss projections that 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 adding to costs, unnecessarily in some cases:**
  - 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.
  - **Risk Rating 2.0 impacts:** Federal flood insurance is no longer inexpensive. The cost for flood insurance has steeply risen under 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. The State of Florida recently joined a federal lawsuit with 9 other states against FEMA over the impacts of Risk Rating 2.0 on Floridians, among the hardest hit across the country.

**REQUEST: SUPPORT HB 565 / SB 604** which:

- ✓ Restores the 10% annual rate increase cap for Monroe County, recognizing Monroe's exceptional housing affordability issues and strong building codes and profitability to Citizens.
- ✓ Increases Citizens' eligibility cap from \$1M to \$1.5M, recognizing that property reconstruction values have soared Statewide.
- ✓ Rolls 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.

- ✓ Rolls 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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