

MEMORANDUM

Agenda Item No. 11(A)(11)

TO: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

DATE: January 20, 2011

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Resolution urging the Florida
Legislature to pass legislation
and the Florida Insurance
Commissioner to promulgate
rules ensuring that homeowners
who have made their homes
more resistant to hurricanes
receive discounts from property
insurance companies, and
closing loopholes in current
law that allow property
insurance companies to reduce
or eliminate discounts for
hurricane mitigation
improvements

The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Chairman Joe A. Martinez.



R. A. Cuevas, Jr.
County Attorney

RAC/jls



MEMORANDUM

(Revised)

TO: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

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County Attorney

SUBJECT: Agenda Item No. 11(A)(11)

Please note any items checked.

- "3-Day Rule" for committees applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous ____) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 11(A)(11)
1-20-2011

RESOLUTION NO. _____

RESOLUTION URGING THE FLORIDA LEGISLATURE TO PASS LEGISLATION AND THE FLORIDA INSURANCE COMMISSIONER TO PROMULGATE RULES ENSURING THAT HOMEOWNERS WHO HAVE MADE THEIR HOMES MORE RESISTANT TO HURRICANES RECEIVE DISCOUNTS FROM PROPERTY INSURANCE COMPANIES, AND CLOSING LOOPHOLES IN CURRENT LAW THAT ALLOW PROPERTY INSURANCE COMPANIES TO REDUCE OR ELIMINATE DISCOUNTS FOR HURRICANE MITIGATION IMPROVEMENTS

WHEREAS, residential hurricane mitigation improvements consist of efforts to reduce the severity of loss, and include hurricane shutters, impact glass, hurricane straps, longer roofing nails and roof shape, among other things; and

WHEREAS, the potential economic benefits of making hurricane mitigation improvements to homes in Florida are well documented and beyond dispute; and

WHEREAS, making residential hurricane mitigation improvements is more than just an economic issue, as stronger homes result in fewer deaths and injuries in the event of a hurricane; and

WHEREAS, following Hurricane Andrew, the Florida Legislature passed legislation in 1993 requiring insurers to offer shutter discounts or deductible reductions as an incentive for homeowners to install hurricane shutters and make other improvements to reduce hurricane losses; and

WHEREAS, in 2000, the Legislature expanded the sophistication of mitigation rating factors, added discounts for both fixtures and construction techniques for insurers to include in

their rate filings and adopted a rate filing requirement where enhanced discounts were to be incorporated in insurer filings no later than February 28, 2003; and

WHEREAS, in late 2006, the Financial Services Commission adopted revisions to rule governing hurricane mitigation discounts that required the full implementation of hurricane mitigation discounts no later than March 1, 2007, but certain loopholes were written into the rules that allowed insurers to use alternate mitigation discounts; and

WHEREAS, in the last several years, property insurance companies have reduced the discounts they provide to homeowners who install shutters and other hurricane mitigation improvements; and

WHEREAS, property insurance companies also have started reinspecting homes where insurers previously had provided discounts for hurricane mitigation improvements; and

WHEREAS, these reinspections have resulted in property insurance companies removing discounts for shutters and other hurricane mitigation improvements that previously had been provided for some homeowners; and

WHEREAS, in some cases, reinspections have revealed cases of fraud and faulty initial inspections where homes did not have the level of hurricane protection commensurate with the discounts homeowners had received; and

WHEREAS, nonetheless, property insurance companies have removed or reduced discounts despite the fact that it is well established that a wind-mitigated home is far less likely to experience damage than a non-wind-mitigated home; and

WHEREAS, hurricane mitigation discounts remain an important tool to encourage homeowners to install shutters and other hurricane mitigation improvements; and

WHEREAS, it is in the best interest of all Floridians to provide homeowners with incentives to install shutters and other hurricane mitigation improvements, especially given the

large numbers of Floridians are insured by Citizens Property Insurance Corporation, a property insurance company created and backed by the state; and

WHEREAS, the Florida Legislature and the Florida Insurance Commissioner should ensure that homeowners who have made their homes more resistant to hurricanes by installing shutters and other hurricane mitigation improvements receive discounts from property insurance companies; and

WHEREAS, loopholes that exist in current law that allow property insurance companies to reduce or eliminate discounts for hurricane mitigation need to be closed, while at the same time ensuring that property insurance companies have continuing incentives to do business in Florida and insure Florida homes,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board:

Section 1. Urges the Florida Legislature to pass legislation and the Florida Insurance Commissioner to promulgate rules that:

- a. Ensure that homeowners who have made their homes more resistant to hurricanes by installing shutters and other hurricane mitigation improvements receive appropriately-valued discounts from property insurance companies for such improvements;
- b. Close loopholes in current law that allow property insurance companies to reduce or eliminate discounts for hurricane mitigation improvements, while at the same time ensuring that property insurance companies have continuing incentives to do business in Florida and insure Florida homes.

Section 2. Directs the Clerk of the Board to transmit a certified copy of this resolution to the Governor, Senate President, House Speaker, the Chair and Members of the Miami-Dade County State Legislative Delegation and the Florida Insurance Commissioner.

Section 3. Directs the County's state lobbyists to advocate for the passage of the legislation and/or the implementation of the regulations set forth in Section 1 above, and directs the Office of Intergovernmental Affairs to include this item in the 2011 State Legislative Package.

The Prime Sponsor of the foregoing resolution is Chairman Joe A. Martinez. It was offered by Commissioner _____, who moved its adoption. The motion was seconded by Commissioner _____ and upon being put to a vote, the vote was as follows:

- | | |
|-------------------------------------|-------------------|
| Joe A. Martinez, Chairman | |
| Audrey M. Edmonson, Vice Chairwoman | |
| Bruno A. Barreiro | Lynda Bell |
| Jose "Pepe" Diaz | Carlos A. Gimenez |
| Sally A. Heyman | Barbara J. Jordan |
| Jean Monestime | Dennis C. Moss |
| Natacha Seijas | Rebeca Sosa |
| Sen. Javier D. Souto | |

The Chairperson thereupon declared the resolution duly passed and adopted this 20th day of January, 2011. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.



Jess M. McCarty