

MEMORANDUM

Agenda Item No. 11(A)(8)

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

DATE: June 19, 2012

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

SUBJECT: Resolution opposing a proposal by Citizens Property Insurance Corporation to increase property insurance rates for new policies by more than the 10 percent annual cap set in statute; urging the Florida Office of Insurance Regulation not to approve Citizens' rate change request related to this proposal; further urging Florida Legislature to take whatever steps are available to ensure that Citizens adheres to the Legislature's intent in capping Citizens' rate increases at 10 percent per year

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)

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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

Agenda Item No. 11(A)(8)

Veto _____

6-19-12

Override _____

RESOLUTION NO. _____

RESOLUTION OPPOSING A PROPOSAL BY CITIZENS PROPERTY INSURANCE CORPORATION TO INCREASE PROPERTY INSURANCE RATES FOR NEW POLICIES BY MORE THAN THE 10 PERCENT ANNUAL CAP SET IN STATUTE; URGING THE FLORIDA OFFICE OF INSURANCE REGULATION NOT TO APPROVE CITIZENS' RATE CHANGE REQUEST RELATED TO THIS PROPOSAL; FURTHER URGING THE FLORIDA LEGISLATURE TO TAKE WHATEVER STEPS ARE AVAILABLE TO ENSURE THAT CITIZENS ADHERES TO THE LEGISLATURE'S INTENT IN CAPPING CITIZENS' RATE INCREASES AT 10 PERCENT PER YEAR

WHEREAS, Citizens Property Insurance Corporation (Citizens) is a state-created, not-for-profit governmental entity, the public purpose of which is to provide property insurance coverage to those unable to find affordable coverage in the private market; and

WHEREAS, during a special session in January, 2007, the Florida Legislature enacted Chapter No. 2007-1, Laws of Florida (HB 1A), which froze Citizens' rates at 2006 levels; and

WHEREAS, Citizens rates remained frozen until 2009, when the Florida Legislature enacted Chapter No. 2009-87, Laws of Florida (HB 1495), an omnibus property insurance bill, which among other provisions, implemented an incremental Citizens property insurance rate increase capped at 10 percent per year until Citizens rates were actuarially sound; and

WHEREAS, this provision provided that Citizens "shall implement a rate increase each year which does not exceed 10 percent for any single policy issued by Citizens, excluding coverage changes and surcharges"; and

WHEREAS, the Senate Banking & Insurance Committee analysis of HB 1495 indicated that this provision "implements a 'glide path' capped at 10 percent per year for Citizens

policyholders until rates are actuarially sound” and that “the incremental rate increase was a recommendation of the Citizens Mission Review Task Force”; and

WHEREAS, Citizens recently released a proposal to exceed the 10 percent annual rate increase cap imposed by HB 1495 on new policies that Citizens writes; and

WHEREAS, Citizens officials assert that their action is legal because the 10 percent annual rate increase cap does not apply to new policies that are quoting an original rate, not a rate “increase” from an existing rate; and

WHEREAS, new policies, however, would include homeowners who are dropped by private insurers and who have no other insurance choices other than Citizens, as well as existing Citizens policyholders that Citizens drops and later reinstates; and

WHEREAS, the statewide average Citizens rate increase on new policies under this Citizen’s proposal has been estimated to be about 30 percent, but some areas could see substantially higher increases, including parts of Miami-Dade County where homeowner’s rates could rise as much as 95 percent; and

WHEREAS, were this Citizens proposal to be implemented, similarly situated homeowners could pay vastly different amounts for the same property insurance coverage with Citizens; and

WHEREAS, Citizens’ proposal is not consistent with the Legislature’s intent in passing HB 1495 in 2009, and given the language of HB 1495, some lawmakers have questioned whether Citizens’ proposal will withstand legal scrutiny; and

WHEREAS, Citizens’ proposal runs the risk of harming the housing market and local economy just as there are signs that the housing market is stabilizing; and

WHEREAS, during these difficult economic times, Miami-Dade County residents simply cannot afford what could be as high as a near doubling of Citizens rates under this proposal; and

WHEREAS, Senator Anitere Flores has indicated that she may file legislation for consideration during the 2013 session that would reinforce and clarify that the 10 percent rate increase cap applies to all policies, not just existing policies; and

WHEREAS, this Board desires to express its opposition to a Citizens proposal to increase property insurance rates by more than the 10 percent annual cap set in statute,

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

Section 1. Opposes the Citizens Property Insurance Corporation proposal to increase property insurance rates for new policies by more than the 10 percent annual cap set in statute.

Section 2. Urges Citizens not to proceed with this proposal.

Section 3. Urges the Florida Office of Insurance Regulation not to approve Citizens' rate change request.

Section 4. Urges the Florida Legislature to take whatever means may be available to enforce the policy it passed in HB 1495 that imposed a 10 percent per year cap on Citizens' rate increases and to restate and clarify the Legislature's intent that the 10 percent rate cap applied to all Citizens' policies, including new policies.

Section 5. Directs the Clerk of the Board to transmit certified copies of this resolution to the Governor, Senate President, House Speaker, the Chair and Members of the Miami-Dade State Legislative Delegation, Florida's Insurance Commissioner, and the interim president of the Citizens Property Insurance Corporation.

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Section 6. Directs the County's state Lobbyist to advocate for the positions set forth in Sections 1, 2, 3 and 4 above, and authorized and directs the Office of Intergovernmental Affairs to amend the 2012 State Legislative Package to include this item and to include this item in the 2013 State Legislative Package when it is presented to the Board for approval.

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
Esteban L. Bovo, Jr.	Jose "Pepe" Diaz
Sally A. Heyman	Barbara J. Jordan
Jean Monestime	Dennis C. Moss
Rebeca Sosa	Sen. Javier D. Souto
Xavier L. Suarez	

The Chairperson thereupon declared the resolution duly passed and adopted this 19th day of June, 2012. 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.

JMM

Jess M. McCarty

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