

MEMORANDUM

Agenda Item No. 11(A)(4)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: November 19, 2013

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

SUBJECT: Resolution urging the Florida
Legislature and Governor to find
solutions to control Citizens
Property Insurance Corporation's
expenses and attorneys' fees, and
to address Citizens' reserves in
light of the fact that Florida has
not experienced a major storm
since 2005

The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Chairwoman Rebeca Sosa.



R. A. Cuevas, Jr.
County Attorney

RAC/cp



MEMORANDUM

(Revised)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

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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 Mayor'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)(4)
11-19-13

RESOLUTION NO. _____

RESOLUTION URGING THE FLORIDA LEGISLATURE AND GOVERNOR TO FIND SOLUTIONS TO CONTROL CITIZENS PROPERTY INSURANCE CORPORATION'S EXPENSES AND ATTORNEYS' FEES, AND TO ADDRESS CITIZENS' RESERVES IN LIGHT OF THE FACT THAT FLORIDA HAS NOT EXPERIENCED A MAJOR STORM SINCE 2005

WHEREAS, the Florida Legislature created Citizens Property Insurance Corporation ("Citizens") as a non-profit, tax-exempt home insurance provider because private insurers were unwilling or unable to provide affordable property insurance coverage to Florida homeowners; and

WHEREAS, Citizens currently insures approximately one out of every five homes in Florida, and often functions as an insurer of last resort to many Floridians; and

WHEREAS, Fla. Stat. § 627.351(6) states that the purpose of Citizens is to increase the availability of affordable property insurance in Florida, while achieving efficiencies and economies of scale; and

WHEREAS, media coverage and government reports have shown that Citizens has recently mismanaged its finances while undertaking efforts to raise premiums; and

WHEREAS, Citizens, for example, recently underwent a campaign to re-inspect over 400,000 homes in Florida, which resulted in raising rates for 72 percent of Citizens customers by more than \$200 million per year or approximately \$521.10 per household; and

WHEREAS, 58 percent of homeowners who have challenged their re-inspections have been successful at getting their bills reduced, and Citizens has already admitted error in at least 1,510 cases; and

WHEREAS, Citizens was also recently criticized by the state inspector general for its lavish spending practices, which included opulent travel accommodations to Bermuda and Europe for its employees and senior management; and

WHEREAS, the Governor and state legislators have already remarked that this unacceptable spending has shown that Citizens urgently needs to reform its policies on corporate expenses; and

WHEREAS, Citizens' fiscal mismanagement has been further exemplified by its expense of approximately \$2 million per month on attorneys' fees; and

WHEREAS, a significant portion of these costs results from Citizens having to reimburse policyholders for their legal expenses after the policyholder has prevailed in court; and

WHEREAS, those legal fees may often exceed the value of the claim and therefore serve as an inefficient use of resources; and

WHEREAS, the CEO of Citizens has admitted that changes are needed to the way that Citizens handles its litigation because its lawyers were not adequately prepared for trial and disputes have taken too long to resolve thereby increasing legal fees; and

WHEREAS, these rate increases and excessive spending practices have come amidst a time where Citizens' cash-on-hand (\$6.2 billion) is at an all-time high due to the fact that there has not been a major storm in Florida since 2005; and

WHEREAS, Citizens overall risk exposure stands to be reduced even further because new state legislation will require that any homeowner currently insured through Citizens who can obtain a comparable insurance rate from a private insurer must switch to the private insurer starting in 2014,

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 and Governor to find solutions to control Citizens Property Insurance Corporation's expenses and attorneys' fees, and to address Citizen's reserves in light of the fact that there has not been a major storm in Florida since 2005.

Section 2. Directs the Clerk of the Board to transmit certified copies of the resolution to the Governor, Senate President, House Speaker, and the Chair and remaining members of the Miami-Dade State Legislative Delegation.

Section 3. Directs the County's state lobbyists to advocate for the issues identified in Section 1 above, and authorizes and directs the Office of Intergovernmental Affairs to include this item in the 2014 State Legislative Package when it is presented to the Board.

The Prime Sponsor of the foregoing resolution is Chairwoman Rebeca Sosa. 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:

Rebeca Sosa, Chairwoman
Lynda Bell, Vice Chair

Bruno A. Barreiro
Jose "Pepe" Diaz
Sally A. Heyman
Jean Monestime
Sen. Javier D. Souto
Juan C. Zapata

Esteban L. Bovo, Jr.
Audrey M. Edmonson
Barbara J. Jordan
Dennis C. Moss
Xavier L. Suarez

The Chairperson thereupon declared the resolution duly passed and adopted this 19th day of November, 2013. 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.

MBV

Michael B. Valdes