

ASSOCIATED INDUSTRIES OF FLORIDA  
**LEGISLATIVE  
DAILY BRIEF**



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**MAY 1, 2007**

The House and Senate both shut down rather early this afternoon, an unusual occurrence given the fact that there are only three more days to go in the 2007 legislative session. The House was bogged down with the issue of relief for Martin Lee Anderson, the youth that was killed in a Bay County boot camp. Debate on this issue took up most of the afternoon.

In the Senate, property insurance reform was the order of the day as senators considered SB 2498 by Senator Rudy Garcia (R-Miami). This bill eliminates “pup companies” and makes it easier for Citizens Insurance Company to expand and compete with private insurance companies. Today’s report contains full coverage of this anti-competitive bill.

Another of AIF’s session priorities for 2007 is on the way to the Governor for signature. HB 83 invests \$35 million dollars in programs designed to increase venture capital investments in Florida. The bill also helps with the commercialization of products developed in our colleges and universities as well as research centers throughout Florida.

### **Property Insurance Reform**

Today, the Senate considered SB 2498 Relating to Property Insurance by Senator Rudy Garcia (R-Miami) on Second Reading. The bill lowers the threshold for Citizens’ eligibility and makes it easier for Citizen’s to expand statewide. Prior to this year’s Special Session on Property Insurance Reform, an applicant was not eligible for Citizens coverage if they received a quote for coverage from a private insurer. The Special Session legislation, HB 1A, provides that a private insurer quote in which the proposed premium is greater than 25% does not disqualify an applicant from coverage through Citizens. SB 2498, lowers this threshold from 25% to 15%, thus, further making Citizens a competitor as opposed to a provider of last resort. In addition, HB 1A froze Citizens’ rates at the 2006 level through 2007. SB 2498 extends this moratorium on Citizens rate increases to January 1, 2009. Both of these provisions will shift additional exposure from the private sector to the state and further increases the likelihood of future deficits which businesses will be taxed to cover.

In addition, the bill prohibits the formation of Florida domestic residential property insurance subsidiaries (“pup companies”) and requires rate filings for insurance subsidiaries to include parent company profit information. The bill received several amendments during debate today, many of which made the bill even more hostile towards private insurers. There was great debate over an amendment by Senator Carey Baker (R-Eustis) that would have removed the sections in

the bill prohibiting “pup companies” and requiring the Office of Insurance Regulation to consider the profits of parent companies when approving rate filings. Senator Baker explained that including these onerous provisions in the bill would further alienate private insurance companies and discourage them from doing business in Florida. Senator Baker’s amendment ultimately failed.

There was also strong debate over a proposed amendment by Senator Jeff Atwater (R-North Palm Beach) that would have stripped away the Chief Financial Officer’s (CFO) ability to appoint the Chair of the Citizens Board of Directors. There was strong bipartisan support for keeping the appointment power in the hands of the CFO and the amendment was withdrawn.

SB 2498 is now ready to be considered for final passage by the Senate. Today’s debate was just the first round in the negotiations regarding this controversial bill.

**AIF opposes SB 2498 because it establishes parameters conducive to the expansion of Citizens Insurance Company. Citizens was originally created to be the government’s insurer of last resort, however, recent actions by the Florida Legislature have provided Citizens with certain competitive advantages that allow it to compete directly with the private market. The bill further allows for the establishment of artificially suppressed rates and for the potential of future assessments on all lines of insurance.**

## **Economic Development**

The Senate unanimously passed (37-0) HB 83 Relating to Venture Capital Investments by Representative Michael Grant (R-Punta Gorda). Senator Jeremy Ring (D-Margate) who sponsored the Senate companion, SB 2420, described the bill as the “next logical step in economic development in Florida.” Previous legislatures have appropriated millions in funding for research and development; this bill makes sure that these products make it to the market. HB 83 appropriates a total of \$35 million dollars for venture capital investments and creates the Florida Capital Formation Act, which is designed to increase the amount of venture capital investment in Florida. Investments must be made in Florida-based businesses in life sciences, information technology, advanced manufacturing processes, aviation and aerospace, and homeland security and defense.

The bill also creates the Institute for the Commercialization of Public Research (institute), to serve as a clearinghouse for research projects generated by universities and colleges, research institutes, and publicly supported organizations. The purpose of the institute is to assist in the commercialization of products by attracting private investment into projects generated in the state.

HB 83 will now be sent to the Governor for his signature.

**AIF supports legislation aimed at increasing the amount of venture capital investment in our state. Florida is significantly behind other growth states including Texas and California in the amount of money it spends on attracting venturing capital. This type of investment is essential for the growth of Florida's emerging businesses.**

## **Health Care**

The Senate passed two additional health care mandates today. SB 1172 Relating to Health Insurance Coverage by Senator Arthenia Joyner (D-Tampa) requires that if an insurance policy or health maintenance organization contract provides coverage for breast cancer treatment, the length of stay for lymph node dissections and for follow-up care outside of the hospital must be for the time period determined to be medically necessary by the treating physician. The bill was unanimously (39-0) passed and will now be sent to the House for consideration.

The Senate also unanimously passed (39-0) SB 274 Relating to Cystic Fibrosis Treatment by Senator Gwen Margolis (D-Miami Beach). This bill requires health maintenance organizations and group health insurance policies to cover services needed to treat cystic fibrosis authorized by physician.

SB 274 will now be sent to the House for consideration.

The good news is that both House companions for these bills are stuck in committee. In order for these additional mandates to become law; those House bills would have to be withdrawn from the committee they are in. AIF is urging the House not to take up those bills in order to stop these additional mandates from becoming law. Additional mandates drive up the cost of health insurance for the employers that want to provide coverage for their employees. Higher health insurance prices leads to more people without health insurance. All Floridians pay a price for the uninsured. In fact, a recent New American Foundation study estimates that the average family in Florida pays about \$1,186 a year in "hidden taxes" through health insurance premiums to cover the uninsured. Further, businesses are impacted directly as escalating health care costs put American goods and services at a competitive disadvantage.

**AIF consistently opposes additional mandated coverages because the resultant cost increases could force some insurers out of the market and price health care insurance out of the reach of many employers and businesses.**

## **Information Technology**

The House considered HB 1557 Relating to State Information Technology by Representative Will Weatherford (R-Zephyrhills) on Second Reading. During debate, Representative Weatherford moved to substitute the Senate bill, SB 1974, for HB 1557. He then explained the Senate bill. This bill makes significant changes to the way enterprise information technology is governed in the state. Currently, the actual practice of IT governance does not conform to the law because there is no State Technology Officer even though there is one in the law. It creates a new agency called the Agency on Enterprise Information Technology located in the Executive Office

of the Governor but headed by Governor and Cabinet. It is controlled by an extraordinary vote of the Cabinet, with Governor on prevailing side. The focus of the agency is on enterprise issues, not day-to-day management and operations, which will be left to the agencies and their secretaries/executive directors as is currently the case.

After his explanation there were no questions and no amendments so the Speaker ordered the bill rolled over to Third Reading, meaning that the bill is now ready for final passage.

This legislation will go a long way in helping Florida's IT industry work closer and more efficiently with the state and its agencies. Establishing a concise and streamlined governance structure will ensure that the private sector will have one set of rules to adhere to. AIF's IT Council has been working for over a year on this legislation and the Council will continue to work on improving the relationship between Florida's IT industry and state government.

**AIF and its Information Technology (IT) Council support this major overhaul of how IT systems are managed by the State. SB 1974 represents a real improvement in enterprise IT governance and a real improvement in agency chief information officer training and responsibilities.**

Please send your comments or suggestions to us at [aif@aif.com](mailto:aif@aif.com) or call the Governmental Affairs department at (850)224-7173.

- For more information on all of the important legislative information concerning the business community, go to our "members only" Florida Business Network web site at <http://fbnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.