

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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FROM JANUARY 18, 2007

Significant property insurance reform took another step today as both the Senate and House of Representatives selected conferees to represent them during the negotiations that are expected to last well into the weekend. A conference committee is appointed when both chambers cannot agree on all aspects of an issue. It is usually reserved for the appropriations process, but it is not uncommon for conference committees to be appointed on policy issues, especially those as complex and critical as property insurance reform. The issue at hand is how to come up with a final product. The Senate's proposal is SB 4A by Senator Bill Posey (R-Rockledge). The House has a series of five bills (HB 1A, 3A, 5A, 7A, and 9A) that essentially address the same topics in the Senate bill. From these bills a final product will emerge that will most likely be voted on when both the Senate and House reconvene on Monday, January 22nd.

The following legislators were selected as conferees:

- Representative Ray Sansom (R-Ft. Walton Beach), *Co- Chair*
- Senator Bill Posey (R-Rockledge), *Co-Chair*
- Senator Ted Deutch (D-Delray Beach), *Vice Chair*
- Senator JD Alexander (R-Lake Wales)
- Senator Jeff Atwater (R-North Palm Beach)
- Representative Ellyn Bogdanoff (R-Ft. Lauderdale)
- Representative Don Brown (R-DeFuniak Springs)
- Representative Dean Cannon (R-Winter Park)
- Representative Marti Coley (R-Marianna)
- Senator Mandy Dawson (D-Ft. Lauderdale)
- Senator Don Gaetz (R-Niceville)
- Representative Dan Gelber (D-Miami Beach)
- Senator Steve Geller (D-Hallandale Beach)
- Representative Denise Grimsley (R-Sebring)
- Representative Adam Hasner (R-Delray Beach)
- Representative Dick Kravitz (R-Jacksonville)
- Senator Al Lawson (D-Tallahassee)
- Representative Stanley Mayfield (R-Vero Beach)
- Senator Durell Peaden (R-Crestview)
- Representative Ron Reagan (R-Sarasota)
- Representative Curtis Richardson (D-Tallahassee)
- Representative David Rivera (R-Miami)
- Representative John Seiler (D-Pompano Beach)

- Senator Ronda Storms (R-Brandon)
- Representative Priscilla Taylor (D-Riviera Beach)
- Representative Trey Traviesa (R-Tampa)
- Senator Daniel Webster (R-Winter Garden)
- Senator Frederica Wilson (D-Miami)

The first conference meeting was held this afternoon. Both Senate President Ken Pruitt (R-Port St. Lucie) and Speaker of the House Marco Rubio (R-Miami) address the conferees and congratulated all of them for the hard work this week. Speaker Rubio marveled at how smooth this week had gone and how well both chambers were working together. “In moments of crisis, we need to put away dividing lines,” he stated. He closed by reminding them that “whatever legislation we pass must be meaningful and responsible” and that the legislature must avoid “bad ideas that sound good.”

Senator Pruitt emphasized how the “magnitude of this moment cannot be defined” referring to the drastic insurance reforms that were passed this week by each chamber. He further stated that he never imagined that there would be a 40-0 vote in the Senate on this issue.

What followed was a brief explanation of one of the major issues that separates the House and Senate bills – reinsurance. Representative Kravitz and Senator Geller each had an opportunity to address the conference committee to explain their respective chamber’s proposal on this issue. The main difference between the two is that the Senate’s proposal contains the creation of the Florida Hurricane Excess Loss Program (FHELP) which provides an additional layer of coverage above the CatFund up to \$23 billion. Insurers do not have to pay anything for this additional layer of coverage but would have to pay 10 percent of the losses; the state would be on the hook for the remaining 90%.

There are several punitive provisions within each bill that go beyond just trying to reduce rates. These include issues such as: cherry-picking, the elimination of Florida subsidiary or “pup” companies, requiring CEOs to sign oaths under penalty of perjury that information on rate filings are true, and allowing Citizens to offer multiperil policies not just windstorm coverage to name a few. It is unlikely that passing any of these measures would bring immediate rate relief to the citizens of Florida. What they do accomplish is expand government intrusion into the free market. AIF is strongly opposed to these provisions.

The conferees were not able to get very far in their discussions because they are awaiting additional data from the Office of Insurance Regulation and the Department of Financial Services. **The conference committee is expected to meet again tomorrow morning at 10:30 am.**

At this point it is difficult to tell which provisions will be included in the final insurance reform product because negotiations are just beginning between the Senate and House. AIF and the Florida Hurricane Crisis Coalition (FHCC) will continue to work with the legislature to try to achieve meaningful legislation that achieves positive impacts on rates while not creating an onerous regulatory environment.

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

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