



# ASSOCIATED INDUSTRIES OF FLORIDA

*The Voice of Florida Business Since 1920*



## 2009 SESSION PRIORITIES



---

# ASSOCIATED INDUSTRIES OF FLORIDA

---

## COUNCILS



The Councils of Associated Industries bring together unique sectors of the business community in order to develop and promote issues vital to those respective industries. The following pages represent the 2009 Legislative Agendas for each of the eight councils within AIF.



Chief Financial Officer Alex Sink is the first Cabinet Member to receive an AIF Champion for Business award.

## Financial Services

**A**ssociated Industries of Florida formed the Financial Services Council (FSC) to provide an opportunity for business leaders across the state to focus on key financial service issues facing Florida consumers and businesses. Council members include representatives from the property casualty, life and health insurance industries, as well as representatives from all other financial services organizations.

The Council has consistently voiced concern that the property insurance structure created by the Legislature, which relies on post-hurricane bond issues to fund over 70% of hurricane losses, is not sustainable. Unfortunately, the current economic recession is bringing the Council's fears to fruition. The lynch pin to the existing structure, the Florida Hurricane Catastrophe Fund (Cat Fund), is projecting a \$19 billion shortfall for 2009 in its bonding capacity necessary to fund its maximum potential obligations of \$28 billion. The failure of the Cat Fund to fully meet its obligations in the event of a hurricane or series of hurricanes will result in delays or non-payment of claims and the financial failure of the state's insurance company, Citizens, and many Florida-only property insurance companies. The expansion of the Cat Fund and the growth of Citizens has placed the state of Florida in great financial peril. The state's insistence on paying for hurricane losses after the fact requires that storm losses be paid in the form of assessments (taxes) on virtually all lines of insurance. This includes auto, personal and professional liability, etc. Florida's property owners (residential and commercial) will become responsible for paying off the state's enormous exposure in the event of a bad storm or series of storms rather than spreading the risk world-wide, which is the Council's goal.

### Council Position

**The FSC opposes the expansion of Citizens Property Insurance Corporation at the expense of businesses in Florida. Instead, the Council supports legislation that establishes a process to return Citizens to an insurer of last resort and returns Citizens' assessments base to only residential insurance. In addition, the Council supports efforts by CFO Alex Sink and others to reduce the Florida Cat Fund's significant exposure.**

## Council Priorities

**I**n 2009, the Council will focus on insurance measures that will:

- **Bring back a healthy and competitive private property insurance market to Florida;**
- **Reduce Cat Fund coverages and, thus its exposure;**
- **Provide additional incentives for property owners to make improvements protecting their buildings against hurricane damages;**
- **Return Citizens to a non-competitive market of last resort;**
- **Oppose additional health care mandates;**
- **Reform Florida's Bad Faith laws; and**
- **Eliminate unnecessary and onerous criminal penalties for sales practice violations.**

In addition, the Council will focus on issues created by recent Supreme Court decisions:

- **The elimination of the surplus lines insurance market; and**
- **The elimination of the 2003 workers compensation claimant attorney fee reforms.**

The Council will also play a major role in policy discussions revolving around how businesses use personal identification information, which is an ongoing legislative issue.

*Financial Securities Council  
Lobbyist: **Gerald Wester***