



**FOR RELEASE:**  
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## **Consumer Group Calls for Removal of Private Sector from Florida Hurricane Business**

Arguing that “traditional fixes” are not working, Americans for Insurance Reform (AIR) released a major report today calling for the complete removal of the private sector from the hurricane insurance business in Florida. AIR calls on the Florida legislature to establish a privately run state plan for the hurricane wind portion of homeowners insurance coverage.

The report, ***AT THE TIPPING POINT: THE HOMEOWNER INSURANCE MESS IN FLORIDA AND HOW TO FIX IT***, finds, “More and more private carriers have left the state, others are again threatening massive cancellations and prices are through the roof. Companies have dumped high-risk properties into the state-run ‘insurer of last resort,’ Citizens Property Insurance Corp., and have kept the lower risk business for themselves. Continuing to try to fix the problem by placating the private market, giving in to their demands in a desperate effort to keep them in the state, is a road to continuing disaster.”

The report asks, “Have we reached the tipping point where the reliance on the private sector is no longer warranted? Has the coverage become too little and the prices too high and the instability too great for Florida to continue to rely on the system that is in place? How long can Florida stand to see homeowners’ insurance offer less and less coverage for more and more money, with many people unable to afford premiums and having to live in fear of filing legitimate claims?”

AIR answers these questions by proposing creation of a privately run state insurer for the hurricane wind portion of homeowner’s insurance coverage, with all of the wind business in Florida put in this state plan. Private companies would service the plans, selected by competitive bids. Policyholders would benefit immediately, with huge drops in premiums by the private home insurers, with hurricane wind rates set by fair use of scientific models that would be actuarially sound so that, over time, the program will be self-sustaining. This plan would eliminate both the profit motive, as well as overreaction at times of crisis, lowering prices and assuring both stable prices and coverage.

***AT THE TIPPING POINT*** was written by J. Robert Hunter, Director of Insurance for the Consumer Federation of America, and Joanne Doroshow, Executive Director of the Center for Justice & Democracy. Americans for Insurance Reform is a coalition of over 100 public interest groups from around the country, including the Florida Consumer Action Network, For a copy of the report, see: <http://insurance-reform.org>.