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Flirting with disaster

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A coalition of environmental groups this week called on state leaders to start taking climate change seriously and do more to protect Florida's coasts. Among other things, argues the Florida Coastal and Ocean Coalition, Florida should stop providing incentives for coastal development.

Naturally, Gov. Charlie Crist and the Florida Legislature are headed in the opposite direction.

This week Gov. Crist signed a bill to freeze Citizens Property Insurance Corp. rates through 2009. Citizens was created by the state to provide coverage for property owners who could no longer get private insurance, or at least low cost private insurance, because they are deemed too vulnerable to hurricanes.

In other words, the state has opted to support continued coastal development by keeping insurance rates artificially low and shifting the exposure from private insurers to taxpayers. The law signed by Crist also allows Citizens to insure homes worth up to \$2 million (coverage was previously limited to homes worth no more than \$1 million), because everybody knows that the closer you build to the coast, the more expensive homes are.

"The Legislature chose to increase the risk," Tara Klimek, spokeswoman for Florida's Chief Financial Officer Alex Sink, said this week. "We didn't take this opportunity to reduce the risk of assessments that Floridians could have."

Private insurers are already antsy about doing business in Florida, and two related actions will only serve to make Floridians even more dependent on Citizens for coverage. A new state law denies companies the right to appeal rate increase denials to an arbitration panel. And Crist vetoed a provision to make low-cost loans available to insurers willing to write new homeowner policies.

None of this matters, of course, so long as Florida's luck continues to hold and no actual hurricanes visit the state during this upcoming hurricane season. But if this season is anything like 2004-05, when eight hurricanes hit, Citizens Insurance and the state's Hurricane Catastrophe Fund could collapse like houses of cards.

The CAT fund has an estimated \$28 billion exposure and very little by way of assets to back it up. "The real crisis is can the CAT fund deliver if we have a major hurricane and can Citizens timely pay its claims?" Sam Miller, of the Florida Insurance Council,

posed this week. "We don't know that."

Florida is literally flirting with disaster as it awaits the new hurricane season.
