

Scripps: Passage would be a victory for Florida homeowners

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Floridians' dreams of homeownership are being shattered by high property taxes and skyrocketing homeowners insurance premiums.

I have spoken to thousands of our neighbors, who have shared with me their personal struggles to stay in their homes. Tragically, the hardest hit have been seniors trying to survive on fixed incomes and young families trying to make ends meet.

If we do not act immediately, we will continue to see our economy fail and our children leave Florida to pursue their dreams in communities where they can afford to live.

One year ago, Ron Klein and I were elected to the U.S. House of Representatives. Recently, we delivered on our campaign promises by introducing and passing the Homeowners Defense Act of 2007. This legislation will bring premiums down and keep quality insurers in Florida's insurance market.

This historic legislation passed the House on a bipartisan basis with the unanimous support of all 25 members of the Florida delegation. The bill's support from industry and consumer groups alike was due to the fact that it works with private industry to expand the availability of low cost coverage while recognizing that no company got into business to underwrite an act of war, be it man made or due to Mother Nature.

Despite efforts in Tallahassee to fight soaring insurance costs, insurance companies continue to flee the state, leaving Floridians without private insurance. Just this past August, Nationwide Insurance announced it was dropping 39,000 homeowner policies in the state, including thousands here on the Treasure Coast.

Their decision came a month after the company requested rate increases ranging from 15 to 157 percent on Florida families.

Today, the citizens of Florida are the owners of the largest homeowners' insurance company in the state, Citizens Insurance, whose charter has been expanded from wind to all perils in an attempt to eliminate losses.

Unlike national catastrophe bills that have been introduced in the past, the Homeowners' Defense Act allows each state

to voluntarily participate in a program that takes a three-fold approach.

- The bill provides a venue for state-sponsored insurance funds to voluntarily bundle their catastrophe risk with one another and then transfer that risk to the private markets through the use of catastrophe bonds and reinsurance contracts.
- The bill also caps the insurance industry's risk while ensuring that participating states will always have enough money to quickly pay claims in the event of a mega disaster.
- The bill authorizes the federal government to cover excess liability by extending long-term, low-interest rate loans to participating states. With this bill, the American taxpayers will never be asked to use their hard-earned tax dollars to "bail out" communities for an event we know will happen.

The Homeowners' Defense Act represents a fundamental rethinking of disaster planning and response. Unlike past attempts to address the homeowners' insurance crisis by increasing taxes, our bill works because it is voluntary, it is actuarially sound, and it lowers rates by stabilizing the market. This bill encourages private industry to return to markets thereby increasing competition, lowering rates and eliminating the need for state run insurance companies.

I encourage you to show support by contacting Sens. Hillary Clinton, D-N.Y., and Bill Nelson, D.-Fla., who have introduced our bill in the Senate. We need the Senate to act quickly so we can get relief to Florida homeowners.

Mahoney, D-Palm Beach Gardens, represents Florida's 16th District, which includes parts of St. Lucie, Martin and Okeechobee counties.