



Block insurance tax

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With Florida's history of hurricanes and floods, many homeowners are having a hard time obtaining insurance they can afford.

Anticipating the hurricane season, Congressman Ron Klein, D-Boca Raton, has introduced the Homeowners Defense Act. It would create a federal bond guarantee for the huge debts that the Citizens Property Insurance Corp. and the Florida Hurricane Catastrophe Fund would incur during severe storms. While the House may pass this legislation, it's likely to stall in the Senate.

Meanwhile, another House bill would make it harder and costlier for Floridians to insure their homes. Rep. Richard Neal, D-Mass., proposes a 24 percent tax on premiums that U.S. insurers pass along to their foreign affiliates. This would reduce the supply of reinsurance in the United States by at least 20 percent, resulting in a \$500 million premium increase on all Florida consumers, including an extra \$66 million for the state's homeowners.

This extra tax on foreign reinsurers is supported by a handful of large U.S. insurers. These companies don't write much home insurance in Florida and don't understand why reinsurance is so important.

Through a global network of foreign and domestic reinsurers, the United States pools the risks of floods in Florida with disasters around the world. More than 90 percent of the private reinsurance supply in the United States comes from Bermuda, Europe and Asia. In fact, two-thirds of the reinsurance that supports the domestic home insurance market comes from reinsurance companies in Bermuda. All the premiums they receive is subject to the U.S. federal excise tax.

With the recession and the rising risk of serious storms, this is no time to raise taxes. That is why Florida Insurance Consumer Advocate Sean Shaw, the Florida Consumer Action Network, Secretary of Agriculture Charles Bronson, local officials, home insurance companies, business people and chamber of commerce members from coastal counties, and leading legislators all oppose this tax.

This tax is so harmful that its supporters are unlikely to let it be debated and decided when voters are watching. But it just might be tacked onto some other legislation so it can slip through without hearings, comments or an opportunity for Floridians to be heard.

Write to Sens. Bill Nelson and George LeMieux and Reps. Kendrick Meek and Debbie Wasserman Schultz. Ask them to block this tax increase that could be enacted late at night but would cost Floridians dearly for all the days of our lives.

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