

Florida Catastrophe Fund Has Undesirable Side Effects for Society

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Recent news that a loosening credit market will allow the Florida Hurricane Catastrophe Fund to borrow an additional \$5 billion is not entirely good news. While this shift in the market will assist the CAT Fund in paying claims, it is important to remember that the borrowed money will need to be repaid.

As one of thousands of nonprofits in Florida, we do not want the CAT Fund to borrow money. United Way of Florida faces the same fate all other Floridians who have a home, business or automobile insurance policy do, and will be taxed to pay back the borrowed money.

With the CAT Fund's \$18.7 billion shortfall in funding capacity, we fear the next Hurricane Andrew or Hurricane Katrina will drastically alter the way United Way and our partner agencies function.

Instead of using CAT Fund dollars to buy protection for those at risk, the state's leaders decided to hope for the best and gamble with our money - once again subsidizing Floridians who reside in coastal areas. While we disagree with the decision to gamble with the money needed to continue services at charitable organizations such as ours, we do support the continued efforts by Chief Financial Officer Alex Sink, and legislation backed by Senate and House leadership, aimed to restore a sense of financial stability to Florida's economy and insurance market by reducing the risk associated with the CAT Fund.

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