

Orlando Sentinel

What they think

Elected officials should strengthen hurricane insurance

Barney Bishop | Special to the sentinel
November 17, 2008

In this final month of the 2008 hurricane season, Florida so far has been spared from any major hurricanes making landfall. Our neighbors to the west have not been as fortunate. In an effort to clean up the debris from Hurricane Ike, billions of dollars have been pouring into the Texas Gulf Coast from both private and government funds.

Despite dire warnings from officials, thousands of citizens in the Houston-Galveston area chose to ignore evacuation orders and ride out the storm. Although Hurricane Ike made landfall as a Category 2 storm, it packed a powerful punch that left those residents who chose not to evacuate living their daily lives without clean water, electricity and plumbing, which ultimately posed a health risk.

Floridians are understandably the first to be sympathetic to the hardships Texas residents are now facing. We are among the states that have encouraged development in hurricane-vulnerable areas, and we realize that if a major storm were to make landfall on our coast, the loss of life and property would be severe, and the cost of rebuilding would be monumental.

As the nation questions why it must pay for the choices of those who live on the coast and those who do not evacuate when there is an impending storm, we struggle internally as a state because those who live inland in cities, such as Orlando, ask the same questions of their coastal neighbors.

During the past few years, private insurers in Florida and nationwide have changed their policies, including raising rates. In some instances, they canceled policies, leaving residents and business owners with the choice to build with stricter standards or to not build in the most hurricane-prone areas altogether.

These actions signal the tremendous hurricane risk these people face. Additionally, programs such as My Safe Florida Home have been started to assist Floridians in protecting themselves and their families from windstorm damage by hardening their homes. Evidence continues to mount that action in Florida has already been taken to "storm-proof" homes, which will provide valuable protection to people and property and reduce future hurricane damage.

Florida, like Texas, has a state-run insurance company that has given some a false sense of security and allowed individuals to continue to make the same choices and live in hurricane-prone areas without having to pay the consequences.

Despite the warnings that Florida's current catastrophe fund structure will leave Floridians with the possibility of having to face a tremendous financial crisis -- a reality Texans might be facing due to Ike -- many individuals insured by Citizen's Property Insurance Corp. have not taken the necessary precautions to protect their homes from storm damage.

If a major storm hits our state, and the Cat Fund is depleted, a hidden "hurricane tax" will be tacked on to all property, automobile and business policies to pay for damages to coastal properties insured by Citizens.

As Florida lawmakers continue to seek alternatives to the current Cat Fund, politicians on Capitol Hill have introduced proposals to strengthen homes and businesses. House Homeland Security Committee Chair Bennie Thompson's new federal disaster legislation would create loan and grant programs to assist homeowners in paying for hazard-mitigation improvements.

I applaud Thompson and other lawmakers who have made natural-disaster mitigation a priority in an effort to protect hurricane-vulnerable states such as Florida and Texas. As Congress seeks alternatives, it is important to note that most Floridians are already experiencing an average of an 8 percent tax on both personal and business policies to pay for the 2005 and 2006 hurricane deficits.

I urge our elected officials to act now to make both the Cat Fund and Citizens more financially sound in order to protect residents and provide greater assurance that the government-sponsored insurance they buy will be something upon which they can collect, particularly in light of the current financial crisis the country is facing.

Barney Bishop is president and CEO of Associated Industries of Florida in Tallahassee.