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## Fla. lawmakers consider flood insurance changes

Proposal to entice private insurers to sell flood policies in Florida on track for approval

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**MIAMI** - The Florida Legislature is moving forward on a plan to entice private insurance companies to sell flood policies in the state that's the most vulnerable to storm surge.

It's not clear, though, that many private insurers will want to assume the risks of flooding and join two companies already writing certain flood policies in the state.

Florida is home to 37 percent of the policies written under the National Flood Insurance Program, and state officials say congressional attempts to overhaul the troubled program have burdened many Floridians with skyrocketing premiums or homes they can't sell without its taxpayer-subsidized rates.

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A flood insurance bill sponsored by Sen. Jeff Brandes, R-St. Petersburg, is on track for approval by the Senate. Similar legislation is moving through House committees.

The legislation (SB542) provides flexibility and protections for consumers and a free market for private companies that for decades could not compete with federally subsidized flood insurance rates, said Brandes.

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"It's a long-term solution to the National Flood Insurance Program. The federal fix does not solve the problem, it only kicks the can down the road," Brandes said last week. "It is time for Florida to control our own destiny and lead the nation."

Tampa-based Homeowners Choice Property & Casualty Insurance Company Inc. began offering flood coverage as part of a homeowners insurance policy in January.

The flood policies written by The Flood Insurance Agency in Florida and 17 other states are identical to the federal policies, though on Monday the Gainesville company will extend the coverage limits to \$500,000 for a home and \$250,000 for personal property, said CEO Evan Hecht. The current limits under the federal program are \$250,000 for a home and \$100,000 for personal property.

Hecht wouldn't disclose how many private policies his company has written in Florida since his program started targeting homeowners facing instant rate increases. He said the policies were popular, but he didn't expect a lot of competition in the market because if private insurers wanted to be in the flood business, there would not have been a need for the federal program.

"The exorbitant rate increase is what created the opportunity for us to compete in terms of rate adequacy. There was no reason to jump into the market before," Hecht said.

Insurance industry groups are lukewarm on Brandes' bill. It might be giving people the impression that the insurance industry will be able to pick up all the federal flood policies in Florida and offer rates competitive with the government's subsidies — neither of which is true, said Sam Miller, executive vice president of the Florida Insurance Council.

"The best of all worlds would be to have the private market be it and have the NFIP be the insurer of last resort. I think we're a long ways away from that," Miller said.

Congress backtracked on its 2012 attempt to put the troubled flood insurance program back on sound financial footing, which resulted in huge premium increases for some homeowners. President Barack Obama recently signed a bill that rolled back the instant rate increases that had applied to recently purchased homes, but it still lays the groundwork for hefty rate increases to be phased in over time.

According to Florida legislators, roughly 268,500 policies out of the 2 million federal flood policies written in Florida got the subsidized rates. Pinellas County has more subsidized policies than any other in Florida: 50,255 out of 141,764 policies. Miami-Dade County is second with 47,442 out of 366,376 policies.

Under the new law, state legislators say about 50,000 second homes in Florida will see 25 percent rate hikes per year until they got to a rate that reflected the real risk of flooding, and 103,000 primary homes will lose their subsidies if sold.

In the small waterfront cities that make up the Florida Keys, residents worry that rate hikes for second homes could displace the workforce for the tourism-dependent economy. They bristle at the perception that their islands are just a playground for wealthy people with vacation homes.

"A lot are owned by people who hope to retire or they are rental properties. A 25 percent annual increase ... that's going to be passed on to the people who pay the rent: the servers, the teachers, the police officers who can't afford to purchase a home outright," said Heather Carruthers, president of the board at Fair Insurance Rates in Monroe, a community organization in the county that encompasses the Keys. "We don't have mansions — we don't have space to build them. That's not the fabric of the community."

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