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April 12, 2021

Office of Governor Ron DeSantis
State of Florida
The Capitol
400 S. Monroe St.
Tallahassee, FL 32399-0001

Via email: GovernorRon.Desantis@eog.myflorida.com

RE: SB 76, HB 305 – Strongly Oppose

Dear Governor DeSantis:

As a longtime Florida resident and public leader, you know how critically important it is that Floridians be able to maintain property insurance that will fund repairs and restore property values after the hurricanes and disasters that are a fact of life in the Sunshine State.

To maintain a robust economy in Florida, especially now, on the eve of the 2021 hurricane season and after a year of economic havoc wreaked by Covid 19, our laws must advance, not thwart, the goal of there being insurance funds in addition to government and charitable aid to finance disaster recovery. We write to respectfully but very strongly oppose this pending legislation that will lead away from that goal.

We concede that there are challenges for insurers, property owners *and* public officials in the property insurance sales and claims arenas in Florida, but SB76 and companion HB305 will aggravate – not solve them. If these bills are enacted, your legacy as Governor will include blessing and codifying confusing math and reduced coverage for roof repairs via charts buried in policy fine print, and making it harder for people to get professional help when an insurer is not living up to its end of the bargain.

These bills go in the opposite direction of what's needed. What's needed is that we preserve the essential value of property insurance as a source of repair funds for people who take personal responsibility by paying premiums to protect their assets. Other states look to Florida as a leader in promoting resiliency while balancing the interests of insurers, property owners, and the real estate and construction. We urge you to oppose SB76 and HB305.

Our Mission

United Policyholders is a non-profit 501(c)(3) organization whose mission is to be a trustworthy and useful information resource and an effective voice for consumers of all types of insurance in all 50 states.

Our Programs

*Advocacy and Action
Roadmap to Preparedness
Roadmap to Recovery™*

United Policyholders (“UP”) is a non-profit organization that has been informing, helping and speaking for insurance consumers in Florida since 1992. Through its Roadmap to Preparedness and Roadmap to Recovery programs UP helps Floridians be resilient to disasters. We help people navigate the marketplace and buy adequate insurance and get their claims processed and paid fairly and timely.

We oppose SB 76 and HB 305 because they will weaken existing laws that compel insurance funds to be paid timely and fairly. That will leave disaster victims unable to make repairs and in limbo, out of their homes for longer than need be. Ironically, these bills will actually increase claim expenses because Temporary Living Expenses will have to be reimbursed by insurers for longer periods of time.

But the most egregious aspect of these bills is that they will codify the profoundly short-sighted reductions that *some* insurers have been implementing to **coverage for roof repairs**.

We strongly encourage you to recognize how damaging it will be to Florida’s property insurance market and real estate values if these companion bills are enacted.

The attorneys’ fees provisions:

Policyholders pay premiums for coverage and good claim service and in theory, should not have to hire professional help to get what they paid for. But in reality – not theory – many do. There need to be adequate checks and balances on the dynamic between an individual that has suffered a loss and needs money for repairs, and an insurance company that is focused on maintaining profitability and serving three masters (investors, its own business needs and the needs of its customers). An individual’s ability to secure professional help getting an insurance claim paid is a check and balance that must be maintained. These bills will reduce resident’s access to qualified help and thereby erode a critical check and balance against unfair claim practices.

Adding delays to the already lengthy claim dispute litigation process and limiting attorneys’ fees may please insurers but further limiting consumer rights in this regard will have a very serious downside for Florida property owners, real estate values and local and state governments.

Tampering with the attorneys’ fees provisions will shift costs onto the homeowner for the insurance company’s bad acts since there will be less of a penalty for undervaluing claims or unjust denials of claims and will create a deterrent for courts to resolve complex coverage issues.

Mandating prompt and fair settlement offers to policyholders earlier in the process would obviate the need for attorney engagement and help resolve claims on a more cost-efficient basis. Limiting access to justice for Florida policyholders is not the right solution to improving the property insurance system in this State.

Roof depreciation provisions:

The sections of the bills that limit recovery on roof claims are especially egregious on two reasons—the *lack of adequate notice* and the *inability to make repairs*. A policyholder in Florida should have the choice as to what type of coverage to purchase. Basic tenets of capitalism provide that a healthy economy thrives on consumer choice. The proposed limitations on recovery of roof claims deprive people of the choice to purchase adequate coverage, since the only notice to the consumer that the policy provides limited benefits is on the roof chart, *buried in the policy, and not seen until after purchase*, if at all. Most people don't read insurance policies and rely on advertising or a reasonable belief that insurance is a simple bargain—you pay a premium, and your home is protected—you purchase a full Recovery Value Policy (RCV) and you get, in turn, a full RCV policy for all parts of the home, not all parts but the roof, as would happen if these bills become law. Homeowners won't discover these limitations until after a claim, when it is too late to obtain better coverage—*clearly depriving Floridians of the ability to make an educated choice*.

Even worse, the *roof depreciation itself is dangerous to homeowners*, as they will lack the funds to rebuild properly. The depreciation charts do not mirror real world conditions of viability of existing roofs and roofing materials. These charts lead to even more underinsurance, which, in the upcoming hurricane season will place more of a burden on the Florida state and local governments for disaster management. The repercussions that flow from this mandated underinsurance lead to insolvency and mortgage issues, which in turn, negatively impact housing markets and other related construction economies.

There is no doubt that the numbers of claims and the cost of policies are rising in Florida and the rest of the country. The causes for these increased claims are complex and are rooted in climate issues and rising reinsurance rates that are not just based on Florida weather patterns or Florida claims. The provisions of these bills do not address these issues, and therefore won't have the intended impact on these problems. Further, in Florida, roof claims in particular are increasing and there is evidence that storm chasers solicit and encourage these claims in an unscrupulous manner. We urge you to take the time to study the causes of the rise in claims more closely before jumping to enact legislation that hurts the victims of storms, and sometimes the victims of the storm chasers, instead of penalizing the bad actors.

UP has been assisting and advocating for Florida residents since Hurricane Andrew in 1992. We work with Commissioner Altmaier and the Office of Insurance Regulation and we help individuals and communities navigate the insurance claim and loss recovery process through our Roadmap to Recovery™ program. We strongly urge you to vote against these bills and take the time to study these issues more thoroughly. We also offer our help to provide meaningful solutions going forward.

Thank you for your consideration,

A handwritten signature in black ink that reads "Amy Bach". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Amy Bach
Executive Director, Co-Founder