

# FLORIDA HOUSE OF REPRESENTATIVES

## News Release

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### **Florida Cabinet Reinforces Rep. Long's Legislation to Reign in Public Adjusters**

**TALLAHASSEE, Fla.** – After nearly five years, claims that continue to be filed against insurance companies as a result of Hurricane Wilma are being considered by the state's top political leaders.

State Representative Janet Long (D-St. Petersburg) said "recognition of the problem by the Governor, Chief Financial Officer and Attorney General adds further importance and urgency" to a bill she filed this week that would limit the time that claims can be filed. Current law allows five years. Representative Long's bill (HB 1181) reduces that limit to three years. The bill's Senate companion is SB 2264 by Sen. Mike Bennett, R-Bradenton.

Chief Financial Officer Alex Sink today said she believes three years "is plenty of time to know if you had damage from a hurricane." The CFO made the comment at today's meeting of the Florida Cabinet and a subgroup, the State Board of Administration (SBA), which serves as trustees for the Florida Hurricane Catastrophe Fund. Attorney General Bill McCollum agreed, saying cutting off hurricane claims after some reasonable period "just makes common sense." Governor Charlie Crist has also expressed interest in the bill.

The issue surfaced as the SBA was being asked to authorize another bond issue to help fuel the CAT Fund to cover new or reopened claims stemming from Hurricane Wilma.

Hurricane Wilma hit Florida on Oct. 24, 2005. Wilma-based claims have lagged far worse than claims after even Hurricane Andrew, the most expensive hurricane in insured losses in Florida history. Almost daily, Citizens Property Insurance Corp. and private insurers receive new or reopened claims from Hurricane Wilma. Roughly 90 percent of all claims from Hurricane Andrew were received within six months of when the hurricane made landfall August 1992; about 95 percent were received within nine months; and between 98 and 99 percent were received within a year.

A cottage industry known as public adjusters has sprung up in recent years, enticing thousands of homeowners to reopen claims against insurance companies. Using mailers and campaign-like flyers and door hangers, public adjusters lure homeowners with promises of extracting more

money from insurance companies if the homeowner allows them to re-open or even file a new claim against insurance carriers.

The problem has become so pernicious that several companies have gone bankrupt in the past two years and CAT Fund officials have been forced to float two bond issues to raise the cash needed to cover its debt. With the continued wave of re-opened claims, CAT Fund officials returned to the Florida Cabinet today requesting a third bond issue to cover the growing debt that SBA Director Ash Williams admitted his agency is still trying to understand.

Director Williams told the Governor and Cabinet members that the SBA is trying to “understand why that claims experience is surprising us on the upside.”

Governor Charlie Crist asked, “What is going on, you think?” Williams cited three factors, including what he termed “the explosion in the public adjuster industry.”

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*Rep. Janet Long represents District 51 in the Florida House of Representatives*