

By Representative Safley

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House Memorial

A memorial to the Congress of the United States, urging Congress to enact legislation designating the Florida Windstorm Underwriting Association and the Florida Residential Property and Casualty Joint Underwriting Association as tax-exempt entities under s. 501(c) of the Internal Revenue Code.

WHEREAS, in recent years, catastrophic storms have caused great destruction of property, inflicting billions of dollars of losses upon the residents of the State of Florida; and

WHEREAS, the prospect of unsustainable catastrophic losses in the foreseeable future has led many property insurers in recent years to reduce their presence in Florida or to restrict their growth in Florida, and

WHEREAS, as a result of these business decisions, a property insurance availability crisis, in which large numbers of residents and businesses have been unable to obtain needed property insurance through the traditional "voluntary" insurance market, arose in Florida soon after Hurricane Andrew and continues to the present day, and

WHEREAS, Florida's continuing population growth creates demand for an expanded property insurance market, and

WHEREAS, the Legislature has found that the inability of the private sector insurance and reinsurance markets to maintain sufficient capacity to enable residents of this state to obtain property insurance coverage in the private sector endangers the economy of the state and endangers the public health, safety, and welfare, and

1 WHEREAS, the State of Florida has employed a variety of
2 means to alleviate the availability crisis, including the
3 establishment of two residual market mechanisms to provide
4 insurance coverage that is otherwise unavailable, the Florida
5 Windstorm Underwriting Association and the Florida Residential
6 Property and Casualty Joint Underwriting Association, and

7 WHEREAS, the availability crisis persists more than 5
8 years after Hurricane Andrew, as evidenced by the fact that,
9 as of February 1, 1998, despite the takeover of a large number
10 of residual market policies by the voluntary market, the
11 Florida Windstorm Underwriting Association and the Florida
12 Residential Property and Casualty Joint Underwriting
13 Association have a combined total of more than 800,000
14 policies in force, representing approximately \$120 billion in
15 exposure, and

16 WHEREAS, the State of Florida has provided that the
17 Florida Windstorm Underwriting Association and the Florida
18 Residential Property and Casualty Joint Underwriting
19 Association be operated on a not-for-profit basis, with no
20 possibility for private inurement, and for the exclusive
21 purpose of providing a public benefit; and

22 WHEREAS, because of their current federal tax status,
23 neither the Florida Windstorm Underwriting Association nor the
24 Florida Residential Property and Casualty Joint Underwriting
25 Association can accumulate needed funds on a tax-free basis
26 for use in future years when a major catastrophe occurs; and

27 WHEREAS, designating the Florida Windstorm Underwriting
28 Association and the Florida Residential Property and Casualty
29 Joint Underwriting Association as tax-exempt will help those
30 entities address the financial exigencies which could be
31 brought on by a catastrophic storm or other major perils by

1 greatly enhancing their ability to accumulate needed funds;
2 and

3 WHEREAS, the Florida Windstorm Underwriting Association
4 and the Florida Residential Property and Casualty Joint
5 Underwriting merit inclusion under s. 501(c) of the Internal
6 Revenue Code because they each meet the criteria generally
7 posited for tax-exempt status, that is, promotion of a public
8 benefit and prohibition of private inurement, NOW, THEREFORE,
9

10 Be It Resolved by the Legislature of the State of Florida:

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12 That the Congress of the United States is respectfully
13 requested to act with all deliberate speed to enact
14 legislation designating the Florida Windstorm Underwriting
15 Association and the Florida Residential Property and Casualty
16 Joint Underwriting Association as tax-exempt entities under s.
17 501(c) of the Internal Revenue Code.

18 BE IT FURTHER RESOLVED that copies of this memorial be
19 dispatched to the President of the United States, to the
20 President of the United States Senate, to the Speaker of the
21 United States House of Representatives, and to each member of
22 the Florida delegation to the United States Congress.

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