



F A P I A
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November 23, 2009

Ms. Jeanine Brown
Senior Legislative Analyst
The Florida Legislature
Office of Program Policy Analysis and Government Accountability
111 West Madison, Room 312
Tallahassee, FL 32399-1475

Dear Ms. Brown:

On behalf of the officers and directors of the Florida Association of Public Insurance Adjusters, and our lobbyist Ken Plante, we thank The Florida Legislature Office of Program Policy Analysis and Government Accountability (OPPAGA) for this opportunity to share additional information about our industry.

The Florida Insurance Council has provided a number of recommendations to OPPAGA regarding the governance of the Public Insurance Adjuster industry. As many of these recommendations contain inconsistencies and/or run contrary to existing State of Florida regulations, we felt it necessary to provide clarification.

Attached for your review is our detailed response to each FIC recommendation, along with applicable Florida Statutes and Administrative Codes. As well, we include our response to allegations regarding Hurricane Wilma claims that were raised by several insurers during an October meeting with OPPAGA.

Thank you again for this opportunity.

Sincerely,

Melissa Edwards, APR
Executive Director
Florida Association of Public Insurance Adjusters

Cc: Larry Novey, Chief Legislative Analyst
Emily Leventhal, Senior Legislative Analyst

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Florida Association of Public Insurance Adjusters (FAPIA)
Response to Florida Insurance Council
Recommendations to OPPAGA

Florida Insurance Council (FIC) Recommendation #1: Ban in-person and telephone solicitation by Public Adjusters: Current law already prohibits certain professions, including attorneys, from directly contacting a potential customer.

FAPIA Response:

Florida Statutes and Administrative Codes clearly establish that solicitation is a material part of the business of public adjusting. In order to protect consumers and ensure appropriate conduct, the State of Florida requires licensure and extensive and ongoing training of Public Insurance Adjusters.

Applicable Florida Statutes/Administrative Codes:

Florida Administrative Code

Rule 69B-220.051 Conduct of Public Adjusters

(3) Communications Concerning Public Adjuster Services.

(a) Solicitation. The solicitation of public adjusting business for compensation is deemed to be a material part of the business of public adjusting and, therefore, requires licensure as a Public Adjuster under the laws of Florida and the rules of the department, and shall be engaged in only by persons licensed by the department as Public Adjusters. Unlicensed persons shall not engage in such activity even under the supervision of a licensed Public

Adjuster. The phrase "solicitation of public adjusting business" and similar phrases as used in this rule means, for compensation, initiating contact with any person, whether in person, by mail, by telephone, or otherwise, and therein seeking, causing, urging, advising, or attempting:

1. To have any person enter into any agreement engaging the services of a Public Adjuster in any capacity; or,
2. To have any person subsequently speak or meet with a licensed Public Adjuster for the purpose of engaging the services of a Public Adjuster in any capacity or for the purpose of being advised by a Public Adjuster in any regard.

F.S. 626.854 "Public Adjuster" Defined; Prohibitions

(1) A "Public Adjuster" is any person, except a duly licensed attorney at law as hereinafter in s. 626.860 provided, who, for money, commission, or any other thing of value, prepares, completes, or files an insurance claim form for an insured or third-party claimant or who, for money, commission, or any other thing of value, acts or aids in any manner on behalf of an insured or third-party claimant in negotiating for or effecting the settlement of a claim or claims for loss or damage covered by an insurance contract or who advertises for employment as an adjuster of such claims, and also includes any person who, for money, commission, or any other thing of value, solicits, investigates, or adjusts such claims on behalf of any such Public Adjuster.

FIC Recommendation #2: Require Public Adjusters to Execute Proofs of Loss: Insureds are generally unaware of the particular steps needed to repair or replace damaged structural items, and rely almost entirely on the advice of the Public Adjuster to complete a Proof of Loss. However, if the insurance company asks the customer about any specific item in the statement, he or she cannot answer, and directs all inquiries to their Public Adjuster, who is under no current obligation to either swear that the information they transmitted to the insured is true and correct, or sit for an Examination Under Oath to explain the information contained therein.

FAPIA Response:

This recommendation appears to be an attempt for the insurance company to hold the Public Adjuster liable for a contract to which they are not a party.

The insured party is obligated under contract with the insurance carrier to sign the Proof of Loss, which is required by Florida Statute to contain fraud language. Failure on the part of the insured to cooperate is a breach of contract and can cause coverage to be denied.

Again, Public Insurance Adjusters are not party to the contract. The insurance carrier is within their right to ask questions, in writing, and to require responses from the insured and from their representative.

In addition, when the policyholder signs a contract with a Public Adjuster, Florida Statute requires the contract to contain anti-fraud language.

Applicable Florida Statutes/Administrative Codes:

626.8797 Proof of Loss; Fraud Statement

All proof of loss statements must prominently display the following statement: "Pursuant to s. 817.234, Florida Statutes, any person who, with the intent to injure, defraud, or deceive any insurer or insured, prepares, presents, or causes to be presented a proof of loss or estimate of cost or repair of damaged property in support of a claim under an insurance policy knowing that the proof of loss or estimate of claim or repairs contains any false, incomplete, or misleading information concerning any fact or thing material to the claim commits a felony of the third degree, punishable as provided in s. 775.082, 1s. 775.083, or s. 775.084, Florida Statutes."

626.8796 Public Adjuster Contracts; Fraud Statement

All contracts for Public Adjuster Services must be in writing and must prominently display the following statement on the contract: "Pursuant to s. 817.234, Florida Statutes, any person who, with the intent to injure, defraud, or deceive any insurer or insured, prepares, presents, or causes to be presented a proof of loss or estimate of cost or repair of damaged property in support of a claim under an insurance policy knowing that the proof of loss or estimate of claim or repairs contains any false, incomplete, or misleading information concerning any fact or thing material to the claim

commits a felony of the third degree, punishable as provided in s. 775.082, 1s. 775.083, or s. 775.084, Florida Statutes."

FIC Recommendation #3: Require Public Adjusters to sit for an Examination Under Oath: Public Adjusters are often the only representative with direct knowledge of the information contained in the proof of loss and their own estimate for repair. Requiring the Public Adjuster to answer relevant questions concerning their scope and/or pricing would assist both carriers and customers in more rapidly closing claims for their true values.

FAPIA Response:

Again, Public Insurance Adjusters are advisors who are not party to the contract between the insured and the insurance carrier.

As Mark Racicot, president of the American Insurance Association, said in a speech regarding coastal hurricanes, "The legal system must preserve the sanctity of contracts." We agree with Mr. Racicot in this regard.

The carrier can ask questions in writing and can expect responses from the insured's representative. People who are not party to a contract cannot be legally required to those contract terms.

Public Insurance Adjusters should not be required to sit for examinations under oath any more than contractors, handymen, roofers and even attorneys involved in claims.

FIC Recommendation #4: Require Insureds to Attend Mediation: The current technique for Public Adjusters is to demand mediation on a particular claim and show up at mediation without the insured present. The insured generally permits the Public Adjuster to demand mediation, knowing that they (the insureds) are not currently required to attend, thus having no "skin in the game"; Requiring the insured to attend mediation will permit the insured to see the current state of negotiations between the parties, have a voice in those discussions and make their own determination of the matter that can be settled, and view the attitude and actions of their representative.

FAPIA Response:

To say at any point that the insured party "has no skin in the game," when they have suffered a loss, is cavalier. The most important issue should always be ensuring fair and just compensation for policyholders.

If the policyholder chooses to execute a power of attorney for their Public Adjuster to represent them at mediation, that legal document should be recognized by the insurer.

Florida has many part-time residents who own property in Florida. In the event of an insured loss,

they often use the services of a Public Adjuster for their claim experience and because it is not economically feasible for them to travel to Florida and individually handle their claim. It is unreasonable to expect that an insured would have to be present at a mediation in order for their claim to be paid or so that they may see their representative's so-called "attitude."

We disagree with the carriers' assumption that this is a "technique" that is being misused.

FIC Recommendation #5: Prohibit Public Adjusters from Commissioning the Initial Offer of the Carrier: The insurance company, as normal practice, is notified of a loss, inspects the loss, and estimates the damages; a check is then written to the insured. The Public Adjuster has not performed any services for which compensation should be paid. Moreover, the customer, if he is able to report the damages within the confines of the amounts paid, does not need the services of the Public Adjuster, and the file can be closed by both parties at that time. This will result in more files being closed without the need for a Public Adjuster, resulting in quicker payments and a greater amount of the compensation going to the insured and contractors for actual repairs.

FAPIA Response:

FIC's recommendation is unnecessary at best. Florida Statutes and Administrative Codes already require Public Adjusters to charge fees only on the claim payments or settlement obtained through the work of the public adjuster.

The carriers, in this blanket statement, are also suggesting that they close claims more quickly without Public Adjusters. With the benefit of a Public Insurance Adjuster, the average time to document damages and submit for payment consideration on non-catastrophic property claims ranges from three to 22 days. Without benefit of a Public Insurance Adjuster, this can range from seven to 87 days.

The carriers further fail to state whether claims "closed without the need for a Public Adjuster" provide fair compensation to the insured. The Public Insurance Adjuster's role is to ensure that the policyholder's rights are protected, that all policy conditions are met, and full compensation provided as allowed under the policy and state regulation. As always, the bottom line should be whether the insured property owner is receiving full, fair compensation for their loss.

The Public Insurance Adjuster provides critically important assistance to the insured, by documenting the loss, ensuring compliance with policy conditions and providing an active line of communication between the insured and the insurance company. There is also anecdotal evidence of cases that were originally either denied, or the carrier made a payment only after the Public Adjuster became involved.

Applicable Florida Statutes/Administrative Codes:

F.S. 626.854 "Public adjuster" defined; prohibitions.-

(11)(a) If a public adjuster enters into a contract with an insured or claimant to reopen a claim or to file a supplemental claim that seeks additional payments for a claim that has been previously paid in part or in full or settled by the insurer, the public adjuster may not charge, agree to, or accept any compensation, payment, commission, fee, or other thing of value based on a previous settlement or previous claim payments by the insurer for the same cause of loss. The charge, compensation, payment, commission, fee, or other thing of value may be based only on the claim payments or settlement obtained through the work of the public adjuster after entering into the contract with the insured or claimant.

FIC Recommendation #6: Prohibit Public Adjusters from Collecting Commissions on Grouting and Underpinning in Sinkhole Claims: In sinkhole claims, the critical requirement is to stabilize the ground. The secondary obligation is to address the cosmetic and structural damage to the dwelling itself. First, by permitting the Public Adjuster to collect 20 percent of the sum for major ground stabilization, the insured is often left with less than sufficient funds to fully stabilize the foundation. Second, the Public Adjusters have not done any work which would reasonably permit them to collect for the lump sum paid for the ground stabilization, as such scoping is outside their expertise. Permitting the Public Adjuster to collect for their work on the areas for which they are knowledgeable - cosmetic and structural damage to the home - is both fair and reasonable, and affirms that the insured will have the requisite funds to safely stabilize the underlying grounds.

FAPIA Response:

We respectfully disagree with the FIC's blanket statement about the expertise of public adjusters. In addition to addressing cosmetic and structural damage, public insurance adjusters address a number of issues relating to subsurface conditions and insured liability. To better highlight the specific expertise that public adjusters provide to insured policyholders, we have outlined a common sinkhole claim process below.

Public adjusters first provide immediate assistance in reviewing and demonstrating damages for the insured, who face financial risk due to a Florida Statute that holds them liable for up to \$2,500 for testing. "Good faith indicators" must be demonstrated to avoid this risk, but without the advice of a public adjuster, most insureds are unaware of the risk or what suffices as a good faith indicator.

Public adjusters then meet with the engineer or geologist sent by the insurance company to do the subsurface investigation, and a review of present conditions is documented. Most often, a floor elevation is then performed with monitoring by the public adjuster to determine if the subsurface remediation protocol needs additional consideration or if neutral evaluation as provided by Florida Statute is warranted.

The public adjuster then meets at the property with the geotechnical personnel who use ground penetrating radar to determine where the subsurface drilling should take place. Public adjusters often find that the testing should have occurred in different areas than the ones chosen by the geologist,

which can have a major impact on the insured's success in proving sinkhole. Public adjusters may even hire their own subsurface testing company to perform additional tests to provide verification when the results provided by the insurance company's chosen geologist are insufficient or when the repair protocol is not adequate. Without benefit of this advice, insureds must rely solely on the input of the insurance company's chosen geologist.

Also performed and observed during the initial investigation is the test pit for the foundation to determine if other causes could be creating the damage. Shallow hand augers are also observed to determine near-surface soil conditions.

To this point the public adjuster has, in all likelihood, visited the site for the purposes of the subsurface work three or four times. The next step is the deep soil borings, which often determine if sinkhole will be declared the cause of loss. The public adjuster may videotape this entire process which often takes two or three full days. Videotaping provides documentation for the insured to argue for more testing or to prove when improper procedures are followed. Tapes have shown potential sinkhole indicators left out of reports and have reversed findings of "no sinkhole" as determined by the testing companies. The insurance companies have no adjusters on site during any of these tests. Often simple observation by the public adjuster allows coverage to be correctly reclassified. Again, the homeowner would have no knowledge of which procedures are appropriate without the expert guidance of a public adjuster.

Once the determination is made by the geologist as to sinkhole or not, the insurance company should provide the report to their insured. The public adjuster at times has to repeatedly remind the insurance company to provide the report. Many times the insurance company will also neglect to advise the insured of their right to "Neutral Evaluation" as required by Florida Statute. This is a means to have a different engineer review the findings previously put forth in the report. Home owners are usually helpless in advocating their positions at Neutral Evaluations. Public adjusters have gone to Neutral Evaluations for the insured and obtained additional settlement for necessary repairs not even considered in the report issued by the geologists.

Insurance companies often place the burden of obtaining repair bids on the insured. The public adjuster can obtain bids for the repairs and review them to determine if they represent necessary repairs. In many, if not most, cases the repair estimates do not determine what the final repairs will cost, and with little exception they assume no responsibility for cost overruns. The public adjuster will hire engineers and consultants to determine the best possible subsurface repair and negotiate to get those repairs included. The insured is then advised by the public adjuster of the extent, cost, and potential of the repairs proposed by the insurance company.

The public adjuster is the knowledge source to which the insured can turn in all aspects of the sinkhole loss.

FIC Recommendation #7: Prohibit New Claims Filing Two (2) Years After Date of Loss: With due diligence by a homeowner, property damage should be noticed and reported to the carrier within two (2) years. The homeowner thus has an incentive to regularly inspect the home, especially after a catastrophe to the area. Further, it encourages prompt discovery and mitigation of damages, and avoids the prejudice and problems of late reporting to the carrier. Finally, it provides a clear and fair cut-off date for claims, providing certainty to both sides.

FAPIA Response:

The State of Florida currently has a five-year statute of limitations for contracts, including insurance policies. This is fair for insured Floridians and any attempt to shorten the statute of limitations will serve only to harm Florida's insurance consumers who paid the premium for their insurance coverage.

Changing the statute of limitations for contracts in Florida does not take into consideration that some losses are not discovered by many homeowners, including the elderly, until more than two years have passed. If the claim is proven to have resulted from the covered loss, why then, should the carrier not be obligated to pay?

FIC Recommendation #8: Prohibit Public Adjusters from Filing Complaints/Service Requests with DFS: The insured only should be permitted to call in a complaint which produces a permanent mark on a company's records with the State. Public Adjusters have a naturally adversarial relationship to the carriers, and permitting them to call in a complaint (allegedly for an insured) increases the level of reported complaints in cases in which the PA is attempting to gain a negotiation "edge" by raising the stakes. If an insured has a real complaint with a carrier, that individual customer should be required to contact the DFS personally, and explain the facts and the desired outcome.

FAPIA Response:

Surely the FIC is not suggesting that Public Insurance Adjusters should violate Florida Administrative Code, which requires that they report to DFS any violations of insurance codes, rules or orders.

An insured may require the professional assistance from their Public Insurance Adjuster if they have to make a report to DFS, and it is within our scope of work to do so.

We agree that there is an inherently adversarial relationship between Public Insurance Adjusters and the carriers. The only thing that matters is whether the citizens of Florida are properly insured and fairly compensated for insured losses.

Applicable Florida Statute/Administrative Code:

Florida Administrative Code, Rule 69B-220.201 Ethical Requirements

(g) An adjuster shall promptly report to the Department any conduct by any licensed insurance representative of this state which violates any provision of the Insurance Code or Department rule or order.

CHARLEY vs. WILMA

Insurer Allegations regarding Hurricane Wilma claims: According to the Florida Insurance Council, more than a half-dozen Florida-based insurers "provided government researchers an earful of data" during an October meeting with OPPAGA researchers.

According to the FIC, the insurers questioned why Hurricane Wilma claims outnumber Hurricane Charley claims, stating that it is "illogical" for Wilma to be producing "nearly twice as many claims as Charley." They maintain that the difference is due to the growing number of licensed public insurance adjusters in the state, and the percentage of those adjusters who reside in south Florida.

FAPIA Response:

The insurers' allegations are disingenuous at best. The difference between Wilma and Charley claims is quite logical, and is based on the simple fact that Wilma caused damage in a much more densely populated area than Charley.

Wilma impacted a geographic region with approximately 2.3 million housing units, according to the U.S. Census. Charley impacted a geographic region with approximately 1.2 million housing units. There have been a higher number of claims because more housing units were damaged.

Wilma was also a costlier storm for the simple reason that material costs in 2005 and subsequent years were far higher than costs in 2004. When materials cost more, it stands to reason that repairs also cost more.

The insurers spent a great deal of time questioning the number and size of claims, but the discussion should have focused instead on the validity of those claims. If policyholders have valid claims for loss, discussions about who initiated the claims or how much the claims cost are irrelevant. All that matters is whether the citizens of Florida receive full and fair compensation for insurance losses.

626.854 "Public adjuster" defined; prohibitions.--The Legislature finds that it is necessary for the protection of the public to regulate public insurance adjusters and to prevent the unauthorized practice of law.

(1) A "public adjuster" is any person, except a duly licensed attorney at law as hereinafter in s. [626.860](#) provided, who, for money, commission, or any other thing of value, prepares, completes, or files an insurance claim form for an insured or third-party claimant or who, for money, commission, or any other thing of value, acts or aids in any manner on behalf of an insured or third-party claimant in negotiating for or effecting the settlement of a claim or claims for loss or damage covered by an insurance contract or who advertises for employment as an adjuster of such claims, and also includes any person who, for money, commission, or any other thing of value, solicits, investigates, or adjusts such claims on behalf of any such public adjuster.

(2) This definition does not apply to:

(a) A licensed health care provider or employee thereof who prepares or files a health insurance claim form on behalf of a patient.

(b) A person who files a health claim on behalf of another and does so without compensation.

(3) A public adjuster may not give legal advice. A public adjuster may not act on behalf of or aid any person in negotiating or settling a claim relating to bodily injury, death, or noneconomic damages.

(4) For purposes of this section, the term "insured" includes only the policyholder and any beneficiaries named or similarly identified in the policy.

(5) A public adjuster may not directly or indirectly through any other person or entity solicit an insured or claimant by any means except on Monday through Saturday of each week and only between the hours of 8 a.m. and 8 p.m. on those days.

(6) A public adjuster may not directly or indirectly through any other person or entity initiate contact or engage in face-to-face or telephonic solicitation or enter into a contract with any insured or claimant under an insurance policy until at least 48 hours after the occurrence of an event that may be the subject of a claim under the insurance policy unless contact is initiated by the insured or claimant.

(7) An insured or claimant may cancel a public adjuster's contract to adjust a claim without penalty or obligation within 3 business days after the date on which the contract is executed or within 3 business days after the date on which the insured or claimant has notified the insurer of the claim, by phone or in writing, whichever is later. The public adjuster's contract shall disclose to the insured or claimant his or her right to cancel the contract and advise the insured or claimant that notice of cancellation must be submitted in writing and sent by certified mail, return receipt requested, or other form of mailing which provides proof thereof, to the public adjuster at the address specified in the contract; provided, during any state of emergency as declared by the Governor and for a period of 1 year after the date of loss, the insured or claimant shall have 5 business days after the date on which the contract is executed to cancel a public adjuster's contract.

(8) It is an unfair and deceptive insurance trade practice pursuant to s. [626.9541](#) for a public adjuster or any other person to circulate or disseminate any advertisement, announcement, or statement containing any assertion, representation, or statement with respect to the business of insurance which is untrue, deceptive, or misleading.

(9) A public adjuster, a public adjuster apprentice, or any person or entity acting on behalf of a public adjuster or public adjuster apprentice may not give or offer to give a monetary loan or advance to a client or prospective client.

(10) A public adjuster, public adjuster apprentice, or any individual or entity acting on behalf of a public adjuster or public adjuster apprentice may not give or offer to give, directly or indirectly, any article of merchandise having a value in excess of \$25 to any individual for the purpose of advertising or as an inducement to entering into a contract with a public adjuster.

(11)(a) If a public adjuster enters into a contract with an insured or claimant to reopen a claim or to file a supplemental claim that seeks additional payments for a claim that has been previously paid in part or in full or settled by the insurer, the public adjuster may not charge, agree to, or accept any compensation, payment, commission, fee, or other thing of value based on a previous settlement or previous claim payments by the insurer for the same cause of loss. The charge, compensation, payment, commission, fee, or other thing of value may be based only on the claim payments or settlement obtained through the work of the public adjuster after entering into the contract with the insured or claimant. The contracts described in this paragraph are not subject to the limitations in paragraph (b).

(b) A public adjuster may not charge, agree to, or accept any compensation, payment, commission, fee, or other thing of value in excess of:

1. Ten percent of the amount of insurance claim payments by the insurer for claims based on events that are the subject of a declaration of a state of emergency by the Governor. This provision applies to claims made during the period of 1 year after the declaration of emergency.

2. Twenty percent of the amount of all other insurance claim payments.

(12) Each public adjuster shall provide to the claimant or insured a written estimate of the loss to assist in the submission of a proof of loss or any other claim for payment of insurance proceeds. The public adjuster shall retain such written estimate for at least 5 years and shall make such estimate available to the claimant or insured and the department upon request.

The provisions of subsections (5)-(12) apply only to residential property insurance policies and condominium association policies as defined in s. [718.111](#)(11).

History.--s. 317, ch. 59-205; s. 3, ch. 81-282; s. 2, ch. 81-318; ss. 293, 807, 810, ch. 82-243; s. 25, ch. 88-166; ss. 206, 207, ch. 90-363; s. 4, ch. 91-429; s. 1, ch. 95-238; s. 10, ch. 2008-220.

Select Year:

The 2008 Florida Statutes

[Title XXXVII](#)

[Chapter 626](#)

[View Entire Chapter](#)

[INSURANCE](#) [INSURANCE FIELD REPRESENTATIVES AND OPERATIONS](#)

626.8796 Public adjuster contracts; fraud statement.--All contracts for public adjuster services must be in writing and must prominently display the following statement on the contract: "Pursuant to s. [817.234](#), Florida Statutes, any person who, with the intent to injure, defraud, or deceive any insurer or insured, prepares, presents, or causes to be presented a proof of loss or estimate of cost or repair of damaged property in support of a claim under an insurance policy knowing that the proof of loss or estimate of claim or repairs contains any false, incomplete, or misleading information concerning any fact or thing material to the claim commits a felony of the third degree, punishable as provided in s. [775.082](#), ¹s. [775.083](#), or s. [775.084](#), Florida Statutes."

History.--s. 18, ch. 2008-220.

¹**Note.**--Substituted for a reference to s. [775.803](#) by the editors. Section [775.803](#) does not exist, and s. [775.083](#) provides for punishment for a third degree felony.

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Florida-Based Insurers Give OPPAGA Earful

10/15/2009

More than a half-dozen Florida-based insurers Thursday provided government researchers an earful of data and first-hand accounts of the impact of public adjusters on the insurance industry.

During a nearly 3-hour meeting with researchers from the Florida Office of Program Policy and Analysis (OPPAGA) some of the more telling data insurers provided included a close examination of the number of damage claims—claims that continue to mount—resulting from 2005’s Hurricane Wilma as compared to claims from 2004’s Hurricane Charley. The meeting was organized and hosted by FIC volunteer, Lisa Miller, who has worked with FIC lobbyists on public adjuster reforms and other insurance related issues over the past several years.

Insurers noted Wilma claims are now up to nearly 800,000 while Charley claims stand at about 450,000. Both storms came in from Florida’s west coast in the same general area and traversed across the state. Wilma traveled eastward across the state sandwiched between the less populated northern Everglades and the southern portion of Lake Okeechobee before exiting near Jupiter on the East Coast.

Hurricane Charley traveled across the state in a more northward path slicing through a number of large population centers in a line roughly from Naples to Orlando and Daytona Beach. Charley entered the state as a powerful Category 4 storm, while Wilma entered the state as a lesser Category 2 storm.

It’s illogical they contend, for Wilma to be producing nearly twice as many claims as Charley. Furthermore, the dollar amount of claims from Wilma has pushed the storm to the second costliest storm in Florida history behind Hurricane Andrew. Andrew’s claims stand at about \$15 billion; Wilma’s claims now total \$10.3 billion and continue to mount. Charley’s claims stand at about \$7 billion.

The difference, they maintain, is the advent of the public adjuster—an industry that has grown significantly this decade. In the year 2000 there were 135 licensed public adjusters. Today there are more than 2,200 public adjusters.

Insurers also note that the majority of the new claims that continue to be filed and attributed to Hurricane Wilma come from South Florida, namely, Miami-Dade, Broward and Palm Beach Counties where 89 percent of the public adjusters are located.

The Florida Legislature mandated OPPAGA to conduct a study of the ramifications of public adjuster involvement in property insurance claims as part of the big property insurance package that lawmakers approved and Gov. Charlie Crist signed into law last spring.

Companies appearing before OPPAGA at the meeting included: American Integrity Insurance; America Strategic Insurance; American Capital Assurance; Ark Royal; Capitol Preferred/Southern Fidelity Insurance Company; Florida Farm Bureau; Florida Peninsula Insurance Company; and Homewise Insurance Company.

In addition to providing researchers with a litany of examples of how public adjusters appear to be “working” the system, Stacey Guilianti provided them with a list of 7 recommendations, many of which were part of an original bill proposed by Rep. Janet Long during the 2009 Legislative Session. With fierce lobbying on the part of public adjusters, her bill lost the provisions insurers say would have corrected many of the problems public adjusters are causing.

Guilianti and other insurers offered the recommendations to OPPAGA in hopes of having researchers use the recommendations as part of the overall report OPPAGA must deliver to legislators by February 1, 2010. In addition to the report describing in great detail the many problems insurers face in dealing with public adjusters, OPPAGA is expected to offer some concrete solutions.

The 7 recommendations Mr. Guilianti offered to OPPAGA who may use them completely or in part when they release their report, are as follows:

1. **Ban in-person and telephone solicitation by Public Adjusters:** Current law already prohibits certain professions, including attorneys, from directly contacting a potential customer.

2. **Require Public Adjusters to Execute Proofs of Loss:** Insureds are generally unaware of the particular steps needed to repair or replace damaged structural items, and rely almost entirely on the advice of the Public Adjuster to complete a Proof of Loss. However, if the insurance company asks the customer about any specific item in the statement, he or she cannot answer, and directs all inquiries to their Public Adjuster, who is under no current obligation to either swear that the information they transmitted to the insured is true and correct, or sit for an Examination Under Oath to explain the information contained therein.

3. **Require Public Adjusters to Sit for an Examination Under Oath:** Public Adjusters are often the only representative with direct knowledge of the information contained in the proof of loss and their own estimate for repair. Requiring the Public Adjuster to answer relevant questions concerning their scope and/or pricing would assist both carriers and customers in more rapidly closing claims for their true values.

4. **Require Insureds to Attend Mediation:** The current technique for Public Adjusters is to demand mediation on a particular claim and show up at mediation without the insured present. The insured generally permits the Public Adjuster to demand mediation, knowing that they (the insureds) are not currently required to attend, thus having no "skin in the game." Requiring the insured to attend mediation will permit the insured to see the current state of negotiations between the parties, have a voice in those discussions and make their own determination of the matter can be settled and view the attitude and actions of their representative.

5. **Prohibit Public Adjusters from Commissioning the Initial Offer of the Carrier:** The insurance Company, as normal practice, is notified of a loss, inspects the loss, and estimates the damages; a check is then written to the insured. The Public Adjuster has not performed any services for which compensation should be paid. Moreover, the customer, if he is able to report the damages within the confines of the amounts paid, does not need the services of the Public Adjuster, and the file can be closed by both parties at that time. This will result in more files being closed without the need for a Public Adjuster, resulting in quicker payments and a greater amount of the compensation going to the insured and contractors for actual repairs.

6. **Prohibit Public Adjusters from Collecting Commissions on Grouting and Underpinning in Sinkhole Claims:** In sinkhole claims, the critical requirement is to stabilize the ground. The secondary obligation is to address the cosmetic and structural damage to the dwelling itself. First, by permitting the Public Adjuster to collect 20 percent of the sum for major ground stabilization, the insured is often left with less than sufficient funds to fully stabilize the foundation. Second, the Public Adjusters have not done any work which would reasonably permit them to collect for the lump sum paid for the ground stabilization, as such scoping is outside their expertise. Permitting the Public Adjuster to collect for their work on the areas for which they are knowledgeable—cosmetic and structural damage to the home—is both fair and reasonable, and affirms that the insured will have the requisite funds to safely stabilize the underlying grounds.

7. **Prohibit New Claims Filing Two (2) Years After Date of Loss:** With due diligence by a homeowner, property damage should be noticed and reported to the carrier within two (2) years. The homeowner thus has an incentive to regularly

inspect the home, especially after a catastrophe to the area. Further, it encourages prompt discovery and mitigation of damages, and avoids the prejudice and problems of late reporting to the carrier. Finally, it provides a clear and fair cut-off date for claims, providing certainty to both sides.

8. Prohibit Public Adjusters from Filing Complaints/Service Requests with DFS: The insured only should be permitted to call in a complaint which produces a permanent mark on a company's records with the State. Public Adjusters have a naturally adversarial relationship to the carriers, and permitting them to call in a complaint (allegedly for an insured) increases the level of reported complaints in cases in which the PA is attempting to gain a negotiation "edge" by raising the stakes. If an insured has a real complaint with a carrier, that individual customer should be required to contact the DFS personally, and explain the facts and the desired outcome.

Florida Administrative Code

Rule 69B-220.051 Conduct of Public Adjusters.

(1) Purpose and Scope. This rule sets forth department policy as to certain matters generally affecting public adjusters. Procedures regarding application for licensure are not dealt with in this rule. Ethical provisions are not dealt with in this rule.

(2) Definitions. The following definitions shall apply for purposes of this rule.

(a) "Compensation" means anything of value, whether received directly or indirectly.

(b) "Department" means Florida Department of Financial Services.

(c) "Financial Interest" means direct or indirect ownership.

(d) "Licensed public adjuster" and "public adjuster" refer to and include only persons currently licensed in good standing by the department as public adjusters, whether the licensure is resident licensure under Section 626.865, Florida Statutes, or nonresident licensure under Section 626.8732, Florida Statutes. The phrase does not include persons licensed as public adjusters by other states but not by the State of Florida.

(e) "Unlicensed persons," as used in this rule, means and refers to persons who are not currently licensed and appointed in good standing by the department as resident or nonresident public adjusters.

(3) Communications Concerning Public Adjuster Services.

(a) Solicitation. The solicitation of public adjusting business for compensation is deemed to be a material part of the business of public adjusting and, therefore, requires licensure as a public adjuster under the laws of Florida and the rules of the department, and shall be engaged in only by persons licensed by the department as public adjusters. Unlicensed persons shall not engage in such activity even under the supervision of a licensed public adjuster. The phrase "solicitation of public adjusting business" and similar phrases as used in this rule means, for compensation, initiating contact with any person, whether in person, by mail, by telephone, or otherwise, and therein seeking, causing, urging, advising, or attempting:

1. To have any person enter into any agreement engaging the services of a public adjuster in any capacity; or

2. To have any person subsequently speak or meet with a licensed public adjuster for the purpose of engaging the services of a public adjuster in any capacity or for the purpose of being advised by a public adjuster in any regard.

(b) Answering Telephone Calls. The answering of incoming telephone calls by unlicensed persons, at the place of business of a public adjuster, is not violative of this rule so long as the unlicensed persons engage in purely administrative matters and not in judgment or interpretation with regard to any insurance contract, claim, or potential claim.

(4) Advertising.

(a) As with all forms of advertising concerning the business of insurance, public adjusters shall not falsely inform or advertise as set forth in Section 626.9541(1)(b), Florida Statutes, as well as any other section within the Insurance Code that relates to advertising.

(b) Only Licensed Adjusters to Advertise. No person or entity shall in any way advertise services as a public adjuster in this state, unless such person or entity is licensed as a public adjuster or is a member of the Florida Bar.

(c) Advertisements to Show Licensee's Full Name. Any advertisement by a public adjuster shall state the full name as specified in department records of the public adjuster who has caused the advertisement to appear. Where a firm containing multiple licensed public adjusters is causing the advertisement to appear, the firm shall designate one of said

licensees whose full name as specified in department records shall appear in the advertisement.

1. Print and Website Advertisements. In print and website advertisements the public adjuster's full name as specified in department records shall be in typeface no smaller than the typeface of the main body of text in the advertisement. Print advertisements include newspapers, magazines, flyers, brochures, business cards, adhesive and magnetic publication, and similar printed materials. If the material is already printed when this rule takes effect, the required public adjuster's full name shall be added by means of rubber stamp, adhesive label, or other means.

2. Television Advertisements. In television advertisements the public adjuster's full name as specified in department records shall be made to appear on the screen for a period reasonably calculated to allow a viewer to write the name down.

3. Radio Advertisements. In radio advertisements, the public adjuster's full name as specified in department records shall be read during the advertisement, and at a speed reasonably calculated to allow an average listener to note the name of the licensee as it appears on his or her licensure.

(d) Responsibility of Advertising Licensee. The licensed adjuster whose name appears in the advertisement is responsible for personally reviewing the content of the advertisement and assuring that the advertisement complies with the rules of the department and the Insurance Code and is in all regards fair, accurate, and in no way deceptive or misleading.

(5) It is an affirmative duty of every public adjuster to supervise their business affairs and their staff to ensure to the extent it is within the public adjuster's power that this Florida Insurance Code and Rule Chapter 69B-220, F.A.C., are not violated.

(6) Required Contract Terms. Public adjusters shall ensure that all contracts for their services contain the following terms:

(a) The contract shall legibly state the full name as specified in Department records of the public adjuster signing the contract.

(b) All public adjuster contracts shall show the public adjuster's:

1. Permanent business address and phone number; and
2. Florida Department license number.

(c) The contract shall show:

1. The insured's full name and street address;
2. Address of loss;
3. A brief description of the loss;
4. The insured's insurance company name and policy number, if available.

(d) The contract shall show the date the contract with the public adjuster was actually signed by the insured or claimant.

(e) 1. The full compensation to the public adjuster shall be stated in the contract.

2. If the compensation is based on a share of the insurance settlement, the exact percentage shall be specified.

3. Any costs to be reimbursed to the public adjuster out of the proceeds shall be specified in an addendum to the contract.

(7) All contracts for public adjuster services must be in writing. The contract must be signed by the public adjuster who solicited the contract.

(8) No public adjuster may settle a claim unless the terms and conditions of settlement are approved by the insured.

Rule 69B-220.201 Ethical Requirements.

(1) Definitions. The following definitions shall apply for purposes of this rule:

(a) "Adjuster," when used without further specification, includes all types and classes of insurance adjusters, (company, independent, and public), subject to Chapter 626, Florida Statutes, regardless of whether resident or nonresident, and whether permanent, temporary, or emergency licensees.

(b) "Client" includes both clients and potential clients; and means any person who consults with or hires an adjuster to provide adjusting services.

(c) "Department" means the Florida Department of Financial Services.

(d) "Person" includes natural persons and legal entities.

(2) Violation.

(a) Violation of any provision of this rule shall constitute grounds for administrative action against the licensee.

(b) A breach of any provision of this rule constitutes an unfair claims settlement practice.

(3) Code of Ethics. The work of adjusting insurance claims engages the public trust. An adjuster shall put the duty for fair and honest treatment of the claimant above the adjuster's own interests in every instance. The following are standards of conduct that define ethical behavior, and shall constitute a code of ethics that shall be binding on all adjusters:

(a) An adjuster shall: not directly or indirectly refer or steer any claimant needing repairs or other services in connection with a loss to any person with whom the adjuster has an undisclosed financial interest, or who will or is reasonably anticipated to provide the adjuster any direct or indirect compensation for the referral or for any resulting business.

(b) An adjuster shall treat all claimants equally.

1. An adjuster shall not provide favored treatment to any claimant.

2. An adjuster shall adjust all claims strictly in accordance with the insurance contract.

(c) An adjuster shall not approach investigations, adjustments, and settlements in a manner prejudicial to the insured.

(d) An adjuster shall make truthful and unbiased reports of the facts after making a complete investigation.

(e) An adjuster shall handle every adjustment and settlement with honesty and integrity, and allow a fair adjustment or settlement to all parties without any remuneration to himself except that to which he is legally entitled.

(f) An adjuster, upon undertaking the handling of a claim, shall act with dispatch and due diligence in achieving a proper disposition of the claim.

(g) An adjuster shall promptly report to the Department any conduct by any licensed insurance representative of this state which violates any provision of the Insurance Code or Department rule or order.

(h) An adjuster shall exercise extraordinary care when dealing with elderly clients to assure that they are not disadvantaged in their claims transactions by failing memory or impaired cognitive processes.

(i) An adjuster shall not negotiate or effect settlement directly or indirectly with any third-party claimant represented by an attorney, if the adjuster has knowledge of such representation, except with the consent of the attorney. For purposes of this subsection, the term "third-party claimant" does not include the insured or the insured's resident relatives.

(j) An adjuster is permitted to interview any witness, or prospective witness, without the consent of opposing counsel or party. In doing so, however, the adjuster shall scrupulously avoid any suggestion calculated to induce a witness to suppress or deviate from the truth, or in any degree affect the witness's appearance or testimony during deposition or at the trial. If

any witness making or giving a signed or recorded statement so requests, the witness shall be given a copy of the statement.

(k) An adjuster shall not advise a claimant to refrain from seeking legal advice, nor advise against the retention of counsel to protect the claimant's interest.

(l) An adjuster shall not attempt to negotiate with or obtain any statement from a claimant or witness at a time that the claimant or witness is, or would reasonably be expected to be, in shock or serious mental or emotional distress as a result of physical, mental, or emotional trauma associated with a loss. The adjuster shall not conclude a settlement when the settlement would be disadvantageous to, or to the detriment of, a claimant who is in the traumatic or distressed state described above.

(m) An adjuster shall not knowingly fail to advise a claimant of the claimant's claim rights in accordance with the terms and conditions of the contract and of the applicable laws of this state. An adjuster shall exercise care not to engage in the unlicensed practice of law as prescribed by the Florida Bar.

(n) A company or independent adjuster shall not draft special releases called for by the unusual circumstances of any settlement or otherwise draft any form of release, unless advance written approval by the insurer can be demonstrated to the Department. Except as provided above, a company or independent adjuster is permitted only to fill in the blanks in a release form approved by the insurer they represent.

(o) An adjuster shall not undertake the adjustment of any claim concerning which the adjuster is not currently competent and knowledgeable as to the terms and conditions of the insurance coverage, or which otherwise exceeds the adjuster's current expertise.

(p) No person shall, as a public adjuster, represent any person or entity whose claim the adjuster has previously adjusted while acting as an adjuster representing any insurer or independent adjusting firm. No person shall, as a company or independent adjuster, represent him- or herself or any insurer or independent adjusting firm against any person or entity that the adjuster previously represented as a public adjuster.

(q) A public adjuster shall not represent or imply to any client or potential client that insurers, company adjusters, or independent adjusters routinely attempt to, or do in fact, deprive claimants of their full rights under an insurance policy. No insurer, independent adjuster, or company adjuster shall represent or imply to any claimant that public adjusters are unscrupulous, or that engaging a public adjuster will delay or have other adverse effect upon the settlement of a claim.

(r) No public adjuster, while so licensed in the Department's records, may represent or act as a company adjuster, independent adjuster, or general lines agent.

(s) A company adjuster, independent adjuster, attorney, investigator, or other person acting on behalf of an insurer that needs access to an insured or claimant or to the insured property that is the subject of a claim shall provide at least 48 hours notice to the insured or claimant prior to scheduling a meeting with the claimant or an on-site inspection of the insured property. The insured or claimant may deny access to the property if this notice has not been provided.

(4) Public Adjusters, Other Ethical Constraints. In addition to considerations set out above for adjusters, the following ethical considerations are specific to public adjusters and shall be binding upon public adjusters:

(a) A public adjuster shall advise the insured and claimant in advance of the insured or claimant's right of counsel, and choice thereof, to represent the insured or claimant, and that such choice is to be made solely by the insured or claimant.

(b) The public adjuster shall notify the insured or claimant in advance of the name and location of any proposed contractor, architect, engineer, or similar professional, before any

bid or proposal by any of these persons may be used by the public adjuster in estimating the loss or negotiating settlement. The insured or claimant may exercise veto power of any of these persons, in which case that person shall not be used in estimating costs.

(c) The public adjuster shall ensure that if a contractor, architect, engineer, or other professional is used in formulating estimates or otherwise participates in the adjustment of the claim, the professional shall be licensed by the Florida Department of Business and Professional Regulation.

(d) A public adjuster shall not prevent, or attempt to dissuade or prevent, a claimant from speaking privately with the insurer, company or independent adjuster, attorney, or any other person, regarding the settlement of the claim.

(e) A public adjuster shall not acquire any interest in salvaged property, except with the written consent and permission of the insured.

(f) A public adjuster shall not accept referrals of business from any person with whom the public adjuster may conduct business where there is any form or manner of agreement to compensate the person, whether directly or indirectly, for referring business to the public adjuster. Except as between licensed public adjusters, no public adjuster shall compensate any person, whether directly or indirectly, for the principal purpose of referring business to the public adjuster.

(g) A public adjuster's contract with a client shall be revocable or cancellable by the insured or claimant, without penalty or obligation, for at least 3 business days after the contract is executed. The public adjuster shall disclose to the insured that the insured has the right to cancel with prompt notice within the revocation period. If the insured elects to cancel the contract, prompt notice shall be provided to the adjuster. Nothing in the provision shall be construed to prevent an insured from pursuing any civil remedy after the 3-day cancellation period.

(h) A public adjuster shall not enter into a contract or accept a power of attorney which vests in the public adjuster the effective authority to choose the persons who shall perform repair work.

(i) A public adjuster shall ensure that all contracts for the public adjuster's services are in writing and set forth all terms and conditions of the engagement, including the terms required by subsection 69B-220.051(6), F.A.C.

(j) A public adjuster shall not restrict or prevent an insurer, company adjuster, independent adjuster, attorney, investigator, or other person acting on behalf of the insurer from having reasonable access at reasonable times to an insured or claimant or to the insured property that is the subject of a claim.

(5) Public Adjusters, Ethical Constraints During State of Emergency. In addition to considerations set forth above, the following ethical considerations shall apply to public adjusters in the event that the Governor of the State of Florida issues an Executive Order, by virtue of the authority vested in Article IV, Section 1(a) of the Florida Constitution and by the Florida Emergency Management Act, as amended, and all other applicable laws, declaring that a state of emergency exists in the State of Florida:

(a) No public adjuster shall require, demand, charge or accept any fee, retainer, compensation, commission, deposit, or other thing of value, prior to receipt by the insured or claimant of a payment on the claim by the insurer.

(b) As to any one insured or claimant, no public adjuster shall charge, agree to, or accept as compensation or reimbursement any payment, commission, fee, or other thing of value equal to more than ten percent of the amount of any insurance settlement or claim payment.

(c) No public adjuster shall enter into any contract, agreement or other arrangement with any person, including an attorney, building contractor, architect, appraiser or repairman, by

which the person would enter into an agreement to assist a claimant or insured on an insurance claim, utilize the services of the adjuster to carry out the agreement and pay the adjuster an amount that would exceed the limitation of the adjuster's compensation or reimbursement as provided in paragraph (b) above.

(d) This subsection applies to all claims that arise out of the events that created the State of Emergency, whether or not the adjusting contract was entered into while the State of Emergency was in effect and whether or not a claim is settled while the State of Emergency is in effect.

626.8797 Proof of loss; fraud statement.--All proof of loss statements must prominently display the following statement: "Pursuant to s. [817.234](#), Florida Statutes, any person who, with the intent to injure, defraud, or deceive any insurer or insured, prepares, presents, or causes to be presented a proof of loss or estimate of cost or repair of damaged property in support of a claim under an insurance policy knowing that the proof of loss or estimate of claim or repairs contains any false, incomplete, or misleading information concerning any fact or thing material to the claim commits a felony of the third degree, punishable as provided in s. [775.082](#), ¹s. [775.083](#), or s. [775.084](#), Florida Statutes."

History.--s. 19, ch. 2008-220.

¹**Note.**--Substituted for a reference to s. [775.803](#) by the editors. Section [775.803](#) does not exist, and s. [775.083](#) provides for punishment for a third degree felony.



State & County QuickFacts

Seminole County, Florida

| People QuickFacts | Seminole County | Florida |
|---|------------------------|------------------------|
| Population, 2008 estimate | 410,854 | 18,328,340 |
| Population, percent change, April 1, 2000 to July 1, 2008 | 12.5% | 14.7% |
| Population estimates base (April 1) 2000 | 365,199 | 15,982,813 |
| Persons under 5 years old, percent, 2008 | 5.8% | 6.2% |
| Persons under 18 years old, percent, 2008 | 22.5% | 21.8% |
| Persons 65 years old and over, percent, 2008 | 11.6% | 17.4% |
| Female persons, percent, 2008 | 50.6% | 50.9% |
| White persons, percent, 2008 (a) | 82.8% | 79.8% |
| Black persons, percent, 2008 (a) | 11.5% | 15.9% |
| American Indian and Alaska Native persons, percent, 2008 (a) | 0.4% | 0.5% |
| Asian persons, percent, 2008 (a) | 3.6% | 2.3% |
| Native Hawaiian and Other Pacific Islander, percent, 2008 (a) | 0.1% | 0.1% |
| Persons reporting two or more races, percent, 2008 | 1.7% | 1.4% |
| Persons of Hispanic or Latino origin, percent, 2008 (b) | 15.6% | 21.0% |
| White persons not Hispanic, percent, 2008 | 68.6% | 60.3% |
| Living in same house in 1995 and 2000, pct 5 yrs old & over | 46.9% | 48.9% |
| Foreign born persons, percent, 2000 | 9.1% | 16.7% |
| Language other than English spoken at home, pct age 5+, 2000 | 15.6% | 23.1% |
| High school graduates, percent of persons age 25+, 2000 | 88.7% | 79.9% |
| Bachelor's degree or higher, pct of persons age 25+, 2000 | 31.0% | 22.3% |
| Persons with a disability, age 5+, 2000 | 58,390 | 3,274,566 |
| Mean travel time to work (minutes), workers age 16+, 2000 | 27.0 | 26.2 |
| Housing units, 2007 | 172,461 | 8,718,385 |
| Homeownership rate, 2000 | 69.5% | 70.1% |
| Housing units in multi-unit structures, percent, 2000 | 25.5% | 29.9% |
| Median value of owner-occupied housing units, 2000 | \$119,900 | \$105,500 |
| Households, 2000 | 139,572 | 6,337,929 |
| Persons per household, 2000 | 2.59 | 2.46 |
| Median household income, 2007 | \$56,315 | \$47,804 |
| Per capita money income, 1999 | \$24,591 | \$21,557 |
| Persons below poverty, percent, 2007 | 9.1% | 12.1% |
| Business QuickFacts | Seminole County | Florida |
| Private nonfarm establishments with paid employees, 2006 | 13,498 | 517,069 ¹ |
| Private nonfarm employment, 2006 | 168,446 | 7,535,515 ¹ |
| Private nonfarm employment, percent change 2000-2006 | 22.9% | 21.2% ¹ |
| Nonemployer establishments, 2006 | 33,726 | 1,523,250 |
| Total number of firms, 2002 | 36,551 | 1,539,207 |
| Black-owned firms, percent, 2002 | 3.7% | 6.6% |



State & County QuickFacts

Polk County, Florida

| People QuickFacts | Polk County | Florida |
|---|--------------------|------------------------|
| Population, 2008 estimate | 580,594 | 18,328,340 |
| Population, percent change, April 1, 2000 to July 1, 2008 | 20.0% | 14.7% |
| Population estimates base (April 1) 2000 | 483,924 | 15,982,813 |
| Persons under 5 years old, percent, 2008 | 7.2% | 6.2% |
| Persons under 18 years old, percent, 2008 | 24.1% | 21.8% |
| Persons 65 years old and over, percent, 2008 | 17.5% | 17.4% |
| Female persons, percent, 2008 | 50.6% | 50.9% |
| White persons, percent, 2008 (a) | 82.2% | 79.8% |
| Black persons, percent, 2008 (a) | 14.4% | 15.9% |
| American Indian and Alaska Native persons, percent, 2008 (a) | 0.5% | 0.5% |
| Asian persons, percent, 2008 (a) | 1.5% | 2.3% |
| Native Hawaiian and Other Pacific Islander, percent, 2008 (a) | 0.1% | 0.1% |
| Persons reporting two or more races, percent, 2008 | 1.3% | 1.4% |
| Persons of Hispanic or Latino origin, percent, 2008 (b) | 16.2% | 21.0% |
| White persons not Hispanic, percent, 2008 | 67.1% | 60.3% |
| Living in same house in 1995 and 2000, pct 5 yrs old & over | 51.1% | 48.9% |
| Foreign born persons, percent, 2000 | 6.9% | 16.7% |
| Language other than English spoken at home, pct age 5+, 2000 | 12.1% | 23.1% |
| High school graduates, percent of persons age 25+, 2000 | 74.8% | 79.9% |
| Bachelor's degree or higher, pct of persons age 25+, 2000 | 14.9% | 22.3% |
| Persons with a disability, age 5+, 2000 | 109,479 | 3,274,566 |
| Mean travel time to work (minutes), workers age 16+, 2000 | 25.4 | 26.2 |
| Housing units, 2007 | 277,610 | 8,718,385 |
| Homeownership rate, 2000 | 73.4% | 70.1% |
| Housing units in multi-unit structures, percent, 2000 | 13.9% | 29.9% |
| Median value of owner-occupied housing units, 2000 | \$83,300 | \$105,500 |
| Households, 2000 | 187,233 | 6,337,929 |
| Persons per household, 2000 | 2.52 | 2.46 |
| Median household income, 2007 | \$44,216 | \$47,804 |
| Per capita money income, 1999 | \$18,302 | \$21,557 |
| Persons below poverty, percent, 2007 | 12.8% | 12.1% |
| Business QuickFacts | Polk County | Florida |
| Private nonfarm establishments with paid employees, 2006 | 11,690 | 517,069 ¹ |
| Private nonfarm employment, 2006 | 195,445 | 7,535,515 ¹ |
| Private nonfarm employment, percent change 2000-2006 | 21.0% | 21.2% ¹ |
| Nonemployer establishments, 2006 | 32,989 | 1,523,250 |
| Total number of firms, 2002 | 32,649 | 1,539,207 |
| Black-owned firms, percent, 2002 | 4.9% | 6.6% |

| | | |
|---|-----------|--------------------------|
| American Indian and Alaska Native owned firms, percent, 2002 | 0.9% | 0.6% |
| Asian-owned firms, percent, 2002 | 2.7% | 2.7% |
| Native Hawaiian and Other Pacific Islander owned firms, percent, 2002 | F | 0.1% |
| Hispanic-owned firms, percent, 2002 | 4.4% | 17.3% |
| Women-owned firms, percent, 2002 | 24.1% | 28.4% |
| <hr/> | | |
| Manufacturers shipments, 2002 (\$1000) | 4,938,430 | 78,474,770 |
| Wholesale trade sales, 2002 (\$1000) | 6,542,016 | 219,490,896 |
| Retail sales, 2002 (\$1000) | 4,522,310 | 191,805,685 |
| Retail sales per capita, 2002 | \$9,041 | \$11,498 |
| Accommodation and foodservices sales, 2002 (\$1000) | 452,479 | 29,366,940 |
| Building permits, 2008 | 3,249 | 61,042 |
| Federal spending, 2007 (\$1000) | 3,281,111 | 147,090,699 ¹ |

| Geography QuickFacts | Polk County | Florida |
|---|----------------------------|----------------|
| Land area, 2000 (square miles) | 1,874.38 | 53,926.82 |
| Persons per square mile, 2000 | 258.2 | 296.4 |
| FIPS Code | 105 | 12 |
| Metropolitan or Micropolitan Statistical Area | Lakeland, FL Metro Area | |

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 100 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, Census of Population and Housing, Small Area Income and Poverty Estimates, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report
Last Revised: Friday, 04-Sep-2009 15:27:08 EDT



State & County QuickFacts

Palm Beach County, Florida

| People QuickFacts | Palm Beach County | Florida |
|---|--------------------------|------------------------|
| Population, 2008 estimate | 1,265,293 | 18,328,340 |
| Population, percent change, April 1, 2000 to July 1, 2008 | 11.9% | 14.7% |
| Population estimates base (April 1) 2000 | 1,131,190 | 15,982,813 |
| Persons under 5 years old, percent, 2008 | 5.9% | 6.2% |
| Persons under 18 years old, percent, 2008 | 20.8% | 21.8% |
| Persons 65 years old and over, percent, 2008 | 22.1% | 17.4% |
| Female persons, percent, 2008 | 51.2% | 50.9% |
| White persons, percent, 2008 (a) | 79.4% | 79.8% |
| Black persons, percent, 2008 (a) | 16.5% | 15.9% |
| American Indian and Alaska Native persons, percent, 2008 (a) | 0.6% | 0.5% |
| Asian persons, percent, 2008 (a) | 2.2% | 2.3% |
| Native Hawaiian and Other Pacific Islander, percent, 2008 (a) | 0.1% | 0.1% |
| Persons reporting two or more races, percent, 2008 | 1.2% | 1.4% |
| Persons of Hispanic or Latino origin, percent, 2008 (b) | 17.8% | 21.0% |
| White persons not Hispanic, percent, 2008 | 63.3% | 60.3% |
| Living in same house in 1995 and 2000, pct 5 yrs old & over | 49.5% | 48.9% |
| Foreign born persons, percent, 2000 | 17.4% | 16.7% |
| Language other than English spoken at home, pct age 5+, 2000 | 21.7% | 23.1% |
| High school graduates, percent of persons age 25+, 2000 | 83.6% | 79.9% |
| Bachelor's degree or higher, pct of persons age 25+, 2000 | 27.7% | 22.3% |
| Persons with a disability, age 5+, 2000 | 224,178 | 3,274,566 |
| Mean travel time to work (minutes), workers age 16+, 2000 | 25.7 | 26.2 |
| Housing units, 2007 | 638,604 | 8,718,385 |
| Homeownership rate, 2000 | 74.7% | 70.1% |
| Housing units in multi-unit structures, percent, 2000 | 41.1% | 29.9% |
| Median value of owner-occupied housing units, 2000 | \$135,200 | \$105,500 |
| Households, 2000 | 474,175 | 6,337,929 |
| Persons per household, 2000 | 2.34 | 2.46 |
| Median household income, 2007 | \$53,500 | \$47,804 |
| Per capita money income, 1999 | \$28,801 | \$21,557 |
| Persons below poverty, percent, 2007 | 10.2% | 12.1% |
| Business QuickFacts | Palm Beach County | Florida |
| Private nonfarm establishments with paid employees, 2006 | 43,645 | 517,069 ¹ |
| Private nonfarm employment, 2006 | 497,847 | 7,535,515 ¹ |
| Private nonfarm employment, percent change 2000-2006 | 11.0% | 21.2% ¹ |
| Nonemployer establishments, 2006 | 123,120 | 1,523,250 |
| Total number of firms, 2002 | 130,332 | 1,539,207 |
| Black-owned firms, percent, 2002 | 6.3% | 6.6% |

| | | |
|---|--|--------------------------|
| American Indian and Alaska Native owned firms, percent, 2002 | 0.5% | 0.6% |
| Asian-owned firms, percent, 2002 | 2.3% | 2.7% |
| Native Hawaiian and Other Pacific Islander owned firms, percent, 2002 | 0.1% | 0.1% |
| Hispanic-owned firms, percent, 2002 | 10.2% | 17.3% |
| Women-owned firms, percent, 2002 | 29.0% | 28.4% |
| <hr/> | | |
| Manufacturers shipments, 2002 (\$1000) | 3,204,558 | 78,474,770 |
| Wholesale trade sales, 2002 (\$1000) | 14,804,170 | 219,490,896 |
| Retail sales, 2002 (\$1000) | 16,480,821 | 191,805,685 |
| Retail sales per capita, 2002 | \$13,879 | \$11,498 |
| Accommodation and foodservices sales, 2002 (\$1000) | 2,266,130 | 29,366,940 |
| Building permits, 2008 | 2,183 | 61,042 |
| Federal spending, 2007 (\$1000) | 9,052,029 | 147,090,699 ¹ |
| Geography QuickFacts | Palm Beach County | Florida |
| Land area, 2000 (square miles) | 1,974.11 | 53,926.82 |
| Persons per square mile, 2000 | 573.0 | 296.4 |
| FIPS Code | 099 | 12 |
| Metropolitan or Micropolitan Statistical Area | Miami-Fort Lauderdale- Miami Beach, FL Metro Area | |

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 100 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, Census of Population and Housing, Small Area Income and Poverty Estimates, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report
Last Revised: Friday, 04-Sep-2009 15:27:11 EDT



State & County QuickFacts

Osceola County, Florida

| People QuickFacts | Osceola County | Florida |
|---|---------------------------|------------------------|
| Population, 2008 estimate | 263,676 | 18,328,340 |
| Population, percent change, April 1, 2000 to July 1, 2008 | 52.9% | 14.7% |
| Population estimates base (April 1) 2000 | 172,493 | 15,982,813 |
| Persons under 5 years old, percent, 2008 | 7.6% | 6.2% |
| Persons under 18 years old, percent, 2008 | 25.8% | 21.8% |
| Persons 65 years old and over, percent, 2008 | 11.6% | 17.4% |
| Female persons, percent, 2008 | 50.1% | 50.9% |
| White persons, percent, 2008 (a) | 82.4% | 79.8% |
| Black persons, percent, 2008 (a) | 11.7% | 15.9% |
| American Indian and Alaska Native persons, percent, 2008 (a) | 0.7% | 0.5% |
| Asian persons, percent, 2008 (a) | 3.1% | 2.3% |
| Native Hawaiian and Other Pacific Islander, percent, 2008 (a) | 0.2% | 0.1% |
| Persons reporting two or more races, percent, 2008 | 1.9% | 1.4% |
| Persons of Hispanic or Latino origin, percent, 2008 (b) | 41.8% | 21.0% |
| White persons not Hispanic, percent, 2008 | 44.7% | 60.3% |
| Living in same house in 1995 and 2000, pct 5 yrs old & over | 40.0% | 48.9% |
| Foreign born persons, percent, 2000 | 14.0% | 16.7% |
| Language other than English spoken at home, pct age 5+, 2000 | 33.3% | 23.1% |
| High school graduates, percent of persons age 25+, 2000 | 79.1% | 79.9% |
| Bachelor's degree or higher, pct of persons age 25+, 2000 | 15.7% | 22.3% |
| Persons with a disability, age 5+, 2000 | 35,044 | 3,274,566 |
| Mean travel time to work (minutes), workers age 16+, 2000 | 28.1 | 26.2 |
| Housing units, 2007 | 117,643 | 8,718,385 |
| Homeownership rate, 2000 | 67.7% | 70.1% |
| Housing units in multi-unit structures, percent, 2000 | 20.0% | 29.9% |
| Median value of owner-occupied housing units, 2000 | \$99,300 | \$105,500 |
| Households, 2000 | 60,977 | 6,337,929 |
| Persons per household, 2000 | 2.79 | 2.46 |
| Median household income, 2007 | \$46,599 | \$47,804 |
| Per capita money income, 1999 | \$17,022 | \$21,557 |
| Persons below poverty, percent, 2007 | 11.2% | 12.1% |
| Business QuickFacts | Osceola County | Florida |
| Private nonfarm establishments with paid employees, 2006 | 5,122 | 517,069 ¹ |
| Private nonfarm employment, 2006 | 64,214 | 7,535,515 ¹ |
| Private nonfarm employment, percent change 2000-2006 | 33.6% | 21.2% ¹ |
| Nonemployer establishments, 2006 | 19,143 | 1,523,250 |
| Total number of firms, 2002 | 14,909 | 1,539,207 |
| Black-owned firms, percent, 2002 | 7.3% | 6.6% |

| | | |
|---|---|--------------------------|
| American Indian and Alaska Native owned firms, percent, 2002 | F | 0.6% |
| Asian-owned firms, percent, 2002 | S | 2.7% |
| Native Hawaiian and Other Pacific Islander owned firms, percent, 2002 | F | 0.1% |
| Hispanic-owned firms, percent, 2002 | 22.4% | 17.3% |
| Women-owned firms, percent, 2002 | 26.7% | 28.4% |
| <hr/> | | |
| Manufacturers shipments, 2002 (\$1000) | 328,890 | 78,474,770 |
| Wholesale trade sales, 2002 (\$1000) | D | 219,490,896 |
| Retail sales, 2002 (\$1000) | 1,751,198 | 191,805,685 |
| Retail sales per capita, 2002 | \$9,023 | \$11,498 |
| Accommodation and foodservices sales, 2002 (\$1000) | 654,999 | 29,366,940 |
| Building permits, 2008 | 2,052 | 61,042 |
| Federal spending, 2007 (\$1000) | 1,019,754 | 147,090,699 ¹ |
| Geography QuickFacts | Osceola County | Florida |
| Land area, 2000 (square miles) | 1,321.90 | 53,926.82 |
| Persons per square mile, 2000 | 130.5 | 296.4 |
| FIPS Code | 097 | 12 |
| Metropolitan or Micropolitan Statistical Area | Orlando- Kissimmee, FL Metro Area | |

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 100 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, Census of Population and Housing, Small Area Income and Poverty Estimates, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report
Last Revised: Friday, 04-Sep-2009 15:27:11 EDT



State & County QuickFacts

Hardee County, Florida

| People QuickFacts | Hardee County | Florida |
|---|----------------------|------------------------|
| Population, 2008 estimate | 28,888 | 18,328,340 |
| Population, percent change, April 1, 2000 to July 1, 2008 | 7.2% | 14.7% |
| Population estimates base (April 1) 2000 | 26,938 | 15,982,813 |
| Persons under 5 years old, percent, 2008 | 8.6% | 6.2% |
| Persons under 18 years old, percent, 2008 | 27.0% | 21.8% |
| Persons 65 years old and over, percent, 2008 | 13.2% | 17.4% |
| Female persons, percent, 2008 | 44.1% | 50.9% |
| White persons, percent, 2008 (a) | 87.9% | 79.8% |
| Black persons, percent, 2008 (a) | 9.1% | 15.9% |
| American Indian and Alaska Native persons, percent, 2008 (a) | 1.4% | 0.5% |
| Asian persons, percent, 2008 (a) | 0.5% | 2.3% |
| Native Hawaiian and Other Pacific Islander, percent, 2008 (a) | 0.1% | 0.1% |
| Persons reporting two or more races, percent, 2008 | 0.8% | 1.4% |
| Persons of Hispanic or Latino origin, percent, 2008 (b) | 42.4% | 21.0% |
| White persons not Hispanic, percent, 2008 | 47.4% | 60.3% |
| Living in same house in 1995 and 2000, pct 5 yrs old & over | 55.3% | 48.9% |
| Foreign born persons, percent, 2000 | 17.5% | 16.7% |
| Language other than English spoken at home, pct age 5+, 2000 | 32.1% | 23.1% |
| High school graduates, percent of persons age 25+, 2000 | 58.0% | 79.9% |
| Bachelor's degree or higher, pct of persons age 25+, 2000 | 8.4% | 22.3% |
| Persons with a disability, age 5+, 2000 | 5,655 | 3,274,566 |
| Mean travel time to work (minutes), workers age 16+, 2000 | 26.7 | 26.2 |
| Housing units, 2007 | 10,482 | 8,718,385 |
| Homeownership rate, 2000 | 73.4% | 70.1% |
| Housing units in multi-unit structures, percent, 2000 | 5.8% | 29.9% |
| Median value of owner-occupied housing units, 2000 | \$59,600 | \$105,500 |
| Households, 2000 | 8,166 | 6,337,929 |
| Persons per household, 2000 | 3.06 | 2.46 |
| Median household income, 2007 | \$36,590 | \$47,804 |
| Per capita money income, 1999 | \$12,445 | \$21,557 |
| Persons below poverty, percent, 2007 | 24.0% | 12.1% |
| Business QuickFacts | Hardee County | Florida |
| Private nonfarm establishments with paid employees, 2006 | 412 | 517,069 ¹ |
| Private nonfarm employment, 2006 | 4,627 | 7,535,515 ¹ |
| Private nonfarm employment, percent change 2000-2006 | 33.6% | 21.2% ¹ |
| Nonemployer establishments, 2006 | 1,127 | 1,523,250 |
| Total number of firms, 2002 | 1,341 | 1,539,207 |
| Black-owned firms, percent, 2002 | F | 6.6% |

| | | |
|---|----------------------------|--------------------------|
| American Indian and Alaska Native owned firms, percent, 2002 | F | 0.6% |
| Asian-owned firms, percent, 2002 | F | 2.7% |
| Native Hawaiian and Other Pacific Islander owned firms, percent, 2002 | F | 0.1% |
| Hispanic-owned firms, percent, 2002 | S | 17.3% |
| Women-owned firms, percent, 2002 | 38.0% | 28.4% |
| <hr/> | | |
| Manufacturers shipments, 2002 (\$1000) | NA | 78,474,770 |
| Wholesale trade sales, 2002 (\$1000) | 158,529 | 219,490,896 |
| Retail sales, 2002 (\$1000) | 150,747 | 191,805,685 |
| Retail sales per capita, 2002 | \$5,474 | \$11,498 |
| Accommodation and foodservices sales, 2002 (\$1000) | 9,334 | 29,366,940 |
| Building permits, 2008 | 56 | 61,042 |
| Federal spending, 2007 (\$1000) | 139,097 | 147,090,699 ¹ |
| <hr/> | | |
| Geography QuickFacts | Hardee County | Florida |
| Land area, 2000 (square miles) | 637.30 | 53,926.82 |
| Persons per square mile, 2000 | 42.3 | 296.4 |
| FIPS Code | 049 | 12 |
| Metropolitan or Micropolitan Statistical Area | Wauchula, FL Micro Area | |

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 100 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, Census of Population and Housing, Small Area Income and Poverty Estimates, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report
Last Revised: Friday, 04-Sep-2009 15:27:12 EDT

State & County QuickFacts

Florida

| People QuickFacts | Florida | USA |
|---|----------------|-------------|
| Population, 2008 estimate | 18,328,340 | 304,059,724 |
| Population, percent change, April 1, 2000 to July 1, 2008 | 14.7% | 8.0% |
| Population estimates base (April 1) 2000 | 15,982,813 | 281,424,602 |
| Persons under 5 years old, percent, 2008 | 6.2% | 6.9% |
| Persons under 18 years old, percent, 2008 | 21.8% | 24.3% |
| Persons 65 years old and over, percent, 2008 | 17.4% | 12.8% |
| Female persons, percent, 2008 | 50.9% | 50.7% |
| White persons, percent, 2008 (a) | 79.8% | 79.8% |
| Black persons, percent, 2008 (a) | 15.9% | 12.8% |
| American Indian and Alaska Native persons, percent, 2008 (a) | 0.5% | 1.0% |
| Asian persons, percent, 2008 (a) | 2.3% | 4.5% |
| Native Hawaiian and Other Pacific Islander, percent, 2008 (a) | 0.1% | 0.2% |
| Persons reporting two or more races, percent, 2008 | 1.4% | 1.7% |
| Persons of Hispanic or Latino origin, percent, 2008 (b) | 21.0% | 15.4% |
| White persons not Hispanic, percent, 2008 | 60.3% | 65.6% |
| Living in same house in 1995 and 2000, pct 5 yrs old & over | 48.9% | 54.1% |
| Foreign born persons, percent, 2000 | 16.7% | 11.1% |
| Language other than English spoken at home, pct age 5+, 2000 | 23.1% | 17.9% |
| High school graduates, percent of persons age 25+, 2000 | 79.9% | 80.4% |
| Bachelor's degree or higher, pct of persons age 25+, 2000 | 22.3% | 24.4% |
| Persons with a disability, age 5+, 2000 | 3,274,566 | 49,746,248 |
| Mean travel time to work (minutes), workers age 16+, 2000 | 26.2 | 25.5 |
| Housing units, 2007 | 8,718,385 | 127,901,934 |
| Homeownership rate, 2000 | 70.1% | 66.2% |
| Housing units in multi-unit structures, percent, 2000 | 29.9% | 26.4% |
| Median value of owner-occupied housing units, 2000 | \$105,500 | \$119,600 |
| Households, 2000 | 6,337,929 | 105,480,101 |
| Persons per household, 2000 | 2.46 | 2.59 |
| Median household income, 2007 | \$47,804 | \$50,740 |
| Per capita money income, 1999 | \$21,557 | \$21,587 |
| Persons below poverty, percent, 2007 | 12.1% | 13.0% |



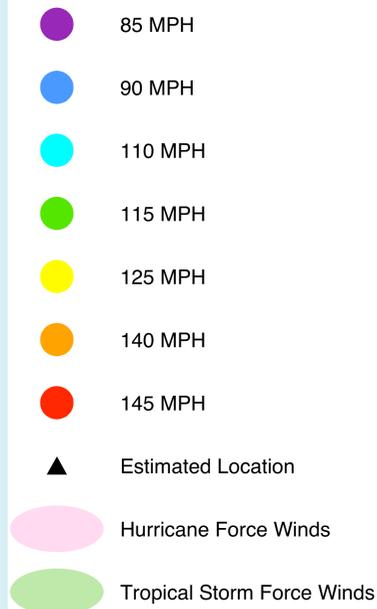
State & County QuickFacts

DeSoto County, Florida

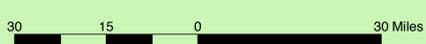
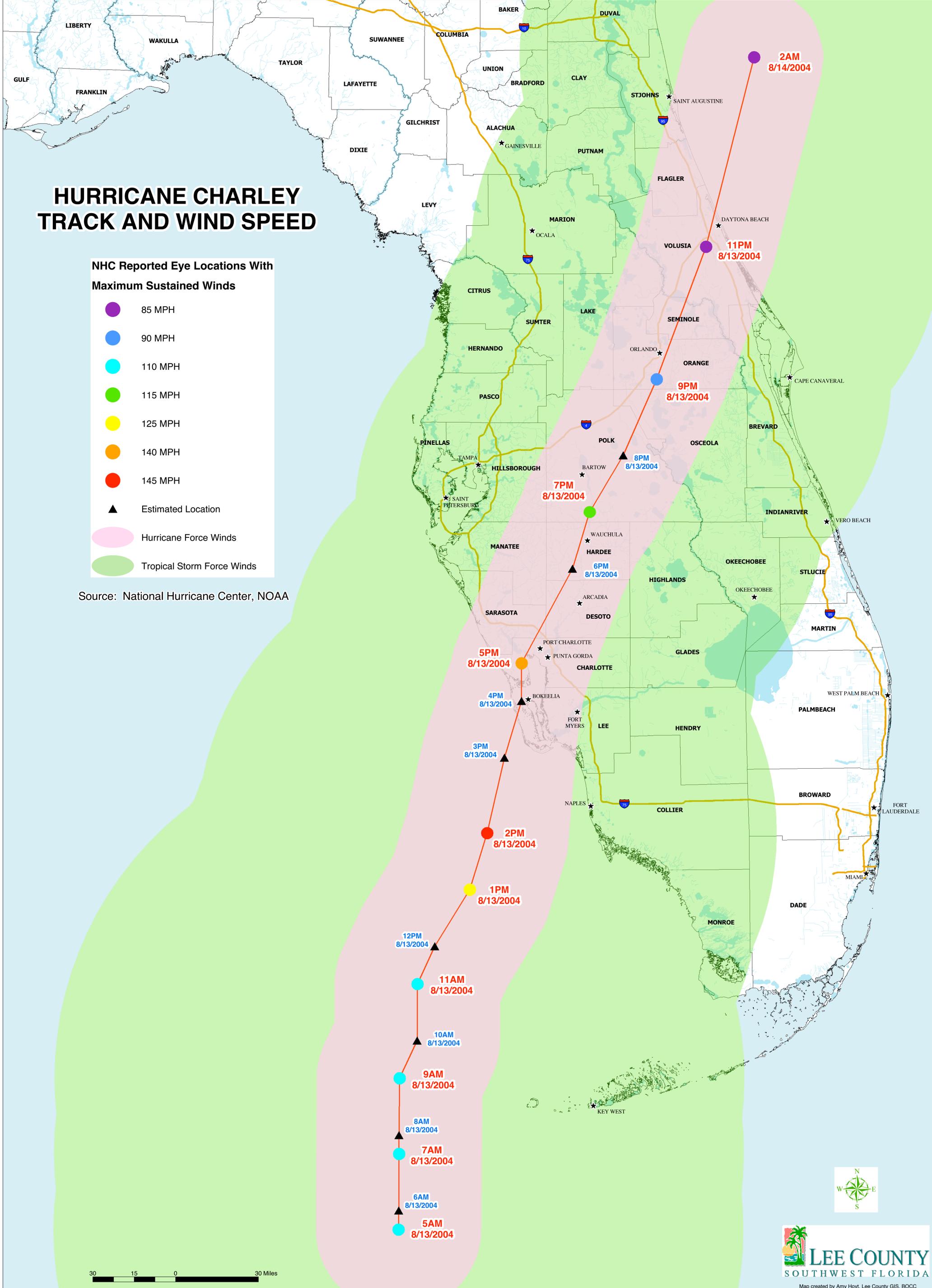
| People QuickFacts | DeSoto County | Florida |
|---|--------------------------|------------------------|
| Population, 2008 estimate | 33,991 | 18,328,340 |
| Population, percent change, April 1, 2000 to July 1, 2008 | 5.5% | 14.7% |
| Population estimates base (April 1) 2000 | 32,209 | 15,982,813 |
| Persons under 5 years old, percent, 2008 | 6.9% | 6.2% |
| Persons under 18 years old, percent, 2008 | 22.5% | 21.8% |
| Persons 65 years old and over, percent, 2008 | 15.9% | 17.4% |
| Female persons, percent, 2008 | 41.7% | 50.9% |
| White persons, percent, 2008 (a) | 83.5% | 79.8% |
| Black persons, percent, 2008 (a) | 12.0% | 15.9% |
| American Indian and Alaska Native persons, percent, 2008 (a) | 3.0% | 0.5% |
| Asian persons, percent, 2008 (a) | 0.5% | 2.3% |
| Native Hawaiian and Other Pacific Islander, percent, 2008 (a) | 0.1% | 0.1% |
| Persons reporting two or more races, percent, 2008 | 0.9% | 1.4% |
| Persons of Hispanic or Latino origin, percent, 2008 (b) | 34.6% | 21.0% |
| White persons not Hispanic, percent, 2008 | 52.5% | 60.3% |
| Living in same house in 1995 and 2000, pct 5 yrs old & over | 48.3% | 48.9% |
| Foreign born persons, percent, 2000 | 18.7% | 16.7% |
| Language other than English spoken at home, pct age 5+, 2000 | 24.1% | 23.1% |
| High school graduates, percent of persons age 25+, 2000 | 63.5% | 79.9% |
| Bachelor's degree or higher, pct of persons age 25+, 2000 | 8.4% | 22.3% |
| Persons with a disability, age 5+, 2000 | 6,634 | 3,274,566 |
| Mean travel time to work (minutes), workers age 16+, 2000 | 27.9 | 26.2 |
| Housing units, 2007 | 14,478 | 8,718,385 |
| Homeownership rate, 2000 | 74.7% | 70.1% |
| Housing units in multi-unit structures, percent, 2000 | 9.6% | 29.9% |
| Median value of owner-occupied housing units, 2000 | \$69,900 | \$105,500 |
| Households, 2000 | 10,746 | 6,337,929 |
| Persons per household, 2000 | 2.70 | 2.46 |
| Median household income, 2007 | \$35,988 | \$47,804 |
| Per capita money income, 1999 | \$14,000 | \$21,557 |
| Persons below poverty, percent, 2007 | 21.4% | 12.1% |
| Business QuickFacts | DeSoto County | Florida |
| Private nonfarm establishments with paid employees, 2006 | 483 | 517,069 ¹ |
| Private nonfarm employment, 2006 | 5,604 | 7,535,515 ¹ |
| Private nonfarm employment, percent change 2000-2006 | 8.2% | 21.2% ¹ |
| Nonemployer establishments, 2006 | 1,446 | 1,523,250 |
| Total number of firms, 2002 | 1,650 | 1,539,207 |
| Black-owned firms, percent, 2002 | S | 6.6% |

HURRICANE CHARLEY TRACK AND WIND SPEED

NHC Reported Eye Locations With Maximum Sustained Winds



Source: National Hurricane Center, NOAA





State & County QuickFacts

Miami-Dade County, Florida

| People QuickFacts | Miami-Dade County | Florida |
|---|------------------------------|------------------------|
| Population, 2008 estimate | 2,398,245 | 18,328,340 |
| Population, percent change, April 1, 2000 to July 1, 2008 | 6.4% | 14.7% |
| Population estimates base (April 1) 2000 | 2,253,786 | 15,982,813 |
| Persons under 5 years old, percent, 2008 | 6.4% | 6.2% |
| Persons under 18 years old, percent, 2008 | 22.3% | 21.8% |
| Persons 65 years old and over, percent, 2008 | 15.4% | 17.4% |
| Female persons, percent, 2008 | 51.5% | 50.9% |
| White persons, percent, 2008 (a) | 77.4% | 79.8% |
| Black persons, percent, 2008 (a) | 19.5% | 15.9% |
| American Indian and Alaska Native persons, percent, 2008 (a) | 0.4% | 0.5% |
| Asian persons, percent, 2008 (a) | 1.6% | 2.3% |
| Native Hawaiian and Other Pacific Islander, percent, 2008 (a) | 0.1% | 0.1% |
| Persons reporting two or more races, percent, 2008 | 1.0% | 1.4% |
| Persons of Hispanic or Latino origin, percent, 2008 (b) | 62.4% | 21.0% |
| White persons not Hispanic, percent, 2008 | 17.8% | 60.3% |
| Living in same house in 1995 and 2000, pct 5 yrs old & over | 50.2% | 48.9% |
| Foreign born persons, percent, 2000 | 50.9% | 16.7% |
| Language other than English spoken at home, pct age 5+, 2000 | 67.9% | 23.1% |
| High school graduates, percent of persons age 25+, 2000 | 67.9% | 79.9% |
| Bachelor's degree or higher, pct of persons age 25+, 2000 | 21.7% | 22.3% |
| Persons with a disability, age 5+, 2000 | 473,992 | 3,274,566 |
| Mean travel time to work (minutes), workers age 16+, 2000 | 30.1 | 26.2 |
| Housing units, 2007 | 971,551 | 8,718,385 |
| Homeownership rate, 2000 | 57.8% | 70.1% |
| Housing units in multi-unit structures, percent, 2000 | 45.5% | 29.9% |
| Median value of owner-occupied housing units, 2000 | \$124,000 | \$105,500 |
| Households, 2000 | 776,774 | 6,337,929 |
| Persons per household, 2000 | 2.84 | 2.46 |
| Median household income, 2007 | \$43,495 | \$47,804 |
| Per capita money income, 1999 | \$18,497 | \$21,557 |
| Persons below poverty, percent, 2007 | 15.3% | 12.1% |
| Business QuickFacts | Miami-Dade County | Florida |
| Private nonfarm establishments with paid employees, 2006 | 75,599 | 517,069 ¹ |
| Private nonfarm employment, 2006 | 868,560 | 7,535,515 ¹ |
| Private nonfarm employment, percent change 2000-2006 | 1.7% | 21.2% ¹ |
| Nonemployer establishments, 2006 | 311,542 | 1,523,250 |
| Total number of firms, 2002 | 297,458 | 1,539,207 |
| Black-owned firms, percent, 2002 | 9.5% | 6.6% |

| | | |
|---|--|--------------------------|
| American Indian and Alaska Native owned firms, percent, 2002 | 0.6% | 0.6% |
| Asian-owned firms, percent, 2002 | 2.3% | 2.7% |
| Native Hawaiian and Other Pacific Islander owned firms, percent, 2002 | S | 0.1% |
| Hispanic-owned firms, percent, 2002 | 54.9% | 17.3% |
| Women-owned firms, percent, 2002 | 29.6% | 28.4% |
| <hr/> | | |
| Manufacturers shipments, 2002 (\$1000) | 8,442,440 | 78,474,770 |
| Wholesale trade sales, 2002 (\$1000) | 39,021,392 | 219,490,896 |
| Retail sales, 2002 (\$1000) | 24,568,286 | 191,805,685 |
| Retail sales per capita, 2002 | \$10,616 | \$11,498 |
| Accommodation and foodservices sales, 2002 (\$1000) | 4,162,169 | 29,366,940 |
| Building permits, 2008 | 3,474 | 61,042 |
| Federal spending, 2007 (\$1000) | 15,244,455 | 147,090,699 ¹ |
| Geography QuickFacts | Miami-Dade County | Florida |
| Land area, 2000 (square miles) | 1,946.06 | 53,926.82 |
| Persons per square mile, 2000 | 1,157.9 | 296.4 |
| FIPS Code | 086 | 12 |
| Metropolitan or Micropolitan Statistical Area | Miami-Fort Lauderdale- Miami Beach, FL Metro Area | |

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 100 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, Census of Population and Housing, Small Area Income and Poverty Estimates, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report
Last Revised: Friday, 04-Sep-2009 15:27:11 EDT



State & County QuickFacts

Charlotte County, Florida

| People QuickFacts | Charlotte County | Florida |
|---|-------------------------|------------------------|
| Population, 2008 estimate | 150,060 | 18,328,340 |
| Population, percent change, April 1, 2000 to July 1, 2008 | 6.0% | 14.7% |
| Population estimates base (April 1) 2000 | 141,627 | 15,982,813 |
| Persons under 5 years old, percent, 2008 | 3.9% | 6.2% |
| Persons under 18 years old, percent, 2008 | 16.2% | 21.8% |
| Persons 65 years old and over, percent, 2008 | 29.8% | 17.4% |
| Female persons, percent, 2008 | 51.9% | 50.9% |
| White persons, percent, 2008 (a) | 91.3% | 79.8% |
| Black persons, percent, 2008 (a) | 6.0% | 15.9% |
| American Indian and Alaska Native persons, percent, 2008 (a) | 0.3% | 0.5% |
| Asian persons, percent, 2008 (a) | 1.3% | 2.3% |
| Native Hawaiian and Other Pacific Islander, percent, 2008 (a) | Z | 0.1% |
| Persons reporting two or more races, percent, 2008 | 1.0% | 1.4% |
| Persons of Hispanic or Latino origin, percent, 2008 (b) | 5.6% | 21.0% |
| White persons not Hispanic, percent, 2008 | 86.2% | 60.3% |
| Living in same house in 1995 and 2000, pct 5 yrs old & over | 52.5% | 48.9% |
| Foreign born persons, percent, 2000 | 8.0% | 16.7% |
| Language other than English spoken at home, pct age 5+, 2000 | 8.2% | 23.1% |
| High school graduates, percent of persons age 25+, 2000 | 82.1% | 79.9% |
| Bachelor's degree or higher, pct of persons age 25+, 2000 | 17.6% | 22.3% |
| Persons with a disability, age 5+, 2000 | 33,423 | 3,274,566 |
| Mean travel time to work (minutes), workers age 16+, 2000 | 23.6 | 26.2 |
| Housing units, 2007 | 100,110 | 8,718,385 |
| Homeownership rate, 2000 | 83.7% | 70.1% |
| Housing units in multi-unit structures, percent, 2000 | 15.7% | 29.9% |
| Median value of owner-occupied housing units, 2000 | \$97,000 | \$105,500 |
| Households, 2000 | 63,864 | 6,337,929 |
| Persons per household, 2000 | 2.18 | 2.46 |
| Median household income, 2007 | \$46,328 | \$47,804 |
| Per capita money income, 1999 | \$21,806 | \$21,557 |
| Persons below poverty, percent, 2007 | 9.2% | 12.1% |
| Business QuickFacts | Charlotte County | Florida |
| Private nonfarm establishments with paid employees, 2006 | 3,919 | 517,069 ¹ |
| Private nonfarm employment, 2006 | 37,277 | 7,535,515 ¹ |
| Private nonfarm employment, percent change 2000-2006 | 17.6% | 21.2% ¹ |
| Nonemployer establishments, 2006 | 11,408 | 1,523,250 |
| Total number of firms, 2002 | 12,946 | 1,539,207 |
| Black-owned firms, percent, 2002 | 1.8% | 6.6% |

| | | |
|---|-------------------------------|--------------------------|
| American Indian and Alaska Native owned firms, percent, 2002 | F | 0.6% |
| Asian-owned firms, percent, 2002 | S | 2.7% |
| Native Hawaiian and Other Pacific Islander owned firms, percent, 2002 | F | 0.1% |
| Hispanic-owned firms, percent, 2002 | S | 17.3% |
| Women-owned firms, percent, 2002 | 27.3% | 28.4% |
| <hr/> | | |
| Manufacturers shipments, 2002 (\$1000) | 106,507 | 78,474,770 |
| Wholesale trade sales, 2002 (\$1000) | D | 219,490,896 |
| Retail sales, 2002 (\$1000) | 1,434,629 | 191,805,685 |
| Retail sales per capita, 2002 | \$9,570 | \$11,498 |
| Accommodation and foodservices sales, 2002 (\$1000) | 138,202 | 29,366,940 |
| Building permits, 2008 | 433 | 61,042 |
| Federal spending, 2007 (\$1000) | 1,261,496 | 147,090,699 ¹ |
| <hr/> | | |
| Geography QuickFacts | Charlotte County | Florida |
| Land area, 2000 (square miles) | 693.60 | 53,926.82 |
| Persons per square mile, 2000 | 204.1 | 296.4 |
| FIPS Code | 015 | 12 |
| Metropolitan or Micropolitan Statistical Area | Punta Gorda, FL Metro Area | |

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 100 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, Census of Population and Housing, Small Area Income and Poverty Estimates, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report
Last Revised: Friday, 04-Sep-2009 15:27:10 EDT



State & County QuickFacts

Broward County, Florida

| People QuickFacts | Broward County | Florida |
|---|---------------------------|------------------------|
| Population, 2008 estimate | 1,751,234 | 18,328,340 |
| Population, percent change, April 1, 2000 to July 1, 2008 | 7.9% | 14.7% |
| Population estimates base (April 1) 2000 | 1,623,016 | 15,982,813 |
| Persons under 5 years old, percent, 2008 | 6.3% | 6.2% |
| Persons under 18 years old, percent, 2008 | 23.2% | 21.8% |
| Persons 65 years old and over, percent, 2008 | 14.5% | 17.4% |
| Female persons, percent, 2008 | 51.3% | 50.9% |
| White persons, percent, 2008 (a) | 69.2% | 79.8% |
| Black persons, percent, 2008 (a) | 25.5% | 15.9% |
| American Indian and Alaska Native persons, percent, 2008 (a) | 0.5% | 0.5% |
| Asian persons, percent, 2008 (a) | 3.1% | 2.3% |
| Native Hawaiian and Other Pacific Islander, percent, 2008 (a) | 0.2% | 0.1% |
| Persons reporting two or more races, percent, 2008 | 1.5% | 1.4% |
| Persons of Hispanic or Latino origin, percent, 2008 (b) | 24.0% | 21.0% |
| White persons not Hispanic, percent, 2008 | 47.3% | 60.3% |
| Living in same house in 1995 and 2000, pct 5 yrs old & over | 47.1% | 48.9% |
| Foreign born persons, percent, 2000 | 25.3% | 16.7% |
| Language other than English spoken at home, pct age 5+, 2000 | 28.8% | 23.1% |
| High school graduates, percent of persons age 25+, 2000 | 82.0% | 79.9% |
| Bachelor's degree or higher, pct of persons age 25+, 2000 | 24.5% | 22.3% |
| Persons with a disability, age 5+, 2000 | 310,454 | 3,274,566 |
| Mean travel time to work (minutes), workers age 16+, 2000 | 27.4 | 26.2 |
| Housing units, 2007 | 803,064 | 8,718,385 |
| Homeownership rate, 2000 | 69.5% | 70.1% |
| Housing units in multi-unit structures, percent, 2000 | 47.5% | 29.9% |
| Median value of owner-occupied housing units, 2000 | \$128,600 | \$105,500 |
| Households, 2000 | 654,445 | 6,337,929 |
| Persons per household, 2000 | 2.45 | 2.46 |
| Median household income, 2007 | \$52,504 | \$47,804 |
| Per capita money income, 1999 | \$23,170 | \$21,557 |
| Persons below poverty, percent, 2007 | 11.4% | 12.1% |
| Business QuickFacts | Broward County | Florida |
| Private nonfarm establishments with paid employees, 2006 | 58,607 | 517,069 ¹ |
| Private nonfarm employment, 2006 | 665,570 | 7,535,515 ¹ |
| Private nonfarm employment, percent change 2000-2006 | 7.5% | 21.2% ¹ |
| Nonemployer establishments, 2006 | 176,280 | 1,523,250 |
| Total number of firms, 2002 | 183,929 | 1,539,207 |
| Black-owned firms, percent, 2002 | 12.0% | 6.6% |

| | | |
|---|--|--------------------------|
| American Indian and Alaska Native owned firms, percent, 2002 | 0.6% | 0.6% |
| Asian-owned firms, percent, 2002 | 3.4% | 2.7% |
| Native Hawaiian and Other Pacific Islander owned firms, percent, 2002 | S | 0.1% |
| Hispanic-owned firms, percent, 2002 | 16.1% | 17.3% |
| Women-owned firms, percent, 2002 | 29.8% | 28.4% |
| <hr/> | | |
| Manufacturers shipments, 2002 (\$1000) | 6,775,856 | 78,474,770 |
| Wholesale trade sales, 2002 (\$1000) | 35,028,568 | 219,490,896 |
| Retail sales, 2002 (\$1000) | 22,012,210 | 191,805,685 |
| Retail sales per capita, 2002 | \$12,917 | \$11,498 |
| Accommodation and foodservices sales, 2002 (\$1000) | 2,799,987 | 29,366,940 |
| Building permits, 2008 | 2,164 | 61,042 |
| Federal spending, 2007 (\$1000) | 10,618,558 | 147,090,699 ¹ |
| <hr/> | | |
| Geography QuickFacts | Broward County | Florida |
| Land area, 2000 (square miles) | 1,205.40 | 53,926.82 |
| Persons per square mile, 2000 | 1,346.9 | 296.4 |
| FIPS Code | 011 | 12 |
| Metropolitan or Micropolitan Statistical Area | Miami-Fort Lauderdale- Miami Beach, FL Metro Area | |

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 100 firms

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Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, Census of Population and Housing, Small Area Income and Poverty Estimates, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report
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American Insurance Association

**UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON FINANCIAL SERVICES
CAPITAL MARKETS SUBCOMMITTEE
STABILIZING INSURANCE MARKETS FOR COASTAL CONSUMERS
SEPTEMBER 13, 2006**

**GOVERNOR MARC RACICOT, PRESIDENT
AMERICAN INSURANCE ASSOCIATION**

Good morning. My name is Marc Racicot. I am president of the American Insurance Association (AIA). AIA represents major property and casualty insurers doing business across the country and around the world.

I appreciate the opportunity to testify this morning on a matter of utmost importance to AIA and the nation as a whole: insuring natural catastrophe risk. I commend the Committee for your leadership in examining proactive approaches to the management of this risk.

The first anniversary of Hurricane Katrina devastating the Gulf Coast was just two weeks ago. While we commemorate Katrina and remember her victims, we should also seize the opportunity to apply the lessons learned in a forward-looking, positive way – to better secure our nation against future disasters.

Fortunately, despite last year's record-breaking losses, the insurance industry is well positioned financially to manage this risk. However, to do so effectively, insurers must have the tools to measure and reduce catastrophe risk, and the insurance regulatory system must allow rates to reflect the real costs of coastal exposure.

Recent Experience

The 2005 hurricane season was, by far, the worst year on record. Records were set for the number of named storms (28), the number of hurricanes (15), and the number of hurricanes reaching category 5 status (4). The season also was remarkable for its early beginning and late end.

Beyond these statistics, the hurricanes of 2005 underscored the human toll of catastrophes. One year after Hurricane Katrina, thousands of former Gulf Coast residents remain homeless. The City of New Orleans has yet to rebuild its infrastructure or housing stock, recover its economic base, or reclaim its unique spirit. Some experts believe it will take years, if not decades, for the recovery process to be complete.

For insurers, 2005 was the most costly year on record, with insured losses from Hurricane Katrina estimated to reach \$40 billion, and total catastrophe losses for the year totaling more than \$70 billion, taking into account property insurance losses as well as automobile, marine, energy, commercial liability, workers' compensation and other insurance losses. Insurers adjusted more than three million hurricane claims, 1.6 million claims from Hurricane Katrina alone. The historic devastation from the 2005 hurricanes was met with an unprecedented deployment of insurance industry resources, including more than 10,000 claims adjusters. Despite tremendous logistical challenges, insurers were providing compensation to policyholders within hours of the storms making landfall. The good news is that well over 90 percent of the Katrina-related claims in Louisiana and Mississippi have been settled. AIA member companies will not be satisfied until every single claim is resolved. Insurers are committed to paying all damages that fall within their insurance contracts with customers.

Insurers are fully committed to working with local, state, and federal policymakers to "bring back the Gulf." We recognize that the insurance mechanism plays a vital role in preparing for, and responding to, future natural catastrophes. At the same time, we believe that long-term solutions must look beyond insurance. As a nation, we must make sure we are prepared for, and can respond quickly to, the spectrum of losses that may flow from a major catastrophe. We welcome the opportunity to be fully integrated into the planning process, in terms of logistics, communications, and coordination with relevant government agencies and private groups.

Needed Reforms

Although the property insurance market currently is under stress in several Atlantic and Gulf Coast states, the solution rests in improving, not displacing, private sector ability to serve homeowners and businesses in the path of potential storms. The challenge is to identify and advance positive system changes that will allow markets to manage natural catastrophe risk without establishment of new government programs or a bail-out from taxpayers living in less-risky areas. Beyond their benefits to the insurance system, many of these reforms will help prepare individuals and communities for future catastrophes, educate them about the benefits of risk management, and, most importantly, reduce the personal and economic toll of hurricanes and other natural catastrophes.

AIA's reform agenda includes both federal and state initiatives that could provide short- and long-term benefits. All should be put in place as quickly as possible. The agenda we have developed consists of four major components:

- *protective measures* to keep people out of harm's way and strengthen their ability to withstand future hurricanes;
- *regulatory and legal reforms* to improve the stability of insurers' operating environment;
- *tax incentives* to encourage residents to take more responsibility for hurricane preparation and response; and,

- *National Flood Insurance Program (NFIP) reforms* to assure that NFIP continues to play a vital role in protecting the region from the generally uninsurable risk of flood.

Although some of these reforms relate specifically to hurricanes, many of the tools described here can be modified to address earthquake risk and other natural perils.

I. Protective Measures

Natural catastrophe losses can be reduced through mitigation, including effective building codes, policies that encourage retrofitting of existing buildings, and sensible land use planning. From a community perspective, mitigation can make the difference between a community recovering relatively quickly from disaster – with citizens returning to homes and jobs – and a community remaining devastated and economically stagnant for many months or longer. From an insurance perspective, mitigation helps preserve market capacity, reduce solvency risk, and enhance insurer ability to cover more risks (assuming a flexible regulatory environment and stable legal environment).

- **Strong building codes help reduce deaths, injuries, and property damage from natural catastrophes and more routine property losses.** Building codes set minimum safety standards for design, construction, and maintenance of residential and commercial buildings. They are based on established scientific and engineering principles that have been thoroughly tested to ensure safe, predictable building performance in wide-ranging situations. Recent benefit/cost studies indicate that each dollar spent to comply with stronger natural hazard focused code provisions results in long-term savings of \$3 to \$16. Strong statewide building codes, with no opt-out features, are needed in every state, particularly those with significant catastrophe risk. Statewide building codes also must stay current and consistent with the latest mitigation technologies.
- **Enforcement of, and compliance with, building codes is critical.** Enforcement of building codes is as important as their enactment. Independent studies following Hurricane Andrew revealed that lax code enforcement contributed to total damage. Clearly, training for many new inspectors, as well as contractors, will be needed during the post-hurricane building booms and to implement/enforce new codes.
- **Land use planning can help make communities more disaster resistant.** Hurricane and other catastrophe risk should be factored into land use planning decisions in order to protect lives and property. Research shows that effective land use planning also helps reduce insured hurricane losses. States should enact laws to require local governments to prepare comprehensive plans, specifically taking natural disasters into account in local planning and zoning decisions. Even in jurisdictions without such mandates, the state could offer guidance to local governments on land use planning, even as a voluntary guideline.

- **Disaster awareness and preparedness can mitigate the negative personal and financial impact of a catastrophe.** Natural disasters present a real threat to all individuals and businesses. Having a disaster preparedness plan in place before a disaster strikes can reduce losses, as well as potentially save lives. It can also make the difference between a business continuing its operations after a disaster and closing down temporarily or permanently, and whether residents return to their communities or move to another location.

II. Regulatory Modernization

Central to insurers' ability to manage hurricane risk is their ability to predict risk and charge appropriate premiums for bearing such risk. Unfortunately, the political climate in many states includes arbitrary rate suppression, expensive and unpredictable regulatory mandates, and other regulatory and legal burdens. These must be addressed in order to create a more stable business environment for insurers making a capital commitment to the region.

- **Risk-based pricing is critical to any viable insurance system.** Property insurance rates must be based on insurer evaluation of underlying catastrophe risk in hurricane-prone areas. Risk-based pricing, utilizing the best possible scientific information, is essential to insurers' ability to provide protection against hurricanes. Equally important, appropriate pricing encourages loss prevention, thus reducing the individual and societal costs of disasters.

Given the opportunities for politically influenced government rate suppression, all states should repeal requirements for rate approval by state insurance regulators. If a free market system cannot be achieved in the short-term, interim incremental measures are essential. One way this might be achieved is by shifting the burden of proof, so that the insurance department must prove that a filed rate is excessive; another is by allowing insurers to raise or lower rates by a specified percentage (within a "flex band") without regulatory approval.

- **Computer-based disaster models help insurers measure catastrophe risk and reduce likelihood of insurer insolvency.** Since Hurricane Andrew in 1992, the insurance industry has significantly improved its ability to monitor natural catastrophe accumulations through computer-based models that measure risk on a probabilistic basis using sophisticated simulation techniques. The models are not perfect; Hurricane Katrina prompted some improvements, which recently were announced by the major modeling firms. Just as insurers use models to manage catastrophe risk, states should accept their use in the ratemaking process, and protect the confidentiality of proprietary models. However, some states remain opposed to models, particularly if they indicate that higher rates are needed for actuarial soundness. Ignoring scientific models is another form of artificial rate suppression that increases subsidization, reduces incentives for mitigation, and ultimately undermines the role of the private sector in managing catastrophe risk.

- **Higher deductibles can make insurance more affordable; tax incentives can help policyholders pre-fund their deductible obligations.** Higher deductibles reduce the cost of insurance, conserve insurance capacity, and help focus post-event attention on homeowners who have had a major loss. They also encourage residents to take personal responsibility to mitigate loss (prior to and following a storm) and reduce cross-subsidization by shifting a portion of the risk back to policyholders likely to incur the loss.
- **Broad-ranging and shifting post-event regulatory mandates increase insurer uncertainty and divert attention needed to respond to claims.** Insurers must have some certainty that, if a major hurricane strikes, they will not be hit with shifting, wide-ranging regulatory mandates of questionable legality. Following Hurricane Katrina, for example, insurers were confronted with literally hundreds of legislative and regulatory mandates and proposals that impacted premium collection, underwriting, claims handling, and claims data reporting; most of these mandates varied from state to state. Recent legislation in Florida recognized the harm these mandates have on the insurance environment. As a result, Florida law now obligates regulators to adopt (through administrative rulemaking) standardized requirements *before* the event that may be applied to insurers *after* a catastrophe. Other states should do the same.
- **States also should facilitate post-event claims adjustment.** While every major hurricane is somewhat unique, a common theme is the need for insurance adjusters to get in quickly and settle claims expeditiously. Yet, there are usually many obstacles in place, such as licensing and establishment of procedures to facilitate payments. In addition to removing specific obstacles, there should be improved integration of insurers into the planning of post-event responses, in terms of logistics, communications, and coordination with relevant federal and state agencies.

III. *Legal Reform*

- **The legal system must preserve the sanctity of contracts.** Insurers must have confidence that the insurance policies they write will be upheld following a major catastrophe. Pending “wind versus water” litigation brought by the Mississippi attorney general and private plaintiffs epitomizes the problem that insurers face in an uncertain legal environment, particularly where cases are tried by “hometown” juries. Insurers should not be made to pay claims for losses that are beyond the scope of an individual’s policy, and for which the policyholder did not pay premiums. If trial lawyers or others are successful in retroactively re-writing insurance contracts, the predictability upon which a healthy insurance system is based is undermined.
- **Statutes of limitations should not be extended.** Post-hurricane extension of the statute of limitations on hurricane claims raises fundamental fairness and due process concerns. Moreover, it becomes harder to settle claims equitably as the parties become farther removed from the event which caused the loss. All

insurance policies provide ample time for the filing of hurricane damage claims. Extending the statute of limitations is another attack on the sanctity of contract, in this case, by state legislatures.

IV. Tax Incentives

Although such a change may not precipitate substantial capacity in the short term, amending U.S. tax laws to permit insurers to establish tax-deferred catastrophe reserves, if designed properly, would have a positive impact on present and future recovery efforts. There are also other ways that federal and state tax policy can enhance affordability and encourage the use of protective measures. These include:

- federal legislation to establish tax-exempt Catastrophe Savings Accounts (CSAs) for individuals (similar to health savings accounts) as introduced by Rep. Tom Feeney (R-FL);
- federal or state income tax credits (similar to tax credits formerly provided to encourage energy efficiency) to encourage homeowners and business owners to invest in protective measures that go beyond building code requirements; and,
- state sales tax holidays for hurricane mitigation and preparedness purchases, or exempt certain items from state sales tax.

V. National Flood Insurance Program (NFIP) Reforms

The NFIP plays a critical role in hurricane preparedness and response. However, the program as currently structured does not cover enough people or provide the level of protection needed by many policyholders. The NFIP must be reformed so that it provides an effective safety net, while encouraging homeowners and businesses to take personal responsibility. Among needed NFIP reforms are:

- expansion of risk-based premiums;
- expanded program mandates to cover more homeowners in more locations;
- increases in maximum coverage limits and deductibles; and,
- policy terms that are more consistent with private insurance. Insurers have developed a comprehensive list of reforms.
- Additionally, NFIP must complete its map modernization initiative as soon as possible.

Comparisons to Terrorism Risk

The tools that I have outlined would improve the ability of private insurers to manage natural catastrophe risk, while at the same time making individuals and communities more disaster resistant and resilient. In doing so, they should obviate the need for new federal or state governmental insurance or reinsurance mechanisms for natural catastrophe risk.

However, these tools are insufficient for managing the complex, man-made risk of catastrophic terrorism. While both natural catastrophes and terrorism are capable of causing extreme loss, they are fundamentally different from an insurability perspective. For terrorism, private sector reinsurance or other risk-sharing capital remains woefully inadequate and shows no signs of robust growth in the near future. This is a strong indicator that the capital markets have reached the same conclusions about the private insurability of terrorism risk. Moreover, there is no reliable method for determining the likelihood of a terrorist attack (event frequency) within the United States, a critical component in determining the insurability of a risk. This is complicated by the fact that terrorism is a deliberate act committed by individuals bent on doing the worst possible harm. Additionally, the interdependence of terrorism risk also limits the potential effectiveness of mitigation. Finally, for national security reasons, vital information necessary to assess the terrorism threat is strictly classified and unavailable to insurers as they attempt to manage this risk.

Because of these factors, a federal reinsurance backstop for terrorism risk must remain in place after the December 2007 expiration of the Terrorism Risk Insurance Act Extension Act, and we appreciate the opportunity to work with this committee to develop long-term solutions to the ongoing problem of managing the nation's economic exposure to terrorism risk.

Conclusion

Thank you very much for giving me the opportunity to appear before you today. On behalf of AIA and our members, I look forward to working with you to address the challenges facing the insurance industry, and our nation as a whole, in preparing for, and responding to, natural catastrophes.