



**CHARLIE CRIST**  
GOVERNOR

May 28, 2008

Secretary Kurt S. Browning  
Secretary of State  
R.A. Gray Building  
500 S. Bronough Street  
Tallahassee, FL 32399

FILED  
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TALLAHASSEE, FLORIDA

Dear Secretary Browning:

By the authority vested in me as Governor of Florida, under the provisions of Article III, Sections 8 and 19, of the Constitution of Florida, I do hereby transmit Committee Substitute for Committee Substitute for Senate Bill 2860, enacted during the 40th Session of the Legislature of Florida, convened under the Constitution of 1968, during the Regular session of 2008, and entitled:

An act relating to insurance....

This bill contains many important consumer protections that will help keep insurance costs more affordable for Florida's homeowners. It extends the rate freeze on Citizens rates (until January 1, 2010), revises the assessment formula for any Citizens deficits, allows more homeowners to insure with Citizens if they choose to do so, and requires hurricane mitigation premium credits tied to a uniform home rating scale. The bill holds insurers accountable. It prohibits insurers from failing to pay undisputed amounts owed on insurance policies, extends the prohibition against raising rates without approval by the Office of Insurance Regulation, provides more transparency into the ratemaking process, and increases fines against less scrupulous insurers.

Section 16 of the bill provides an appropriation of \$250 million for the Insurance Capital Buildup Incentive Program. While I believe the program is well intended and has had the net effect of removing nearly 200,000 policies from the Citizens Property Insurance Corporation and has kept an additional estimated 480,000 policies out of Citizens, the funding source is inappropriate. The original funding for the program came from the General Revenue Fund during the 05/06 fiscal year; however, the additional funding for the program provided in this legislation comes from policyholders' premiums paid to Citizens, which is used to pay claims in the event of a catastrophic hurricane.

Citizens has a combined loss exposure in Florida of about \$223 billion and approximately 1.3 million policyholders. Taking \$250 million away from Citizens' ability to pay claims will substantially increase the likelihood of assessments for Floridians across the state.

The citizens of Florida are already feeling the heavy weight of property insurance and property tax burdens. I do not support risking an additional financial hardship on Floridians; therefore, I hereby transmit Committee Substitute for Committee Substitute for Senate Bill 2860 with my signature, but withhold my approval of and hereby veto the following section:

Section 16. (1) By December 15, 2008, Citizens Property Insurance Corporation shall transfer \$250 million to the General Revenue Fund, from the personal lines account and the commercial lines account only, if the combined surplus of the personal lines account and commercial lines account as defined in s. 627.351(6), Florida Statutes, exceeds \$1 billion. The board of governors of Citizens Property Insurance Corporation must make a reasonable estimate of such surplus on or after December 1, 2008, and no later than December 14, 2008, using generally accepted actuarial and accounting practices, recognizing that audited financial statements will not yet be available.

(2) Beginning July 1, 2009, the board shall make quarterly transfers of any interest earned prior to the issuance of any surplus notes, interest paid, and principal repaid to the state for any surplus notes issued by the program after December 1, 2008, to Citizens Property Insurance Corporation, provided such surplus notes were funded exclusively by an appropriation to the program by the Legislature for the 2008-2009 fiscal year. The corporation shall credit each account as defined in s. 627.351(6) in a pro rata manner for the funds removed from each account to make the transfer required by subsection (1).

(3) On July 1, 2009, the State Board of Administration shall transfer to Citizens Property Insurance Corporation any funds that have not been committed or reserved for insurers approved to receive such funds under the program from the funds that were appropriated from the corporation in 2008-2009 for such purposes.

My administration will continue the fight and keep insurance companies accountable to Florida's policyholders as well as work toward finding innovative ways to further reduce property insurance rates.

Sincerely,

A handwritten signature in black ink that reads "Charlie Crist". The signature is stylized with a large, looping "C" and a cursive "Crist".

Charlie Crist