

**CITY OF MARATHON, FLORIDA
RESOLUTION 2006-048**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MARATHON, FLORIDA, RECOMMENDING SPECIFIC REDUCTIONS
TO CITIZENS WINDSTORM INSURANCE RATES REFLECTIVE OF
ACTUAL COSTS**

WHEREAS, a group of concerned citizens F.I.R.M. (Fair Insurance Rates for Monroe County) has brought countywide attention to the fact that there is a windstorm insurance premium crisis in Monroe County; and

WHEREAS, the cost-of-living in Monroe County is the highest in the State of Florida; and

WHEREAS, a home in Monroe County with an insurable value of \$350,000 in 2005, on average paid \$5,747 for windstorm insurance, will in 2006 pay nearly double at \$10,539 annually or \$878.26 per month for windstorm coverage after Citizen's Property Insurance proposed rate increase. The net annual cost of windstorm insurance on the \$350,000 home would be in the range of \$17,539 to \$28,039, if the deductible of 2% or 5% is included in the cost of the insurance; and

WHEREAS, a school teacher, law enforcement officer, government employee, social worker, nurse, fisherman or fixed-income retiree who owns a home in the Florida Keys does not have sufficient income to pay the current windstorm premiums much less the substantial increase proposed by Citizen's Property Insurance, and may have to consider moving from the Keys; and

WHEREAS, there is an affordable housing crisis in the Keys and a shortage of affordable rental housing, and any increase in windstorm premiums no doubt will be passed-on by landlords to their tenants resulting in even higher residential rental rates; and

WHEREAS, the building codes in Monroe County were for many years much more stringent than in other parts of the State and consideration of the heightened building code standards should be incorporated and heavily weighted in the calculation of windstorm rates; and

WHEREAS, the deductibles on windstorm policies are so high the homeowners generally are unable to make claims for windstorm damage or to pay for windstorm repairs, thereby making windstorm policies impractical and unaffordable; and

WHEREAS, the dramatic increases in windstorm insurance premiums will result in fewer people purchasing windstorm insurance if they are not required to have casualty insurance, with the result that catastrophic windstorm damage to those homes will either not be repaired or in many instances will be repaired at the expense of local, state and federal government taxpayers; and

WHEREAS, the history of the last two years reflects that the entire state of Florida is vulnerable to windstorm damages, especially those parts of the state where hurricane shutters and other storm-proofing techniques are not in common practice; and

WHEREAS, the State of Florida has estimated that the State has and will receive a "windfall" sales tax revenue in excess of \$3 billion from hurricane rebuilding efforts.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARATHON, FLORIDA, that:

Section 1. The Council requests that in order that windstorm rates be commensurate with the 2005 rates reductions should be made to Citizen's rate computation to address the following additional costs:

A. **INDUSTRY EXPENSE EQUALIZATION FACTOR** should be reduced to the 17% overhead which Citizen's actually experiences, not the expense load of other property insurers in Florida, which should render an estimated savings of 10-15%; and

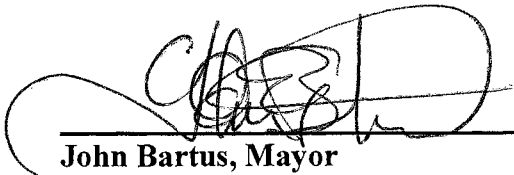
B. **ASSESSMENT REDUCTION PROVISION**, a fee which was included to reduce the probability and severity of future assessments but for which there has been no substantiation, which would have impacts ranging from approximately 11 to 20%.

Section 2. The Clerk shall send a copy of this resolution to the Honorable Jeb Bush, the Honorable Charlie Crist, the Honorable Tom Gallagher, the Honorable Charles H. Bronson, State Senators Larcenia Bullard and Rudy Garcia, State Representatives Ken Sorensen and Dennis Ross, and the Board of Directors of the Citizens Property Insurance Corporation.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND APPROVED by the City Council of the city of Marathon, Florida, this 28th day of March, 2006.

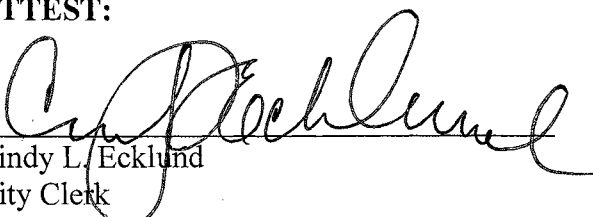
THE CITY OF MARATHON, FLORIDA



John Bartus, Mayor

AYES: Bull, Pinkus, Worthington, Bartus
NOES: None
ABSENT: Mearns
ABSTAIN: None

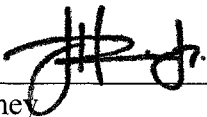
ATTEST:



Cindy L. Ecklund
City Clerk

(City Seal)

**APPROVED AS TO FORM AND LEGALITY FOR THE USE AND RELIANCE OF THE
CITY OF MARATHON, FLORIDA ONLY:**



City Attorney