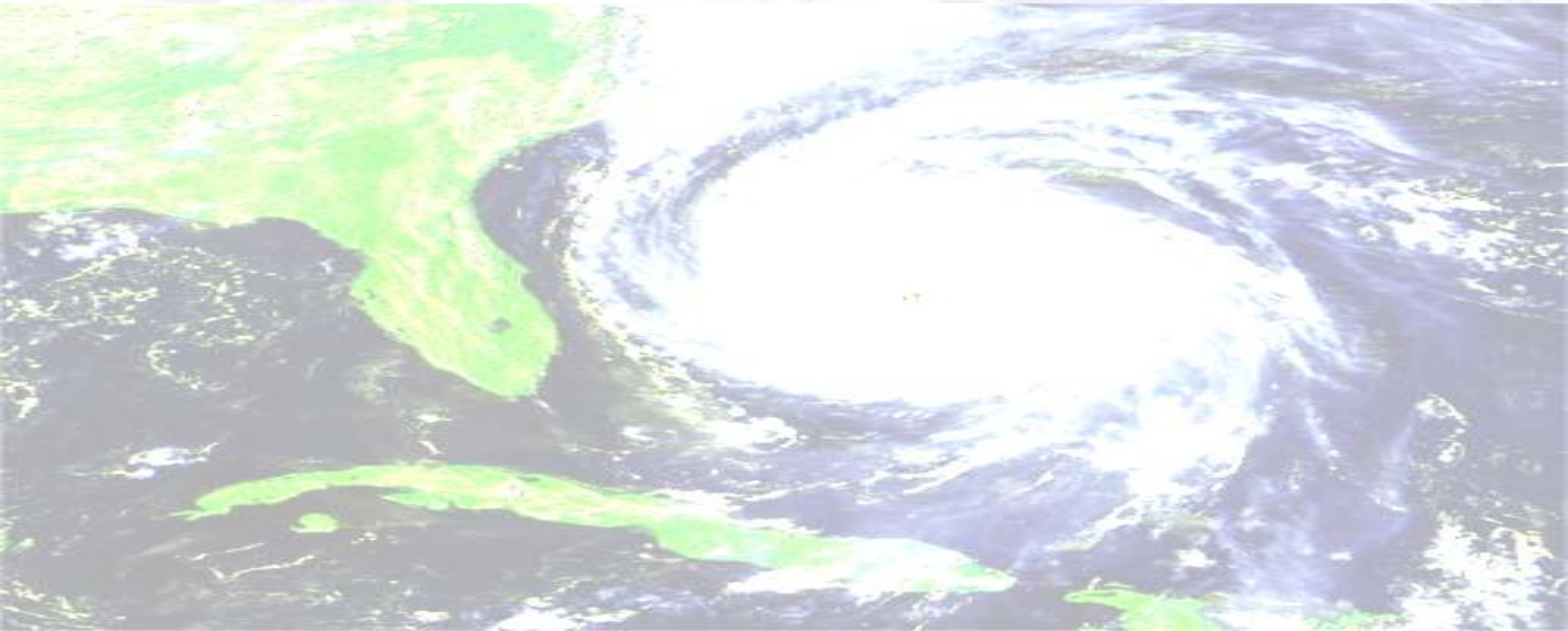


HURRICANE MITIGATION RESEARCH

**METROPOLITAN CENTER
FLORIDA INTERNATIONAL UNIVERSITY**



SUMMARY OF PROJECTS

OBJECTIVES:

- **Discover behavioral patterns of Florida residents with regards to preparedness and response to hurricane threats.**
- **Examine population perceptions on a variety of issues including preparedness efforts, information access and attitudes towards property insurance.**
 - Florida Homeowners Polls
 - Florida Business Surveys
 - Florida Focus Groups

SUMMARY OF RESULTS

Over the last few years Floridians have become increasingly aware of the dangers posed by hurricanes :

- Hurricane awareness and preparedness improved significantly in 2006 and 2007.*
- However, preparedness has steadily decreased since then, the likely results of lack of a major hurricane affecting Florida coupled with the economic recession.*
- The economic downturn has a significant impact on Florida's culture of preparedness, as indicated by the 14.0% who considered dropping their insurance and 19.4% indicating the economic downturn has had a major effect on their ability to prepare.*
 - In 2010 only 6.2% considered dropping their insurance while 8% indicated the economic downturn had a major impact on their ability to prepare.*

MAJOR TRENDS

	2006	2007	2008	2009	2010	2011
Perception of vulnerability	46.1%	54.4%	57.9%	47.6%	43.1%	49.8%
Information access	87.1%	90.1%	95.1%	92.8%	92.2%	90.4%
Plan of action	85.0%	85.3%	89.3%	86.7%	77.6%	70.1%
Evacuate if ordered	27.5%	36.8%	43.0%	40.2%	37.2%	39.9%

The number of Floridians with a plan of action for what to do in case of a hurricane has decreased. This decrease may be the result of a combination of factors – the lack of a major hurricane landing in Florida and the economic strain many Floridians feel.

POPULATION AND HOUSING

- The population and number of housing units in the Tri-County area increased from 1990 to 2010.
- Miami Beach and the Village of Pinecrest decreased in population during the twenty year period (population decreases of 5.2% and 2.6% for Miami Beach and Pinecrest respectively).
- Homestead's population grew by 125.2% during the twenty years while its housing stock increased by 117.3% during that period.

Population and Housing Units	Population				Housing Units			
	1990	2010	Change	% Change	1990	2010	Change	% Change
Broward County	1,255,488	1,748,066	492,578	39.2%	628,660	810,388	181,728	28.9%
Miami-Dade County	1,937,094	2,496,435	559,341	28.9%	771,288	989,435	218,147	28.3%
Palm Beach County	863,518	1,320,134	456,616	52.9%	461,665	664,594	202,929	44.0%
Homestead	26,866	60,512	33,646	125.2%	10,775	23,419	12,644	117.3%
Miami	358,548	399,457	40,909	11.4%	144,165	183,994	39,829	27.6%
Miami Beach	92,639	87,779	(4,860)	-5.2%	62,413	67,499	5,086	8.1%
Pinecrest*	18,701	18,223	(478)	-2.6%	--	6,619	--	--

Note: The Village of Pinecrest was incorporated on March 12, 1996.

Source: U.S. Census Bureau, State & County QuickFacts, 2012; U.S. Census Bureau, 1990 Census of Population and Housing Florida; CIR Search, 2010

INSURANCE COVERAGE

- The majority of Floridians (55.6%) indicated their insurance premiums had increased over the previous year.
- Only 56.4% were aware of any discounts offered by their insurance company, down from 58.7% in 2010.
- While only 23.7% of respondents had their policy held by the state-owned insurance company Citizens, approximately two thirds (66.3%) were against the rate increase allowed in 2011.

HOMEOWNER INSURANCE IN SOUTH FLORIDA

- The percentage of households with homeowners insurance decreased dramatically from 2010 to 2011 in all 3 counties.

Survey Results Insurance by County	Broward		Miami-Dade		Palm Beach	
	2010	2011	2010	2011	2010	2011
Homeowners Insurance	83.3%	69.8%	67.0%	57.4%	84.6%	76.2%
Renters Insurance	5.6%	5.8%	4.5%	8.5%	4.6%	6.3%
None	11.1%	24.4%	28.5%	34.1%	10.8%	17.5%

Source: Metropolitan Center, 2010-2011

- The two main reasons for not having insurance were
 - Belief they do not need it
 - Economic hardships/unaffordable

INSURANCE COSTS

- Insurance Premiums continue to increase.

Average Premiums for \$150,000 Value Pre-2001 Construction				
County	Rate w/no wind mitigation		Rate w/max wind mitigation	
	2011	2012	2011	2012
Broward	\$4,900	\$6,615	\$2,240	\$2,481
Miami-Dade	\$4,900	\$5,554	\$2,765	\$3,127
Palm Beach	\$4,900	\$5,160	\$2,011	\$2,214

Source: CHOICES, Auto and Homeowners Rate Comparison System; Florida Office of Insurance Regulation, 2012

- Focus groups in Hollywood, Tampa, Jacksonville and Pensacola
 - Most expressed concern over increasing rates and depopulation of Citizens
 - Distrust of insurance companies, including Citizens: "I disagree with increasing the rates ...insurance companies should have planned for a rainy day."

HOMEOWNER INSURANCE COMPANIES IN FLORIDA

- Citizens still has the largest property insurance market share at 21.1%, down from 23.6% in 2012.
 - Decrease of approximately 156,000 policies from 2011.
- The next largest carrier, Universal Property & Casualty has less than half of that market share (8.9%), down from 9.5%.
- Citizens wrote the most new policies in 2012, 80,327 or 27.6% of total policies written in Florida.

RANK	INSURER	POLICIES	SHARE
1	CITIZENS PROPERTY INSURANCE CORPORATION	1,287,812	21.10%
2	UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY	542,882	8.90%
3	STATE FARM FLORIDA INSURANCE COMPANY	419,090	6.90%
4	SECURITY FIRST INSURANCE COMPANY	177,589	2.90%
5	ST. JOHNS INSURANCE COMPANY, INC.	175,535	2.90%
6	HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.	152,446	2.50%
7	AMERICAN INTEGRITY INSURANCE COMPANY OF FLORIDA	150,189	2.50%
8	FLORIDA PENINSULA INSURANCE COMPANY	139,721	2.30%
9	UNITED SERVICES AUTOMOBILE ASSOCIATION	135,964	2.20%
10	UNITED PROPERTY & CASUALTY INSURANCE COMPANY	117,233	1.90%
11	TOWER HILL PRIME INSURANCE COMPANY	113,624	1.90%
12	CASTLE KEY INDEMNITY COMPANY	113,344	1.90%
13	CASTLE KEY INSURANCE COMPANY	109,156	1.80%
14	AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA	104,489	1.70%
15	ASI ASSURANCE CORP.	101,480	1.70%
16	FLORIDA FAMILY INSURANCE COMPANY	96,190	1.60%
17	ASI PREFERRED INSURANCE CORP.	90,340	1.50%
18	TOWER HILL SIGNATURE INSURANCE COMPANY	77,533	1.30%
19	SOUTHERN FIDELITY INSURANCE COMPANY	75,124	1.20%
20	ARK ROYAL INSURANCE COMPANY	74,276	1.20%
21	CYPRESS PROPERTY & CASUALTY INSURANCE COMPANY	73,204	1.20%
22	UNIVERSAL INSURANCE COMPANY OF NORTH AMERICA	67,557	1.10%
23	AMERICAN STRATEGIC INSURANCE CORP.	66,481	1.10%
24	SOUTHERN FIDELITY PROPERTY & CASUALTY, INC.	64,381	1.10%
25	SOUTHERN OAK INSURANCE COMPANY	62,965	1.00%

Source: Quarterly Supplemental Report, Florida Office of Insurance Regulation, Updated 4/3/2013
Data are reported by each company to the Office and have not been audited.

CONCLUSIONS

- In 2006 and 2007, rising insurance rates motivated Floridians to improve their homes' resistance to hurricanes.
- The lure of lower insurance rates served as an incentive for some Floridians to take short-term action for what has always been perceived a long-term risk.
- My Safe Florida grants were effective in motivating Floridians to prepare their homes. However, not only were the majority of Floridians unaware of the My Safe Florida Home program, but the ones who had heard of it are unclear about its eligibility requirements and benefits.

CONCLUSIONS

- The lack of a major hurricane threatening Florida in recent years has eroded the “culture of preparedness” Floridians seemed to show in 2006 and 2007.
- While most Floridians are aware of the threat of hurricanes, many delay their preparations until the threat becomes imminent.
- The prolonged economic downturn has a significant negative effect on Floridians’ willingness and ability to spend resources on home preparedness.
- Moreover, more Floridians each year consider dropping their insurance.
- The resistance to increases in insurance premiums is gaining strength.

NEXT STEPS

Hurricane Resilience and Vulnerability in Florida's Coastal Communities

- exploring further the social vulnerability of coastal counties in Florida, linking population demographics and income to the social and economic costs associated with direct hurricane impact
 - Interviews with emergency management officials
 - vulnerability assessment tool applied to 10 coastal communities in Florida
 - hurricane poll to assess people's perception of vulnerability