

20 GOVERNOR BUSH: Kevin.

21 MR. McCARTY: Governor, retrofitting our
22 homes is an important part of our culture of
23 preparedness, and here with us today are two
24 spokespersons for the industry. Not all of the
25 industry is gnomes. We have two leaders of the

1 industry --

2 GOVERNOR BUSH: I'm talking reinsurance
3 gnomes, not direct insurers. They're not gnomes.

4 MR. McCARTY: Anyhow, we have with us today
5 the president of State Farm of Florida, Joe
6 Formusa, and also George Grawe, counsel with
7 Allstate Floridian. Gentlemen.

8 GOVERNOR BUSH: Good morning.

9 MR. FORMUSA: Good morning, Governor.
10 Obviously, all the things you said we back 100
11 percent. I think this idea of protecting our
12 homes against hurricane loss, of course, is
13 something we have to do. We have to increase
14 this conversion from old stock to new stock. And
15 the credits we're giving -- you saw an example
16 there, but they credits we're giving are not a
17 tiered approach, by the way. They go statewide,
18 and we've been doing that.

19 We support giving mitigation credits, and we

20 worked with the Office of Insurance Regulation,
21 and I commit even further to work with the Office
22 of Insurance Regulation to do whatever we can to
23 improve this program. I think that public
24 awareness is maybe one of the biggest hindrances
25 right now, and so I applaud this program. We've

64

1 got to get the word out and --

2 GOVERNOR BUSH: Is it possible -- I'm sorry,
3 but is it possible for you to take this
4 information and communicate directly with your
5 policyholders to be able to say this is -- you
6 know, here's how you can access this program?

7 MR. FORMUSA: Yes, we plan to. It's in
8 everyone's best interest to do it. And lowering
9 insurance premiums and, of course, reducing the
10 exposure to companies is good for the economy as
11 well.

12 GOVERNOR BUSH: Well, actually, the
13 reinsurance gnomes will be happy about it too.
14 It's just -- it's killing us.

15 MR. FORMUSA: As long as that wasn't a
16 height joke, I'm okay.

17 GOVERNOR BUSH: No, no. Remember, there's
18 an inverse relationship between height and
19 intelligence, so you're in good shape.

20 (Laughter.)

21 GOVERNOR BUSH: So you plan to directly
22 communicate with your policyholders about how

23 they can get the credits by -- for participating
24 either -- well, they can mitigate without us, but
25 obviously, it would be an easier way to do it.

65

1 MR. FORMUSA: I think we should work
2 together. I don't have any plan in place, but I
3 think that's a great idea and something, again,
4 that works for both of us.

5 CFO GALLAGHER: Well, one of the things they
6 do need to do --

7 GOVERNOR BUSH: Citizens, Allstate, and
8 State Farm, just three entities, make up how much
9 of the market now?

10 CFO GALLAGHER: Probably two-thirds of the
11 market.

12 MR. FORMUSA: More than two-thirds, that's
13 right.

14 CFO GALLAGHER: What they are doing is --
15 and there's a rule that we're going to be
16 adopting here where Kevin is going to require
17 more specific discounts as opposed to the huge
18 ranges that existed in the past, and so that's
19 going to be one thing that's real important,
20 because that's going to help the inspectors give
21 people a real number that they can save.

22 And the second thing I think that's
23 important is that all the companies have to work
24 with the inspectors so that they'll know exactly

25 what those dollars are for these seven criteria

66

1 when they're met. They'll be able to know
2 exactly what the savings will be on that policy,
3 and they'll get a report with that, and we have
4 to be able to work with the companies to get that
5 to them.

6 MR. FORMUSA: Governor, I would just like to
7 add that I live in Tampa, and I have the
8 hair-on-fire philosophy, and I'll spread it to
9 the rest of town. I'm working on that.

10 GOVERNOR BUSH: That's important. It really
11 is. You know, anytime I fly over Tampa or fly
12 into Tampa, I just see -- and my world, again, is
13 distorted by the experience of the last two
14 years, but the storm surge alone for Pinellas and
15 for Tampa is a serious issue, and it's really
16 essential that we're prepared.

17 CFO GALLAGHER: Well, that's the one thing
18 that you can't do a lot of mitigation about,
19 other than --

20 GOVERNOR BUSH: Water?

21 CFO GALLAGHER: -- have your house built
22 higher than the water is going to come. But
23 basically, you know, there's not much you can
24 mitigate on that. We're looking on the wind
25 side, really. All this program is wind.