

TESTIMONY BY IVAN ITKIN BEFORE THE HOUSE FINANCIAL SERVICES OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE

July 2, 2009

West Palm Beach City Center

401 Clematis Street

West Palm Beach, FL 33401

Good morning, members of the House Financial Services Oversight and Investigations Subcommittee. My name is Ivan Itkin. I live in a beach-front, hi-rise condominium building located at 3200 N. Ocean Blvd. in the city of Fort Lauderdale. The building is 29 stories tall with 220 residential units and shares the 10-acre property with a similarly-sized building.

The residents of the complex, like others in Florida, have great concerns over the availability of windstorm insurance. With respect to my particular building, the condominium association has had great difficulty getting private hurricane insurance. Because of the possibility of hurricanes in our area and their potential for causing significant and widespread damage, private property insurance companies are unwilling to insure against such outcomes.

Prior to the current policy year, we were able to obtain insurance from one carrier, QBE, which now refuses to insure our building unless impact glass is installed in all our windows and doors. Even installing hurricane shutters will not suffice, although the building was built to the code established just a few years ago.

As a consequence, we are forced to get insurance from the state-created insurer of last resort, Citizens Property Insurance Corp., which is severely under funded and which will require large annual premium increases over a number of years from its policyholders. The deductibles are so high, that even if there is a major loss there will be no recovery. For our building, the deductible is 5% of the building's appraised value of \$85,243,600 which requires a loss to exceed \$4.26 million before a single dollar can be recovered, even though our annual premium is \$339,090.

It is quite obvious to us that we are not adequately protected. We need another solution. We need a catastrophic insurance program like national flood insurance, a program that will provide protection against all naturally occurring catastrophes. I believe Congress needs to pass federal NATCAT legislation.

Thank you.