



NEWS NOTES

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President's Perspective



Mike Mele,
FSSA President,
Marcus &
Millichap

Insurance, Insurance,
Insurance...is there
anything else anyone

is talking about. As I write this article we are staring down yet another storm, waiting to see where it will land and how strong it will be when it gets here. This unfortunately is a fact of life in Florida. In 2004 we had five storms that totaled 20.9 billion in insurance claims. In 2005 we had five more severe storms that totaled \$9.3 billion in insurance claims and is most likely still climbing. Needless to say

this was a tough two years in all the Gulf States. With losses like that it is no wonder insurance companies have left Florida in droves.

The "insurance crisis" as it has become know has affected all of us in Florida. But those of us in the self storage industry have been hit extremely hard. While all types of real estate have seen large increases in premiums, many self storage owners have been dropped altogether and unable to find any wind insurance. I have been told by more than one insurance executive that "steel buildings with steel roofs" are not a favorite of underwriters and reinsurers. General liability and property insurance is easily obtainable, but wind insurance has become the real problem. If you haven't experienced it yet, be prepared to see your rates double, triple or even more. I know one owner whose rates went from \$133,000 to \$550,000 in one year.

So what is the FSSA doing to help its members through this crisis? We have

been very active in trying to find the best insurance options for our members. First we are in the process of investigating our own program to "self insure." The idea behind this is for us to keep rates reasonable while still offering wind coverage. By now you should have received your survey questionnaire and returned them. We will be meeting several companies who are experienced at facilitating these programs. We are also attempting to find a group rate through one large insurance company.

We have also become very proactive in contacting our elected officials letting them know where we stand. As you know we have an election this fall. We have retained a lobbyist and are meeting with candidates and representatives to further express our position that the state to come up with a solution so commercial property owners can get the affordable insurance they need to stay in business.

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What can you do to help? If you haven't joined the Florida Self Storage Association, now is the time. There is strength in numbers. When we meet with the gubernatorial candidates, we have a lot more clout when we can say we represent over 1000 members. Also having a large war chest for our political action committee helps as well.

In time this will all come to pass. Rates eventually came down after hurricane Andrew in 1992 and in California after the earthquakes. But don't expect them to ever be what they were last year. The Governor has already approved the re-formation of the Joint Underwriting Association (JUA) to offer some relief to commercial properties. Exactly how this we be structured and what the rates will be is not yet determined. Hopefully by the time you read this hurricane season will be behind us without a major storm and many of the insurance companies will have decided to reenter the state.

Yours in Storage,
Mike Mele

FSSA MISSION STATEMENT

“The mission of the Florida Self Storage Association is to ensure the stability and growth of the self-storage industry by providing a forum in which members may increase knowledge through educational opportunities, exchange information and promote an established unified voice.”

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