

Investor to help with Fla. hurricane claims

by *Palm-Beach-Post.com*

TALLAHASSEE — If a catastrophic storm hits Florida this year, investor Warren Buffett will be there to help out.

Under the agreement, if hurricane damage in the state reaches \$25 billion, Berkshire would buy bonds worth \$4 billion that the state would use to pay insurance claims. The state is on the hook for up to \$29 billion in hurricane damage this year.

The state Hurricane Catastrophe Fund, which would start paying claims once storm costs exceed \$7 billion, has about \$8 billion in cash, and fund managers believe they can tap another \$10 billion from the bond market. But the weak credit market has fund managers nervous about paying for the next \$11 billion. The agreement Wednesday secured backing for more than one third of that amount.

"The good news is we were able to get it accomplished before a storm hits Florida, which I hope doesn't happen this year," Crist said. "But, you know, we can't count on that. We have to hope for the best but expect the worst."

The State Board of Administration will pay for the deal out of its reserves, which reduces the amount the state has on hand to pay claims but also protects elected officials from having to ask for an increase in premiums.

State law requires certain costs from the catastrophe fund to be passed along to private insurers. Companies include those fees in premiums.

Attorney General Bill McCollum and Chief Financial Officer Alex Sink, both board trustees, were critical of the plan, although both ultimately voted for it.

McCollum called it a "bad deal," while Sink said she was "frustrated" the trustees had not addressed the issue until a month into hurricane season.

"We need to get into this fall and have some serious, serious policy discussions about the future and the viability of this exposure we've put into the fund," she said.

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