

# Leadership Strengthened Through Storms: An Interview with Governor Jeb Bush

*On November 29, 2018, the Florida Association for Insurance Reform, FAIR, hosted its Sixth Annual Awards Gala and Benefit. Former Florida Governor Bush delivered the keynote presentation to two hundred guests gathered to celebrate the accomplishments of FAIR. FAIR recognized Jeff Reamer, Southern Safe Construction, with its Founders Award and Paul Huszar, VetCor Services, with its Community Champion Award.*

*The honored speaker, Jeb Bush, is the 43rd governor of the State of Florida, serving from 1999 through 2007. During his two terms, Governor Bush championed major reform of government, in areas ranging from education and health care to civil service and tax reform. On matters pertinent to the insurance industry, Bush supported caps for medical malpractice litigation and launched a landmark Medicaid reform initiative. Governor Bush is also known for his leadership during two unprecedented back-to-back hurricane seasons, which brought eight hurricanes and four tropical storms to the state of Florida in less than two years.*

*The annual event benefits and supports the educational mission of the FAIR Foundation, a 501(c)3 non-profit organization dedicated to creating safer, more resilient communities through education mitigation, and reducing uninsured risk.*

**Joseph L. Petrelli:** Thank you for agreeing to speak with us this afternoon.

Long-term insurance solutions are achieved when everybody's involved in the process. How do you involve all stakeholders in a process of resolution?

**Governor Jeb Bush:** It's harder to reach consensus when we don't start with the premise that there's a shared set of facts. The first step is to re-establish that mindset. You will never reach consensus, between the left and right, or in the case of insurance — consumer versus company — until you've established what the facts are.

That's harder in the insurance world because insurance is pretty esoteric. The language used is different, the accounting principles are different. No one understands contingent liability, and we're living in the here and now. But

it's essential. I think now is a good time to be focusing on insurance issues in Florida because we've had a few storms and people are back to thinking about these things, like the importance of how you harden your home, how you access insurance and why building codes matter.

It's simple to understand when you go through damaged areas and you see previously beautiful homes effectively destroyed. In one neighborhood, the only house that survived was a Habitat for Humanity home built on a corner one year earlier, but after the building code was changed. It was a home for people at or near the poverty level, but it was sturdy and it survived.

So, when you go through these storms, people realize there are things we need to do. Now's the time to start establishing what the facts are, and the facts are that in Florida, with the changing climate and in a paradise-type environment — there is a price to pay. We need to think longer term and, as esoteric as insurance is, it's really vital when our long-term survival is at stake.

Our insurance needs to be robust, it needs to be deep, it needs to be market-driven and needs to provide incentives to the successful.

**JP:** What are some of the principles for furthering cooperation?

**JB:** First of all, it requires public leadership. I'm very optimistic about the future of our country, but I think the one thing that the states have that the federal government doesn't have is the requirement to balance a budget. That forces everyone, whether they like it or not, to come together.

The best policies are the ones where you get bipartisan support. The best policies are ones where you try to find a Nixon-in-China moment, where a leader says I want



Governor Jeb Bush with Demotech's Joseph L. Petrelli at the Florida Association for Insurance Reform Sixth Annual Gala and Benefit.



to do something that breaks the mold, gets outside of the conventional wisdom, to forge consensus. It was a long time ago, but when I was governor, I tried to find ways to find someone who didn't look like me or think like me but who agreed with me on a particular issue to be a partner on that issue. Restoring that would be really useful.

**JP:** Florida is the 19th largest economy in world, correct?

**JB:** It's a growing place, with 1000 people coming here daily, the highest number of people moving into a state. Historically, we've had the third or fourth highest number of people leaving, and a high birth and death rate. We have this big, dynamic, churning place that is exciting. Other places may be more stable, but they're not as dynamic. All that churning creates a dynamism that's pretty exciting and if you were looking at Florida as Florida, Inc, you would say: "What are the things we need to do better?"

I would say, we need to build capacity for the next generation of Floridians, so they can take advantage of the jobs that don't exist today but will be the important jobs of the future. Dealing with the downside of living in Florida — the uncertainties, such as the eight hurricanes and four tropical storms in 16 months (in 2004-2005) that are etched into my

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soul. You don't experience that in a leadership position and forget it. Too many policymakers and people in our state have forgotten. That's the biggest deterrent. The climate is changing, irrespective of what your views are on climate change, and how much impact man has on it. Florida will be on the vanguard of that and we will have to adapt and make long-term infrastructure decisions to be able to protect our quality of life, including our water and our environment. To me, these things comprise the biggest opportunity to ensure our sustained and improving quality of life.

We have all these advantages, but we have to invest long-term to protect, to make sure we're ready to grow but also to ensure we have a robust insurance market. People don't get it. We will make real estate growth impossible if we socialize all the risks and create massive uncertainty.

**JP:** In terms of leadership, balancing cooperation of team members and still having those team members compete with one another to make them better is tricky. How do you do it?



From left - Joseph L. Petrelli and Sharon Romano Petrelli of Demotech with Governor Jeb Bush at the Florida Association for Insurance Reform Sixth Annual Gala and Benefit.

**JB:** I lean more towards competition and less toward 'kum ba yah.' That doesn't mean you can't find consensus and cooperation, but if we merely accept incremental change or the status quo, we're not going to get where we need to be. To break through, you need to be creative, you need to find common ground. So, let a thousand flowers bloom, let the best ideas emerge, and let people steal those ideas and make them even better.

The Founders envisioned that as the way it's supposed to work. The Federal system works pretty well. Whether it's health or property insurance — when we had 100 million people living in our country, the property liability issues were significantly less than when we have 330 million, where we aggregate all in the same place, where disasters seem to happen more often.

Think about Sandy. That storm — the damages were tens of billions, and that's going to happen more often than not when you have these communities where property values are high, where insurance is politicized and not market-driven, where the infrastructure is depleted and running down, and everybody's like "what, me worry?" These costs are going to create dramatic consequences, and if we do nothing, we socialize that risk. We outsource our lack of responsibility for our own future to the government. The United States already has about a 60 trillion-dollar net present value cost with the unfunded liabilities of Social Security, Medicaid, Medicare, Obamacare, Freddie, Fannie, all the loan programs the government has. All that totals 60 trillion dollars — three times our national economy.

You want to socialize the insurance risk? Flood insurance for sure. Or wait for the big earthquake to happen. This is ridiculous. When a country like ours, the greatest country on the face of the earth, is so focused on the here-and-now, we're going to pay a heavy price later. Whatever the path that takes us toward being less focused on immediate

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gratification and more focused on the long-term, that can allow us to remain the greatest country on the face of the earth, I'm all for it.

**JP:** Any public projects you're involved with that our readers should get behind and would benefit from hearing about?

**JB:** The main thing I'm involved with outside my business is the Foundation for Excellence in Education. In fact, we're having our annual summit next week in Washington, D.C. We do it outside of Washington one year and, after the election, in D.C. the next year. We'll have 1100 education reformers talking about how you create a more dynamic, innovative education system.

This is a place where Florida is one of the leaders, and why I'm pleased that Ron DeSantis got elected. Because his opponent, as dynamic and interesting and charismatic as he appeared to be as a candidate, would have gone back to the old way which would have made it, ironically, harder for many of the people who voted for him. Their children would not have had a chance to rise up.

So, we focus on school choice, robust accountability, harnessing technology, a lot of things trying to transform our education system to the 21<sup>st</sup> century. Our country is lagging way behind other countries in this regard, we have these 20<sup>th</sup> century institutions that need to be as dynamic as the rest of us to deal with all the competition and globalism opportunities and too

many students are not gaining the power of knowledge. So I spend a lot of time on that.

**JP:** A few questions, just for fun. What is your favorite comfort food?

**JB:** Tacos el carbon – beef tacos.

**JP:** What is a good book you would recommend?

**JB:** I'm reading a phenomenal book right now — a book by Hans Roland titled "Factfulness." He deals with this pressing problem: there is a universe of facts that are real. You can't argue about them, and yet people ignore them. His point is that human progress has been incredible over the last 40, 60, 100, 200 years. However you measure it, this is the most extraordinary time to be alive. Those are facts, not opinions.

Also, I just finished "Them" by Ben Sass. Another good book is "Bad Blood" by John Carreyrou, which was the book about the Wall Street Journal and the woman who founded Theranos, which was a multibillion-dollar biotech fraud. It's an amazing story.

**JP:** What is your favorite movie?

**JB:** The Mel Gibson movie "Braveheart." I watch that once a year.

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