

## [Crist close to decision on property insurance bill](http://www.insuranceheadlines.com/Homeowners/5975.html)

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TALLAHASSEE — Both supporters and opponents of a bill that would partially deregulate Florida’s property insurance market are fiercely lobbying Gov. Charlie Crist as he nears a decision about whether to sign the bill or follow his apparent instinct to veto it.

Crist formally received the bill late last week and has until June 27 to decide. But he has for weeks signaled his distaste for House Bill 1171, sponsored by Rep. Bill Proctor, R-St. Augustine.

“One of the things that I don’t want to see happen is an unfettered opportunity to raise property insurance rates,” Crist said earlier this month. “ ... I’m looking at it with a jaundiced eye.”

Crist has long been wary of higher rates.

State Farm announced this year it intended to pull out of the property insurance market following state regulators’ decision to deny it a rate increase that would have averaged 47 percent statewide. The governor then suggested Floridians “would be much better off” without the company.

Despite those signals, Proctor said Wednesday he’s optimistic the governor will approve the measure. He pointed to widespread endorsements of the bill from the Legislative Black Caucus, Senate Democratic Leader Al Lawson, Florida Chamber of Commerce, Florida Bankers Association and other groups.

“I think we’ve mustered all the support you can muster, and I hope the governor will consider this,” Proctor said.

The measure would allow insurance companies with large reserves to

charge rates that would be all but free of rate controls by the Office of Insurance Regulation. The agency could only order a rate change if it believes the rates are too low to keep the company financially healthy. Proctor said the bill simply gives property owners a choice of whether to pay higher, unregulated rates for what he said is more reliable insurance or lower rates with companies who might not be able to cover their claims if a major storm hits.

“Nobody’s required to buy it,” he said. “If the rates are too high, they can go somewhere else.”

The idea of stripping some of OIR’s powers gained steam in the wake of State Farm’s announcement that it would exit the state within two years. Lawmakers sharply questioned Insurance Commissioner Kevin McCarty and other officials from his department about the decision to reject State Farm’s request.

In a letter to Crist dated May 14, McCarty urged the governor to veto the measure.

“The result will likely be significant and unpredictable rate increases that, during these difficult economic times, people can simply not afford,” McCarty wrote.

He also said the bill would put smaller, Florida-based companies — who also oppose the bill — at a disadvantage.

“Moreover, State Farm is overexposed in the homeowners market and will likely not offer coverage to many of its policyholders irrespective of its freedom to charge an excessive rate,” he wrote. “In fact, State Farm and other companies may actually use excessive rates to effectively non-renew policyholders under the ruse of consumer choice.”

Michael Grimes, a spokesman for State Farm’s Florida subsidiary, said it’s too early to tell whether the company would decide to stay in the state if Crist signs the measure.

“The bill is clearly a step in the right direction,” he said.

“Obviously, if the bill is allowed to become law, how the new law is implemented and interpreted would be critical.”