

Crist Signals Opposition To ‘Consumer Choice’ Bill

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Florida Gov. Charlie Crist yesterday indicated he may veto the “Consumer Choice” bill that would eliminate rate restrictions on some home insurance.

The governor said an unregulated insurance industry would be unfair to consumers.

His comments came as controversy mounted over the measure and the bill’s sponsor called the state insurance commissioner “duplicitous” in voicing opposition to the legislation.

Provisions of the bill, HB1171, would allow some insurers to charge rates above those approved by the Office of Insurance Regulation provided they have a surplus of at least \$200 million and a ratio of net written premium to its surplus of no more than two to one.

During a press conference yesterday, Gov. Crist said he believes regulation is important for both the state and Florida consumers. “To have that industry unregulated in essence is not something that is appealing to me nor is it fair to the customer,” he said.

Consumer groups also protested HB1171 during a press conference held yesterday.

Walter Dartland, executive director, Consumer Federation of the Southeast, said he estimated around 30 insurance companies will be able to change rates at will, creating an unlevel playing field for the state’s smaller domestic companies. He called the measure a bailout for the larger insurers such as State Farm.

“This should be a no-brainer veto,” he said.

He added that if State Farm is unsatisfied with its disapproved rate filing, it should re-file and prove its case.

Brad Ashwell, legislative advocate, Florida Public Interest Research Group, said the bill would lead to unpredictable insurance rates, and allow big companies to cherry pick risks. He said people could be lured to the companies by lower rates, and then see their prices subsequently raised.

Earlier this month, Gov. Crist received a letter from Insurance Commissioner Kevin McCarty asking him to veto HB1171.

The commissioner’s letter sparked a strong reaction from bill sponsor State Senator Michael S. Bennett, R-Bradenton, who wrote to Commissioner McCarty that the bill was crafted with input and guidance from the Office of Insurance Regulation (OIR). He also said the OIR was outspoken in its neutrality on the bill.

Sen. Bennett said in the letter he was then “ambushed by a press release from [OIR] opposing the bill.” After expressing his displeasure, Sen. Bennett said Commissioner McCarty agreed to withdraw the press release, and told Sen. Bennett in a subsequent meeting that he would not oppose the bill and would not ask the governor to veto it.

“To my dismay,” Sen. Bennett wrote, “I received an email copy of a letter from you to Governor Crist, essentially asking the governor to veto House Bill 1171.”

Sen. Bennett also wrote a letter to Gov. Crist requesting the resignation of Commissioner McCarty, calling him “duplicitous and untrustworthy.”

Ed Domansky, spokesman for the OIR, said Commissioner McCarty has been in public service for over 20 years, and stands behind his record of service to the people of Florida.

While he did not speak specifically to any of Sen. Bennett’s allegations, Mr. Domansky said McCarty’s letter to Gov. Crist contained comments that were consistent with testimony by OIR officials to the legislature.

Gov. Crist expressed his confidence in Commissioner McCarty following Sen. Bennett's letter, said a spokesman for the governor.