

Fight heats up over bill to allow property insurers to raise rates on their own

The fight is heating up against legislation that would allow large property insurers to raise rates without state approval.

Eight consumer groups including the Consumer Federation of the Southeast and the Florida Public Interest Research Group have implored Gov. Charlie Crist to veto the bill passed by the Legislature earlier this month.

“This amounts to another bailout this time for major insurance companies as they attempt to cherry pick the market by pricing their way out of the areas they don’t want to serve,” said Consumer Federation Director Walter Dartland in a statement issued Wednesday.

Crist has expressed concerns about the legislation. In the past two years, he supported laws that aimed to hold insurers accountable and lower home insurance rates. Such rates had skyrocketed after the hurricane seasons of 2004 and 2005.

“To have that industry unregulated in essence is not something that is appealing to me, nor is it fair to the customer,” Crist said Wednesday. Crist, who this month announced plans to run for a U.S. Senate seat, also has yet to make a decision about whether to sign a broad property insurance measure. That legislation would allow Citizens Property Insurance to increase policyholder premiums by as much as 10 percent a year and speed the process for private insurers to pass certain backup coverage costs to consumers.

Consumer groups are divided on it; some say it’s needed to reduce financial risks for all Floridians if a major hurricane strikes. Others say the recession is the wrong time to increase rates.

Proponents of the deregulation bill say it would help attract large insurers that dropped policies in Florida in recent years. Rep. Bill Proctor, R-St. Augustine, said the bill would give consumers the option of paying more for coverage from a larger, more experienced insurer. State Farm announced earlier this year that it plans to leave Florida's property insurance market. Regulators and an administrative law judge had rejected its request to increase rates by as much as 67 percent. About 120 companies could sell unregulated policies under the bill, according to the Office of Insurance Regulation. The office still could reject rates if they are calculated illegally.

Opponents, including many Florida-based insurers, say the deregulation bill would punish companies that filled the gap when major insurers starting shedding policies.

"We need more smaller insurers competing, not fewer large insurers who dominate and can basically hold us hostage and charge any rate they want," said Brad Ashwell, a legislative advocate with Florida Public Interest Research Group.

Consumer groups opposed to the bill include the Florida Consumer Action Network, Consumer Watchdog, the Center for Economic Justice, United Policyholders, Insured's Public Action Coalition and Floridians In Action.