

# Property insurance bill goes to Crist

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TALLAHASSEE — Floridians burdened by high hurricane insurance costs will find little relief this year from the Legislature.

Unlike a year ago, when the Legislature passed reforms it promised would reduce rates by 25 percent -- but in many cases did not -- there was no boasting of rollbacks in the property insurance bill approved Thursday. One leading senator mustered the enthusiasm to describe it as "definitely better than nothing."

The bill, which passed 117-0 in the House and 33-5 in the Senate, now goes for final approval to Gov. Charlie Crist, who has indicated he will sign it.

It would force Citizens Property Insurance, the state-run company that has become the largest residential insurer in the Florida, to freeze its rates until 2010.

But nothing in the bill suggests it will reduce hurricane insurance premiums for Citizens or private companies, despite widespread agreement that high insurance costs are one of the biggest economic threats facing Florida.

Nor does the legislation significantly reduce the risk taken by taxpayers. Critics continue to warn that the state's over-reliance on Citizens could ultimately lead to costly insurance assessments for all Floridians if the fund runs into the red after a major hurricane.

The bill continues to limit Citizens to selling "wind only" policies in coastal areas more prone to storm damage.

That was a win for the insurers who will still be able to sell more lucrative lines -- such as theft or fire -- to Citizens customers in some of the state's most heavily populated regions, while avoiding the potential risk of the windstorm coverage.

Sen. Jeff Atwater, R-North Palm Beach, called the bill "a very, very strong consumer-driven bill."

But the bill clearly did not go as far as some senators wanted after holding an unprecedented series of public hearings earlier this year where they had insurance executives testify under oath.

For example, the bill does not contain a Senate-backed provision to hold the insurance companies accountable under antitrust laws.

"The bill is definitely better than nothing," said Sen. Steve Geller, D-Cooper City. "But we did not get nearly as much as I would have liked out of it."

Kevin McCarty, the state insurance commissioner whose office oversees rate regulation, said "significant consumer safeguards" were maintained in the final agreement and he specifically praised Atwater, who is slated to become Senate president later this year, for his work.

In addition to banning arbitration panels, McCarty said consumers would benefit from another provision that prevents insurance companies from raising their rates and then asking state regulators to approve them. The use of so-called "use and file" rates will be banned until January 2010.

In the House, Rep. Dennis Ross, R-Lakeland, said the final bill did curb some of the Senate's original regulatory proposals, while offering some incentives to private insurers to return to the Florida market.

Ross said the most significant incentives are the provisions calling for greater "transparency" in the state's rate-regulating decisions.

He also said the legislation calls for quicker decisions on rate filings, which now can take years to resolve.

"This bill represents some very small steps in the right direction to bring back a market," Ross said. "It's probably the best we can do at this point."

Ross, who has been critical of Citizens' ability to pay claims with its current rates, said he agreed with the decision to continue to freeze the state insurer's rate, saying it would be too much of a "sticker shock" for consumers if lawmakers allowed higher rates at this time.

Insurance industry officials criticized the legislation, saying the increased regulatory efforts did not address the fundamental problem of Citizens and the state's hurricane catastrophe fund, which provides backup insurance to the private market, being able to pay all the claims if the state is hit by a major storm.

"If we have a hurricane, Citizens and the Cat fund are going to have trouble timely raising the money they need to pay the claims," said Sam Miller, a spokesman for the Florida Insurance Council. "That's a crisis. I don't know what regulatory crisis exists to pass this bill."

Miller also said the legislation increases Citizens' exposure in major storms by removing a requirement that was to take effect in January that would have required Citizens-insured homes built within 2,500 feet of the coast to meet a special "Code Plus" building code.

The bill only requires that the homes meet the standard Florida building code.

"If you can build an ocean-view house, why should you not be required to build it as well as you can build it to qualify for state-subsidized coverage?" Miller asked.