

Insurance bill prompts public sparring

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A war of words is raging as vocal and experienced combatants in the battle over property insurance laws attempt to sway Gov. Rick Scott their way on a bill the industry says it needs but critics contend goes too far.

On Monday, Sen. Garrett Richter, R-Naples and sponsor of the Senate's property insurance rewrite (SB 408) returned fire for a series of op-ed pieces penned by New Port Richey Republican Mike Fasano that ran over the weekend and urged Scott to veto the bill, which Fasano said is little more than an industry wish list paid for by policyholders who have nowhere else to go.

Calling Fasano's statements on the bill "false" and politically expedient, Richter said he's confident Scott will sign the measure, which contains some changes approved by lawmakers last year but was vetoed by Gov. Charlie Crist.

"I cannot simply sit back and watch from the sidelines as a 17-year career politician mischaracterizes and demonizes badly needed public policy reform," Richter said in an open letter in response to pieces submitted by Fasano and published in the Sarasota and Tampa Bay areas.

Fasano told the New Service on Monday he opposes the bill for the same reasons he cited during lengthy debate during the session's final days. The bill, he says, is an industry backed measure that will place an

undue burden on policyholders who he believes will end up paying more for less and will force many homeowners into the state-backed Citizens Property Insurance Corp.

In particular, Fasano blasted changes made to sinkhole coverage requirements that will allow insurers to limit payouts on claims and require homeowners to have repair work done once a claim is paid, rather than pocketing the money.

The sinkhole provisions were among a handful of changes that Fasano fought against during committee hearings and on the floor, where he questioned the need for such sweeping reform.

The proposal allows insurers to raise costs for reinsurance up to 15 percent over and above proposed rate hikes they seek from the Office of Insurance Regulation. The plan also allows insurers to withhold total replacement cost payments in certain situations until the policyholder provides proof the repairs are being made or the items replaced. Fasano said the reinsurance provisions were especially onerous as there will be less public debate before OIR is required to rule.

"As long as the insurance company crosses its 'T's' and dots its 'I's,' they are going to be able to raise their rates," Fasano said. "...The bill allows them to raise rates even if they are buying insurance from themselves."
"

Richter, chairman of the Senate Banking and Insurance Committee, acknowledged the bill requires lawmakers to make some hard choices to reduce risk for insurers. The failure of previous efforts, including a veto last summer of SB 2044, have made the choices even harder as another year went by without needed changes.

"We arrived at this current situation and need for reform due to career politicians looking for sound bites and poll numbers instead of trying to understand the complex issues necessary to make truly sound decisions about insurance reform," Richter said.

Lawmakers on Wednesday sent the bill to Scott, who has 15 days to take action on it. But groups with an interest in the fight are making their opinions heard. Backing Fasano's effort to get a veto is a Sean Shaw, a former OIR consumer advocate now employed by Merlin Group, a Tampa-based law firm that specializes in suing insurance companies.

"The Legislature bowed to insurance lobbyists, which is nothing new, so now the only thing standing between rate hikes and consumers is Gov. Rick Scott," Shaw said in a statement. "He should do the right thing and veto this bill."

The Florida Chamber of Commerce on Monday said passage of the measure was one of the organization's top priorities for the 2011 session.

"Reforming insurance regulation will ensure that when a catastrophic storm strikes our state that the insurance market will be stable and secure," David Hart, executive vice president for the Florida Chamber, said in a statement