

Scott signs sweeping home insurance bill

By Julie Patel May 17, 2011 04:22 PM

A [sweeping property insurance bill](#) that will allow certain rate hikes and shorten the time policyholders have to file claims was signed Tuesday by Gov. Rick Scott.

Insurance Commission Kevin McCarty commended the governor for the action: "This bill focuses on addressing cost drivers in the system and will yield long-term benefits for Florida by stabilizing the property insurance market and attracting new capital investment to our state."

Supporters say the new law will help strengthen the state's property insurance market and draw new insurers. Opponents say the measure takes away some key rights from policyholders with claims and allows insurers to raise rates for reinsurance costs by up to 15 percent a year.

"The solution to Florida's hurricane problem is a private one, not a government one," said Michael Carlson, executive director of an insurance trade group that includes Allstate, State Farm and Progressive.

The new law makes more than 20 changes. Among other things, it will:

Allow insurers to raise premiums by up to 15 percent a year for reinsurance costs, including a profit margin on the costs, without the normal oversight required for rate hikes;

Shorten the time policyholders have to file claims to two years for sinkhole claims and three years for hurricane claims, from the current five years;

Allow insurers to withhold full payment for home damage claims until the work is performed and expenses incurred, except for homes that are destroyed;

Require policyholders to pay up to half of the cost of testing for sinkholes if the insurer denies the claim and its engineer determines there is no sinkhole;

Allow insurers to require an inspection of a property before issuing coverage for sinkholes;

Allow insurers to drop sinkhole coverage for anything other than the main building on a property;

Prevent regulators from urging insurers to charge policyholders less for advertising and agent commissions;

Require Citizens Property Insurance to hire an outside consultant to examine whether the state-run insurer could save money and do a better job if it shifted some work done by full-time employees to contractors;

Require new home insurance companies to have \$15 million in reserves starting this year and existing insurers to have \$15 million by 2021, with some exceptions;

Bar public insurance adjusters, hired by policyholders in claims disputes with insurers, from advertising with logos that resemble those of a government agency or saying there is "no risk" to a policyholder by filing a claim;

Prohibit public adjusters from charging more than 10 percent of the portion of a claims payment they help recover for Citizens policyholders;

Require public adjusters to provide a copy of their contracts with policyholders to insurers;

Allow insurers that offer policies covering both a home and vehicle to drop coverage if they warn policyholders at least 90 days in advance, a perk intended to draw an unnamed insurer to the state; and

Clarify gray areas of state law to say the Legislature intends to reduce disputes and litigation from sinkhole claims, a standard that might be applied to pending claims disputes.

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