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## Southeast News

**BREAKING STORY**

# Florida Gov. Crist Vetoes 'State Farm' Insurance Rate Deregulation Bill

June 24, 2009

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Siding with domestic insurers, consumer groups and the state insurance regulator, Florida Gov. Charlie Crist today vetoed a bill designed to keep State Farm from leaving and attract other large insurers to the state by deregulating their rates.

Crist said the bill (HB1171) to remove state review of rates charged by large insurers would have created "significant and unpredictable" rate increases. He said the bill would give large insurance companies leeway to cherry pick and redline without protecting consumers. He also said it would harm consumers and investors of some 40 small domestic insurers that have sprouted up the past few years. The rates of these insurers would not have been deregulated.

Crist, who is running for the Senate, sided with Insurance Commissioner Kevin McCarty, who now regulates rates and who opposed the measure as unfair to smaller Florida insurers whose rates would remain regulated. Crist commended McCarty in his [veto message](#).

He also pleased smaller [domestic insurers that opposed the bill as "dangerous"](#) for consumers and the marketplace..

But he disappointed national insurance company trade groups, the state Chamber of Commerce and fellow Republicans including state Rep. Bill Proctor and Sen. Michael Bennett, who sponsored the measure partly as a way for the state to let consumers stick with large carriers including State Farm, which has announced [plans to withdraw](#).

State Farm this week said it might be [willing to reconsider its decision to leave the state](#) if Crist approved the bill.

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While proponents of HB1171 said it would help build a more competitive insurance marketplace, Crist said it would actually disrupt that effort.

The bill "allows certain insurers the ability to collect unregulated insurance premiums and then leave the marketplace with Florida's hardworking families' earnings," Crist said in his statement.

The bill's disappointed sponsors, Rep. Proctor and Sen. Bennett, indicated they might seek a two-thirds vote override of the veto of the bill, which passed the Senate by a vote of 27 to 9 and the House 105 to 13 before dying on Crist's desk.

"Governor Crist was clearly within his constitutional authority to veto the bill, and we respect that authority. However, the Legislature has constitutional authority too, and we are examining and exploring all of our options," the two said in a joint statement.

The lawmakers called the veto "a loss" for Florida's consumers because it "would have allowed consumers to decide for themselves - rather than having the state decide for them - whether they want to pay a market-based rate to have their home insured by a large, financially-strong private insurer who they know and trust."

They maintained that the bill included "very strong consumer disclosures and protections - anyone who bought a consumer choice policy would do so because they want one."

A group of domestic insurers calling themselves the Florida Property and Casualty Association applauded the veto. "At a time when insurance rates have stabilized and at a time of economic uncertainty for many people, this bill would have further diminished affordable choices for Floridians and would have eventually dumped more policies into the state-run insurance program Citizens," the group said in a statement.

Robert Hunter, of the Consumer Federation of America (CFA), praised Crist, saying he did "the right thing" in vetoing the bill. "This legislation would have let insurance companies raise home insurance prices at will in Florida's uncompetitive insurance marketplace. This bill was an invitation to insurers to game the Florida regulatory system and abuse consumers," Hunter said. "No insurance rates could have been found to be too high, no form of discrimination could be found to be unfair if a policy is issued under the terms allowed by the legislation. The state insurance department would only have been allowed to require that rates be raised, not lowered."

Cecil Pearce, Southeast region vice president for the American Insurance Association, expressed his insurers' disappointment, calling the veto an "opportunity lost for Florida - an opportunity to provide a modest, market-based alternative to Florida's over-regulated property insurance market that has been in short supply in recent years."

But he put a positive spin on it as well. "Florida needs to attract billions of dollars in private capital from outside its borders if it's to have a competitive property insurance market that can provide the choices consumers need; capital that will be critical to creating the environment for Florida's future economic growth once the recession ends. This type of legislation -- although vetoed this year -- is a positive sign that many of Florida's policymakers understand that imperative; AIA hopes that Florida's governor will ultimately join their ranks," Pearce said.