

INSURERS PUSH RETURN OF DE-REG BILL, EYE SPECIAL SESSION OPPORTUNITY

By DAVID ROYSE
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THE CAPITAL, TALLAHASSEE, Aug. 26, 2009.....Property insurers are eagerly eyeing the possibility that a new Seminole gaming compact could require a special session because it would give them the opportunity to again pass legislation to allow for property insurance rate increases without state regulatory approval.

Insurance industry lobbyist Mark Delegal, who represents State Farm and other insurance companies, said Wednesday that bringing back the insurance deregulation bill – which passed last session but was vetoed by Gov. Charlie Crist – is definitely being explored by the industry.

“If there's a special session, we would be pursuing legislation that is the same as or similar to HB 1171,” Delegal said.

Last session's HB 1171 would have allowed certain large, well-capitalized insurance companies to raise rates outside of the regulatory framework. It was an effort to appease companies that say they can't make money in Florida – including State Farm, which is trying to pull out of the property insurance market here because regulators won't allow it to raise rates to what it says it needs to charge to remain viable.

The legislation, sponsored last session by Rep. Bill Proctor, passed the House overwhelmingly – 105-13 – and passed the Senate 27-9. Those numbers give backers of the legislation hope that a veto override would be possible if lawmakers return.

Proctor said Wednesday in an interview that he had already filed the same legislation for next session, and acknowledged interest in the possibility of bringing it back earlier should there be a special session.

He said, however, that a revised bill – one that might allow more companies to raise rates without regulatory approval than would have been eligible under last year's legislation – is more likely than overriding Crist's veto to pass the same bill.

“Any override, of course, is a leadership call and that's above my pay grade,” Proctor, R-St. Augustine, told the News Service.

Proctor also cautioned that it's not a guarantee that backers of the legislation would be able to get the issue added to a call for a special session, the primary purpose of which would be dealing with Indian gaming.

“That would be an addition to the agenda,” Proctor noted, adding wryly, “I don't think the governor would be putting that in the call.”

Crist has long been a thorn in the side of the property insurance industry, and ran for governor in large part on a platform of lowering insurance rates.

Another obstacle for the industry in trying to raise rates to what it says is an actuarially sound level has been Insurance Commissioner Kevin McCarty. McCarty and legislators have sparred over how much private insurance is actually available to customers in Florida. Many Republican legislators say they fear if rates are over-regulated, more companies will do as State Farm is trying to do – and Allstate has already done: pull back from writing policies here.

That leaves every other insurance customer in the state, and possibly taxpayers, on the hook for claims in the event of a big hurricane.

McCarty's spokesman, Tom Zutell, said the commissioner doesn't usually comment on pending legislation, much less legislation that may or may not appear in a special session that isn't a certainty. But he said McCarty is “more than happy to participate” in discussions with lawmakers about the pros and cons of the deregulation legislation, which he was against last year.

Even if there's not a special session, Proctor said he'll push the idea again this year, and hopes to get Senate sponsor Mike Bennett, R-Bradenton, to go along with expanding the proposal.

“I'm going to ... frankly make it open to more companies if my companion will agree to that,” Proctor said. How, exactly, that would happen – whether it would be to remove any capitalization limit or simply lower the threshold – is still open to debate, he said.

While backers of the proposal say they would have the votes for a veto override based on last year's vote, both opponents and supporters acknowledge that some lawmakers have changed their mind on the issue since then, though those doing the vote counting declined to name names Wednesday.

State officials and representatives from the Seminole Tribe have been meeting in Tallahassee the past few days to discuss a deal that would give the state a cut of the tribe's gaming proceeds.

The Legislature earlier this year approved a deal that would permit banked card games such as blackjack and baccarat at Seminole casinos in Broward and Hillsborough counties, but not at the tribe's five other facilities. It would give the tribe exclusive rights to class three slot machines outside of Miami-Dade and Broward counties.

The legislation directed Gov. Charlie Crist to negotiate with the tribe under these terms. But the Legislature would have to approve any final deal between the state and the tribe – leading to speculation that a deal thought by some to be imminent could mean there would be a need for a special session.

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