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## State insurance industry gets an F-

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BRADENTON — Florida gets a failing grade when it comes to open market competition among insurers and over government regulation, according to a report card rating the nation's insurance industry.

The report card issued by the Competitive Institute and The Heartland Institute gave Florida an F minus, a grade that didn't surprise local insurers and politicians who say the poor ranking points to a need for Gov. Charlie Crist to sign a bill aimed at deregulating rates. Florida House Bill 1171, presented to Crist last week for his signature, would allow insurers to use rates

higher than those previously approved and prohibits consideration of certain issues when determining rates.

"It doesn't surprise me that we received an F minus," said Sen. Mike Bennett Tuesday. "If there was a lower grade offered I think we would have gotten that. We have literally overregulated and mismanaged insurance in the state of Florida for years."

Supporters of HR 1171 say it would be a major step in correcting Florida's state insurance regulations.

However, small property insurers say the bill would create an unbalanced and fragmented approach to rate deregulation.

The Florida Property & Casualty Association wrote a letter to Crist stating large insurers could raise rates in areas where they don't want to write business and smaller insurers would be restricted from competing in an open market.

Florida got low scores for its state-run Citizens Property Insurance Corp., which limits insurance rates to Citizens' rates plus 15 percent, according to the report. Florida's burdensome regulations force most insurers to withdraw or cutback policy writing in the Florida market, the report said.

State Farm agent Wayne Scroggins, and a columnist for the Bradenton Herald, wrote in a column Thursday that the main problem with the state's insurance industry is a lack of competition.

"If we would allow free market competition, the major carriers would all return to this state and rates would eventually go down because of the added competition," Scroggins wrote Thursday.

Rep. Ron Reagan, R-Bradenton, said to encourage competition in Florida's insurance market, the state needs to ease its regulations. Reagan started the E. W. Smith Insurance Agency in Bradenton and is the past president of the Manatee County Independent Insurance Agents Association.

"If in fact we want to encourage new competition we need to not be burdensome when it comes to form filings, rate filings, and be fair, adequate and expedite rate filings and encourage capitalism," Reagan said. "It doesn't surprise me Florida got an F minus when it comes to regulation. We overindulge ourselves in needless regulation. Hopefully we can correct that in the future and encourage other national carriers to come to the state."

Andy Gregory, with DesChamps & Gregory in Bradenton, said fewer regulations are the key to improving Florida's score.

"They need to begin the deregulation process and that starts in Tallahassee with an appetite and belief that the free enterprise system does and will work. With a change in governor we might see a change in insurance values in the state," Gregory said.