

The following articles are referenced in a Blog posted June 2, 2011; titled: "Lower Insurance Rates-- How's It Working Out So Far?". It was prompted by a Quinnipiac poll which stated that 59% of Floridians want more regulation of insurance and which generated other articles by the industry and St. Pete Times reporter, Robert Trigaux. The poll, its release documents, the two articles by Robert Trigaux and an article by William Stander with PCI are reproduced here in their entirety to provide context to my blog and, to give readers the un-edited background that gave rise to the opinions expressed in it. I did not contact the authors, assist with, or contribute to their publications in any way. SJ-Johnson Strategies, LLC

May 25, 2011 - Florida Voters Turn Thumbs Down On Gov. Scott 2-1, Quinnipiac University Poll Finds; Voters Say Property Insurance Is Getting Worse

[Word format](#)

Florida voters disapprove 57 - 29 percent of the job Gov. Rick Scott is doing, the worst score of any governor in the states surveyed by Quinnipiac University and down from a 48 - 35 percent disapproval in an April 6 survey, according to a Quinnipiac University poll released today.

The state's new budget is unfair to people like them, voters tell the independent Quinnipiac (KWIN-uh-pe-ack) University poll 54 - 29 percent. Gov. Scott and the State Legislature are equally responsible for the budget, 68 percent of voters say. The legislature's job approval rating is nearly identical to that of the governor, as voters disapprove 56 - 27 percent, compared to 47 - 35 percent disapproval in April.

Despite the new property insurance law signed by the governor, voters say securing insurance is getting harder and more expensive.

"Voters have turned even more negative on Gov. Rick Scott since the last Quinnipiac University survey," said Peter A. Brown, assistant director of the Quinnipiac University Polling Institute. "It probably doesn't make him feel any better that the State Legislature is sharing the basement suite in the eyes of the electorate. The good news for the governor is that he has three and a half years to turn public opinion around. "

Even Scott's support among Republicans is relatively weak, with 51 percent of GOP voters approving and 37 percent disapproving of his job performance. Disapproval is 72 - 13 percent among Democrats and 57 - 28 percent among independent voters. Both sexes are down on Scott: Men disapprove 53 - 35 percent and women disapprove 60 - 24 percent.

"The data on the perceived fairness of the governor's budget is crucial. When voters by almost 2-1 say his approach is unfair to them, that's a giant flashing political warning sign for Scott," said Brown. "When voters don't think they are being treated fairly, they tend to react negatively."

On that question Democrats say the budget is unfair 68 - 18 percent, and independent voters say unfair 52 - 30 percent, while Republicans say it is fair 47 - 38 percent. Men say unfair 48 - 38 percent; women say unfair 60 - 22 percent.

Asked about the cuts in state spending contained in the budget, 47 percent say they go too far, while 18 percent say not far enough and 22 percent say they are about right. And by 38 - 23 percent voters think

those cuts will hurt, rather than help, Florida's economy.

Voters split 42 - 40 percent on whether they think Scott kept his promise not to raise taxes.

On insurance, 63 percent say property insurance is getting more difficult to obtain in Florida and 3 percent say it is getting easier. One in four voters, 26 percent, say there has been no change.

An even larger share, 74 percent, say property insurance is getting more expensive in Florida, as 3 percent say it is getting less expensive and 16 percent say there has been no change.

This frustration with the insurance market for consumers leads 59 percent of voters to call for more government regulation of property insurance in the state, while 29 percent say the state is doing enough.

"Whether the new law changes public attitudes about insurance in Florida, only time will tell, but there is no doubt that the electorate sees a crying need for something to make getting and paying for property insurance in Florida less onerous," said Brown.

From May 17 - 23, Quinnipiac University surveyed 1,196 registered voters with a margin of error of +/- 2.8 percentage points. Live interviewers call land lines and cell phones.

The Quinnipiac University Poll, directed by Douglas Schwartz, Ph.D., conducts public opinion surveys in Pennsylvania, New York, New Jersey, Connecticut, Florida, Ohio and the nation as a public service and for research. For more data or RSS feed- <http://www.quinnipiac.edu/polling.xml>, call (203) 582-5201, or follow us on Twitter.

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FOR RELEASE ON RECEIPT

May 26, 2011

PCI's Stander Responds To Quinnipiac Poll on Florida Property Insurance Market

TALLAHASSEE—Property Casualty Insurers Association of America (PCI) Assistant Vice President William Stander today released the following statement in response to a May 25 Quinnipiac University poll showing large majorities of Floridians surveyed are frustrated with their state's property insurance market:

"The Quinnipiac poll revealed that 89 percent of Floridians think that getting property insurance was the same or more difficult, while 74 percent said property insurance was getting more expensive. We couldn't agree more. As a matter of fact, in our own poll from August 2010, 86 percent of Floridians also

said their personal homeowners insurance situation had either gotten worse or stayed the same over the previous four years. Who could deny that's true? The real question is why, and what can we do about it?

“Interestingly, according to Quinnipiac, 59 percent of Floridians think the answer is more government regulation. Meanwhile, 100 percent of Floridians already own and operate Citizens, the government-run program that controls 18 percent of the market with more than 1.3 million policies in effect. According to a Florida Senate analysis, Citizens doesn't have enough money on hand to pay for a major hurricane, and in the meantime, out-of-control sinkhole and other suspect claims are eating up the money Citizens does have. How would more regulation solve those problems?”

“The record is clear: government's intrusion and near-takeover of the property insurance market over the past four years has done nothing to improve the insurance situation of Florida homeowners. That is why the recently enacted SB 408 is a good first step, because it starts to put a lid on runaway costs and suspect claims, while encouraging private insurers to re-enter the market.

“While some trial lawyers, public adjusters, and former government officials might choose to sit back and wait to profit from the next catastrophe, our goal as always is to encourage public policy that gives control back to the consumer by restoring competition in the marketplace. Only by working together towards long-term solutions that make homes stronger, and families safer and more financially secure, will we ever reach that goal.”

PCI is composed of more than 1,000 member companies, representing the broadest cross-section of insurers of any national trade association. PCI members write over \$180 billion in annual premium, 37.4 percent of the nation's property casualty insurance. Member companies write 44 percent of the U.S. automobile insurance market, 30.7 percent of the homeowners market, 35.1 percent of the commercial property and liability market, and 41.7 percent of the private workers compensation market.

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MAY 27, 2011

Majority of Floridians still see regulation as key to defend against pushy property insurers

Wake up and good morning. It didn't take a brain surgeon to figure out Floridians are dissatisfied with the property insurance market. I've [railed about it recently myself](#) when my latest property insurance policy offer (after being dumped by my home insurer of more than 20 years) will exceed the cost of my home mortgage. But a **new Quinnipiac poll** asking Florida folks some direct questions about their views on insurance does quantify the extreme level of dissatisfaction.

On insurance, 63 percent of Floridians surveyed say property insurance is getting **more difficult to obtain** in Florida and 3 percent say it is getting easier. One in four voters, 26 percent, say there has been no change. An even larger share, 74 percent, say property insurance is getting **more expensive** in Florida, as 3 percent say it is getting less expensive and 16 percent say there has been no change.

This frustration with the insurance market for consumers leads **59 percent of voters to call for more government regulation** of property insurance in the state, while 29 percent say the state is doing enough. "Whether the new law changes public attitudes about insurance in Florida, only time will tell, but there is no doubt that the electorate sees a crying need for something to make getting and paying for property insurance in Florida less onerous," said **Peter A. Brown**, assistant director of the [Quinnipiac University Polling Institute](#). Read more about the [poll here](#).

Covering Florida's property insurance woes is like covering the old **Bud Light ads** where one group shouts "Tastes great!" and the other side bellows "Less filling!" We were not disappointed this time around.

The property insurance industry responded to the Quinnipiac poll results with classic **Orwellian** style. Consider this statement from [Property Casualty Insurers Association of America](#) assistant vice president **William Stander**:

"Interestingly, according to Quinnipiac, 59 percent of Floridians think the answer is more government regulation. Meanwhile, 100 percent of Floridians already own and operate Citizens, the government-run program that controls 18 percent of the market with more than 1.3 million policies in effect. According to a Florida Senate analysis, Citizens doesn't have enough money on hand to pay for a major hurricane, and in the meantime, out-of-control sinkhole and other suspect claims are eating up the money Citizens does have. How would more regulation solve those problems?"

"The record is clear: government's intrusion and near-takeover of the property insurance market over the past four years has done nothing to improve the insurance situation of Florida homeowners. That is why the recently enacted SB 408" -- which lets insurance companies seek 15 percent rate hikes -- "is a good first step, because it starts to put a lid on runaway costs and suspect claims, while encouraging private insurers to re-enter the market." Here is his [complete statement](#).

There may be some peripheral good to this legislation. But to Stander's key point, what really will encourage private insurers to re-enter the Florida market? The ability to raise premiums, of course.

It's one thing to say the end game of all this is to have the property insurance industry crow that they are finally healthy and profitable in the Florida market again. **It's another thing if new laws give carte blanche to charge mandatory homeowners insurance at such a price that simply bleed Florida homeowners dry or, worse, send a message that the Florida housing market (already a basket case) is one to be avoided like the plague.**

To paraphrase Orwell: War is peace. Freedom is slavery. And ever higher property insurance prices in Florida is the will of the free market. As the Quinnipiac poll results show, Floridians are not fools.

-- Robert Trigaux, Business Columnist, *St. Petersburg Times*

As insurers win more rights to raise rates, real loser may be Florida's struggling housing market

By [Robert Trigaux](#), Times Business Columnist
In Print: Thursday, May 19, 2011

Here's a rite of passage Florida homeowners know well. My insurer is dumping me.

It now recommends a policy from another provider priced so much higher that it will cost more per year than my mortgage payments. I'm not the first Florida homeowner to run into the financial perversion of mandatory insurance threatening to become the biggest expense of home ownership. Nor will I be the last.

When word spreads of how much it will cost to insure homes with mortgages, as required by lenders, more people are going to rethink the money logic of owning a home in this state.

Less than two weeks before the official start of hurricane season, the lobbying stars are aligning for the insurance industry. Our Tallahassee leaders approved legislation that the industry claims is long overdue and will help stabilize the property insurance market. Maybe the growth of buildings and people in Florida is so great that a Category 5 hurricane smacking a major metro area now demands far more money to cover costs than we've ever imagined.

If that's true, many Floridians already cash-strapped by unemployment, a dearth of raises and a slow-recovering economy distinguished by jobs with lower-than-ever wages are in for a rude awakening.

In practical terms, the new state law empowers insurance companies to raise premiums by up to 15 percent a year for reinsurance costs without the normal oversight required for rate hikes. Odds are good we'll see those rate hikes soon.

Also, the new law means policyholders must file claims faster — within two years for sinkhole claims and three years for hurricane claims, down from the current five years. And (hold on to your checkbook) insurers now can withhold full payment for home damage claims until the work is performed and expenses incurred, unless a home has been destroyed.

Now it's not as if the insurance industry is sitting back declaring victory and counting its billions. Well, not entirely. Other pressures are at work here.

Earthquakes in Japan and New Zealand, flooding in Australia and the extreme tornadoes in this country's southeastern states are expected to cost the reinsurance industry — where insurance companies buy added insurance for extra protection — in excess of \$44 billion. That's expected to spur higher reinsurance renewal rates charged to Florida insurers this summer.

Eventually, it all gets passed on to the customer.

The "big three" companies that do hurricane modeling for insurance companies — AIR Worldwide, Risk Management Solutions and EQECAT — can vary widely on the probability and impact of catastrophes. RMS recently revised its model to emphasize the threat of higher wind risks farther inland, and reassess construction and roof types, heightened building vulnerability and increased losses due to storm surge.

Likely effect? More reasons for insurers to raise rates.

Here's a final insult. While insurance premiums are set for renewed liftoff, Florida home prices continue to decline and in many markets still have not hit bottom.

State leaders may be stabilizing Florida's insurance market by further destabilizing Florida's struggling housing market. Some tradeoff.

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