

Anybody but Sean Shaw

By

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Do the voters of District 61 really know who Sean Shaw is and what his election to the Florida Legislature might mean to important insurance reforms?

Yes, the Democratic candidate in Democrat-dominant House District 61 has a [boatload of money](#) and looks solid to win the Tampa-area House seat, but is this really a cause for rejoicing?

If Shaw wins, it's bad news for Florida, bad news for everybody except Sean Shaw and a handful of attorneys like his employer, William "Chip" Merlin, getting fat off a practice called "hammering" -- that's twisting the arms of insurance companies into agreeing to large settlements. Large settlements ultimately lead to higher premiums.

Don't worry, District 61, I'm not here to push you to elect a Republican. Just don't elect this particular Democrat. Anybody but Sean Shaw.

Lawyer Shaw, son of retired Florida Supreme Court Justice Leander J. Shaw Jr., was appointed Florida insurance consumer advocate by Chief Financial Officer Alex Sink in 2008.

But in late 2010, he opted to leave his post just as the state was deciding whether to allow property insurers to raise their rates by more than 18 percent -- which, of course, they did. The [Office of Insurance Regulation approved](#) average statewide rate hikes of 18.7 percent and 17.8 percent for two Allstate subsidiaries and a 15 percent average increase for Royal Palm Insurance -- and they did so in part to pay for exorbitant sinkhole payouts.

Where did Shaw go after his state job? Merlin Law Group -- turning his back on his principles, or adjusting them, and becoming the ultimate corporate sellout.

Let's look first at the track record of employer-lawyer William Merlin over two decades of legal representation.

First, Merlin is perfectly happy to forego claim fulfillment offers made by insurance companies in order to pursue lucrative settlement offers from insurers -- why? -- because insurers prefer to stay out of court; and second, he also employs this strategy against insurers even when he acknowledges they've demonstrated no negligence and have tried to make his clients "whole."

That's how you "hammer." And it's into this culture that Shaw descended and thrived.

Under Merlins guidance, Shaw created the political group, [Policyholders of Florida](#) (POF). Though POF has no filings on record with the Florida secretary of state, at least none that I could

find, it operates as a de facto issue advocacy group. It works against property insurance reforms intended to stop fraudulent sinkhole claims.

Shaw's POF is funded by anti-insurance organizations that stand in solidarity with its position. POF uses liberal advocacy methods and misinformation about sinkhole fraud to blame insurance companies. He whips up populist support against government reform efforts. These efforts he has cast as anti-consumer.

Ultimately, Shaws sole motivation is not to protect the consumer but to appease his political benefactors and to ensure that costly, and profitable, litigation continues.

As plaintiffs attorneys, Shaw and Merlin reap the benefits of the average \$130,000-per-case sinkhole payout, at the expense of the insurance companies.

This strategy has been plenty fruitful for the two of them. Merlin owns at least two homes with a combined value of about \$2 million. He also has a nice collection of foreign and domestic cars. At least up until a year ago Shaw owned one property in Tallahassee and lived in an opulent resort-style condo in the heart of downtown Tampa.

Shaw's spiel since he joined Merlin has been to blame insurance companies for the three- and four-times rise in the number of sinkhole claims in a period of less than two years. He has insisted that only 3 percent of property insurance claims are fraudulent. He [said insurers failed](#) to appropriately build their capital reserves and outsourced too much of their costs to re-insurers -- at a cheaper price than Florida could offer.

But in his accounting, he doesnt reference the untold millions in insurance payments made on illegitimate claims not reported as fraud, but are meritless just the same.

Shaw flip-flopped royally.

What he never mentions is that he now chastises state legislators for supporting positions he had taken as Floridas insurance consumer advocate.

In 2010 as consumer advocate [he supported Senate Bill 2044](#), which accepted the rationale that property insurance companies were making illegitimate payments that should have been more properly defined as nonsinkhole-related cracks. Nonsinkhole-related cracks are not entitled to the same level of insurance payment.

What government insurance sources tell us now is that catastrophic sinkhole damage is actually only responsible for 1 percent of property insurance payments made. *One percent*. The rest are minor damage claims or illegitimate claims settled in or out of court.

So you have the latest insurance crisis in Florida, where homeowners, public adjusters and attorneys are clamoring for settlement checks for what often are little more than settlement cracks. As [the Orlando Sentinel put it](#), "You would think from the escalating claims they tripled

just from 2006 to 2010 that homes are being swallowed like rats in a python cage. In fact, that rarely happens. Catastrophic collapse is only involved in about 1 percent of sinkhole claims."

In 2011, state-owned [Citizens Property Insurance was taking in](#) more than 200 sinkhole claims a month, but paying out about four times as much as it took in from premiums.

Funny how Shaw never mentioned that. It's a plaintiff lawyer's dirty little secret, because these people created the problem and they perpetuated it, all in the name of large fee checks. They greatly exaggerated nonconsequential cracks in a home, which led to protracted fights between homeowners' lawyers and engineering experts -- and *voila* -- an eternity of litigation.

That's not all. Adding insult to injury, a secondary epidemic of fraud has sprouted from these settlements.

Generally, payments made by the insurance companies to homeowners come with the intention that the homeowner will use the money to fix the problems. But one report indicated that [up to 79 percent](#) of these folks pocket the money rather than spending it to repair their homes. Because this isn't reported to the government as a fraudulent claim, Shaw gets to leave it out of his argument -- and somehow gets away with "3 percent."

Sean Shaw is a wolf in sheep's clothing. When he says he's for the "consumers," what he means is his "clients." His clients, Merlin's clients, John Morgan's clients, but what about the hundreds of thousands of honest homeowners looking for a fair and reasonable price for a sound insurance policy?

If he's elected, District 61, watch how and who he represents, watch his bills, watch his committee activity. Better yet, elect anyone else.

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