



March 22, 2011

Dear Senator:

I am deeply troubled by today's event, held at the Capitol, where Senator Fasano and Representative Kriseman were planning to stand shoulder-to-shoulder with trial bar attorney Sean Shaw. Sean Shaw may have previously been Florida's insurance consumer advocate, but he is no longer in the consumer advocacy business; in fact, he's in the plaintiff's attorney business. He is employed by Merlin Law Group of Tampa, which is in the business of suing insurance companies. And, trial lawyer firms like Shaw's stand to lose business if the Legislature passes these bills – bills which will rein in some of the legal gaming of the system that has unfortunately become business-as-usual in Florida.

Florida is burdened by a host of poorly designed property insurance policies that were supposedly implemented to protect consumers, but actually benefit trial lawyers, insurance frauds, public adjusters, and other special interests, sometimes called *ambulance chasers*. The problems have become so pervasive that they have created a parasitic ecosystem that feeds on insurance companies, who ultimately have to pass these costs along to consumers in the form of higher premiums. Here are a few facts:

- Automobile personal injury protection allows attorneys a one-way fee statute, which encourages claims abuse, and allows attorneys to collect from insurers at two and one-half times their normal attorney fees;
- Public adjusters are paid more if they can justify higher property losses;
- The Insurance Information Institute estimates that fake crashes, including their medical costs, add \$1 billion to Florida insurance claims;
- The system is set up to subsidize coastal properties, but the result increases everyone's costs as the subsidies lead to more property and lives at risk;
- Consumers are not required to make sinkhole repairs to their homes when they receive insurance money, even though they have mortgages where the bank owns most of the property; and
- The current system cannot be defended because there is no evidence that it is working. Florida's homeowner insurance premiums have increased from 30% above the U.S. average to 90% above the U.S. average, due to increasing cost drivers, fraudulent activity and over-burdened state run entities.

The messages from the trial bar and public adjusters are not about helping consumers. There are ads promising Florida residents "large insurance settlements" for potential sinkholes, invitations to personal injury plaintiff attorneys for cocktails and a presentation that promises to "significantly increase your clients clinical findings" through MRI technologies, and another ad offering clients a "free golf cart" if they get their sinkhole money. I have copies of these ads and will provide them to you upon request.

None of this is in the consumer's interest – it is all in the self-interest of these groups. I am really tired of hearing that these groups are supposedly speaking for consumers. In reality, Florida consumers are paying disproportionately higher property insurance premiums in order to benefit political special interest groups and fraud. Consumers are worse off because of these policies. As head of a 501c3 nonprofit, I cannot endorse legislation, but I can say that scam needs to stop.

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