

# CHIP MERLIN REFUTED!

Excerpted from Florida Politics article, the response to Chip Merlin's article titled: [Do not believe Florida's insurance industry that laws will reduce insurance rates.](#)



[Guy Fraker](#)--April 9, 2021 at 12:46 am

For those who are feeling the pain of increased rates, and capable of deciphering facts from self-serving hyperbolic rhetoric, I'd like to share some verifiable facts.

Note the emphasis on verifiable. Property premiums paid by us, Floridians, total up to 8.6% of the national total.

However, lawsuits filed by Florida Plaintiff Attorneys account for a staggering 76% of the national total according to the Office of Insurance Regulation. This isn't exactly arguing over a decimal point. As an economist, I did the math. This means for every one lawsuit filed in other states, approximately 424 are filed in Florida.

Are we to believe insurers are only incompetent here? Rhetoric casting Florida's insurance challenges as Lawyers vs Insurers is like the illusionary worlds fed to people in the Matrix™ film series, when in reality we are being used like disposable batteries to power their litigation economy. For ¼ of all litigation (49 states), plaintiff attorneys receive 30%-40% of total damages. For ¾ of all property insurance lawsuits (Florida) plaintiff attorneys are paid a range from 100% to 1000% of the damages. We don't see that because those fees are on top of damages awarded, not taken from. Since printing money is illegal even for insurers, the dollars come from you and I in the form of higher rates, and the Florida Bar knows this.

This is the perfect wealth engine. Everyone resents insurance, mortgage companies require it, hurricane chaos impacts perceptions. So by convincing us, consumers, that insurers are evil soul crushing machines, they self-promote each other as heroes, while generating the unending revenue stream from us. The average Florida premium is \$800 per year more than what owners pay in every other catastrophe prone state! Why?

In 49 other states insurers put \$1 back into the economy for every \$1 collected in premium. Not here. Florida insurers pay out \$1.62 for every \$1 we pay. In 2019, that figure was \$682. In 2020 just over \$4B was redistributed from 7M property owners to fewer than 2000 lawyers and contractors. So without SB-76, we can all count on years of 30% to 40% increases.

True story: A consumer is offered an additional \$3K in a claim to complete repairs. They retain an attorney who represents their interests with professional perfection. The dispute is settled for \$149.80. Wait, isn't that \$2,850 less than they were offered? Why yes it is.

They go back to court to decide how much the attorney should be paid (from your premium dollars) given this exceptional result. While the customer goes home with \$149, their attorney heads off to the bank to deposit over \$33,000.

In closing, let's go back to those AOB reforms and why rates aren't going down.

In order for the reforms to work, they must be honored and respected. Among the 33,727 lawsuits initiated last year, more than 1/3 were filed as if we time warped back to 2018.

Try this litmus test.

The financials of every insurer are subject to full disclosure. The budgets of regulators are open to the public. Every change to an insurance policy has to be filed and is also available to the public. The details of every insurance lawsuit can be found among circuit court public records, except for 1 minor detail: The attorney fee. Randomly pick a plaintiff attorney and ask them to walk through the costs, profits, losses, of their business. I did. I asked 5 firms actually.

I was told I had called on the wrong day, Hades hadn't frozen over yet. How would the rhetoric opposing SB 76 stand up under oath? How would the information used to protect a multi-billion revenue stream stand up under oath? I can only speak for my own choice of words, which again can be easily verified. Swear me in.

**##end##**

Learn more about Guy Fraker and his report on Florida's litigation economy by reading [Florida's P&C Insurance Market: Spiraling Toward Collapse.](#)