

Fla. court: Allstate can write policies

by *BusinessWeekOnline*

Allstate insurance companies can keep on writing new policies in Florida under an appeals court ruling that rejected the state's attempt to stop them, but which also potentially sets up a quick resolution to the standoff. In the ruling issued late Wednesday, the state's 1st District Court of Appeal gave regulators 40 days to submit all paperwork such as lower court records and written arguments supporting their decision to suspend the insurance giant's licenses.

Regulators want Allstate to explain why it hasn't reduced property insurance rates enough under a state law passed last year that was designed to lower premiums. The company, which has 1,100 agents in Florida, carries roughly 300,000 homeowners policies in the state -- many in central Florida and away from the riskier coastal areas.

Insurance Commissioner Kevin McCarty suspended the Illinois-based insurance carrier on Jan. 17, a day after he abruptly ended a scheduled two-day hearing in frustration over what he called the company's failure to comply with a subpoena to produce pricing records.

The court halted the suspension on Jan. 18, and McCarty appealed.

McCarty sees the court's agreement to expedite the process "as a positive thing, that they want to get to the bottom of the issue," Ed Domansky, a spokesman for the Office of Insurance Regulation, said Thursday.

Allstate Corp., Florida's second-largest auto insurer with 13 percent of the market in 2006, said the ruling "allows Floridians to continue to have choices when it comes to their insurance options."

If reinstated, the suspension would apply to all types of insurance sold by Allstate's 10 insurance companies doing business in the state, but does not affect existing policy owners.

In January 2007, Florida lawmakers made available cheaper state reinsurance -- policies insurance companies themselves buy for protection in case of a catastrophic loss from a hurricane or other disaster. Lawmakers thought that would lower rates, but many companies have instead sought increases.

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