

NAMIC: Florida Insurance Regulation Proposal Seeks to “Change the Rules in the Middle of the Game”

by NAMIC

INDIANAPOLIS (June 26, 2008) “ A seemingly innocuous rule change proposed for Florida’s insurance system could further dissuade insurance companies from doing business in the state. That’s the message the National Association of Mutual Insurance Companies (NAMIC) delivered to the state’s regulators today.

The proposed “Informal Conferences; Repeal” addresses the required procedure for insurers to review and raise concerns following market conduct exams conducted by the state Office of Insurance Regulation before the findings are released to the public. Insurance companies can request informal conferences to review the findings and raise any concerns. The rule allows insurers with additional disputes to request formal hearings, giving companies a specific point in the administrative law process to protest the findings of the OIR’s market conduct exam. While OIR officials have said they will continue to allow the informal conferences, they have not addressed formal hearings.

“I suggest to you that the title of the rule draft being discussed today should be “Informal Conferences and Formal Hearings; Repeal.” For that would be the complete outcome of your proposal,” testified Liz Reynolds, NAMIC’s Southeast state affairs manager. “The procedure set out by Rule 69N-121.066 has well served both the OIR and the companies it regulates for nearly 14 years. Nothing in the law or in practical application of the rule has emerged or changed to warrant its repeal.”

Reynolds said it appears the real intent of the proposed rule change is to allow the OIR to release negative information about insurers to the public before companies have a chance to dispute and resolve concerns in a confidential setting. “Indeed, such an attempt only further strengthens Florida’s reputation as an ever-shifting regulatory environment, a place where companies doing business can count on only one thing: tomorrow’s requirements will be different from today’s,” she said. “Unpredictability does not encourage companies to enter or stay in the Florida insurance market.

“Without a vibrant, diverse insurance marketplace, consumers suffer. Repealing a long-standing, accepted, and effective procedure for informal conferences and formal hearings in the wake of market conduct exams suggests Florida wants the cloak of uncertainty available in order to change the rules in the middle of the game.”

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