

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 4115 Powers of the Consumer Advocate

**SPONSOR(S):** Plakon

**TIED BILLS:**                   **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Insurance & Banking Subcommittee	12 Y, 2 N	Callaway	Cooper
2) Economic Affairs Committee			

### SUMMARY ANALYSIS

Section 627.0613(4), F.S., enacted in 2007, requires the Insurance Consumer Advocate to prepare a report card each year grading each personal residential property insurance company on consumer complaints and claims payment. Current law does not specify a starting date for the report card issuance and to date no report cards have been issued. The bill repeals the law requiring report cards grading personal residential property insurers.

The bill has no fiscal impact and is effective on July 1, 2011.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

The bill makes the following substantive change to current law:

##### **Insurer Report Card**

Section 627.0613(4), F.S., enacted in 2007<sup>1</sup>, requires the Insurance Consumer Advocate<sup>2</sup> to prepare a report card each year for each personal residential property insurance company<sup>3</sup>. This report card must grade each company according to these factors:

- Number and nature of consumer complaints against a company,<sup>4</sup>
- Disposition of complaints,
- Average length of time for claims payment by the company, and
- Any other factors to assist policyholders in making informed choices about homeowner's insurance<sup>5</sup>.

Current law does not specify a starting date for the report card issuance and to date no report cards have been issued. The bill repeals the law requiring report cards grading personal residential property insurers.

#### B. SECTION DIRECTORY:

**Section 1:** Repeals s. 627.0613(4), F.S., requiring the Insurance Consumer Advocate to annually prepare a report card grading personal residential property insurers.

**Section 2:** Provides an effective date of July 1, 2011.

### II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

None.

##### 2. Expenditures:

None.

#### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

##### 1. Revenues:

None.

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<sup>1</sup> Section 17, Ch. 2007-1, L.O.F.

<sup>2</sup> The Insurance Consumer Advocate is appointed by the Chief Financial Officer. The Advocate represents the public before the Office of Insurance Regulation (OIR) and the Department of Financial Services (DFS). In order to represent the public, the Advocate is given specific powers relating to actions taken by the OIR and the DFS. (see s. 627.0613(1)-(3), F.S.)

<sup>3</sup> Personal residential property insurers write homeowner's, mobile homeowner's, dwelling, tenant's, condominium unit owner's, cooperative unit owner's, and similar policies.

<sup>4</sup> Consumer complaints are filed against the company with the Division of Consumer Services in the Department of Financial Services. This Division investigates and tries to resolve complaints against insurance companies lodged by consumers who request assistance from the Division.

<sup>5</sup> As determined by the Financial Services Commission comprised of the Governor and Cabinet. ( s. 20.121(3), F.S.)

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill removes rulemaking authority for the Financial Services Commission relating to development of the report card form and letter grade scale used in the report card.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The Insurance Consumer Advocate believes the statutory language requiring a report card for property insurers lacks sufficient direction and parameters for implementation of the report card.

Administrative rules establishing procedures to be used by the Insurance Consumer Advocate in preparing the annual report card were proposed in 2009. A rule workshop was held on the proposed rules and changes to the proposed rules were made. Subsequently, a public hearing on the proposed rules was held. The rules were withdrawn in 2010 before adoption.

### IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

None.