



## Consumer Federation of America

May 18, 2015

Dear Commissioners:

Florida Insurance Commissioner Kevin McCarty has, in an official [memorandum](#), directed all insurers to stop setting insurance premiums on the basis of consumer characteristics unrelated to risk – so-called “price optimization.” Commissioner McCarty’s memorandum explains that “the use of price optimization results in rates that are unfairly discriminatory and in violation of ... Florida statutes,” because Florida law, as in other states, requires that insurance rates be based on expected risk and not what the market will bear.

Florida is the fourth state to ban price optimization, following Maryland, Ohio and California. As we noted in our [news release](#) applauding the work of the Florida Office, the Consumer Federation of America urges all Commissioners to take action on this critical issue and prohibit the unfair discrimination that inevitably comes with these new pricing schemes that some insurance companies have already deployed and many others are considering.

As always, we would be pleased to discuss this issue with you or your staff.

Sincerely,

J. Robert Hunter  
CFA, Director of Insurance