



Consumer Federation of America

January 21, 2015

The Honorable Jeff Atwater
Chief Financial Officer
Florida Department of Financial Services
200 East Gaines Street
Tallahassee, FL 32399

The Honorable Adam Putnam
Commissioner of Agriculture
Florida Dept. of Agriculture and Consumer Services
Plaza Level 10, The Capitol
400 S. Monroe St.
Tallahassee, FL 32399-0800

The Honorable Pam Bondi
Attorney General
Office of Attorney General
State of Florida
The Capitol PL-01
Tallahassee, FL 32399-1050

Dear Cabinet Members,

A recent news article suggests that Governor Scott might be seeking the removal of Kevin McCarty as Insurance Commissioner. As a consumer advocate who has worked on Florida insurance matters for over four decades, I write to urge against such action and, instead, that you keep Commissioner McCarty in this important position.

Commissioner McCarty has been a consumer leader and insurance innovator in Florida, which, as you know, is one of the most challenging markets in the nation because of the unique hurricane risk. Following the series of large storm events in 2004 and 2005, Commissioner McCarty developed and implemented a plan to enhance the Florida Hurricane Catastrophe Fund (FHCF) to offset severe price gouging by reinsurers who were charging prices up to five times the fair, actuarially sound level. The plan was for Florida to take a level of risk at actuarial prices that would be self-sustaining over the long term. This has been a boon to Florida, having not only generated enough reserves to be able to handle the risk but generating reduced premiums for homeowners of approximately \$20 billion since 2006. Of equal importance, the FHCF has protected state taxpayers (Raymond James estimated a 678% return on investment between 2000 and 2011). This remarkable

success is a testament to Commissioner McCarty's independent and thoughtful leadership over the years.

Commissioner McCarty has also played a key role at the National Association of Insurance Commissioners (NAIC), serving as President of that organization. Under his leadership the NAIC has taken on issues of critical importance to Floridians. It was, in fact, Commissioner McCarty who, when he was President of the NAIC, saw the importance of prioritizing the impact of high cost auto insurance on low- and moderate-income citizens in Florida and around the nation. He created the Auto Insurance Study Group and tasked it with looking into auto insurance affordability across the country and identifying strategies for ensuring broad access to auto insurance.

To be sure, Commissioner McCarty is an independent thinker and balanced regulator. As former Texas Insurance Commissioner, I recognize the need to balance consumer and insurer interests, a difficult task at times. And while our consumer organization has, at times, strenuously disagreed with some of Commissioner McCarty's decisions, we have always recognized his commitment to consumers' and taxpayers' interests while protecting insurer interests as well. For Floridians, there are few officials whose decisions are as integrally linked with their own financial security as that of the Insurance Commissioner. Commissioner McCarty has been an effective and stabilizing force in the Florida market, and Floridians have too much at stake to risk the effects of losing his leadership.

Sincerely,

A handwritten signature in cursive script that reads "J. Robert Hunter".

J. Robert Hunter
Director of Insurance
(Former Texas Insurance Commissioner)

Cc: Honorable Rick Scott, Governor