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# FLORIDA

## CONSUMER ACTION NETWORK

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### **Consumers Call State Farm Premium Hike Unjustified**

**For Immediate Release**  
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**Clearwater, FL** – Florida’s largest consumer group, the Florida Consumer Action Network (FCAN) today said that State Farm’s proposed premium hike of up to 126% for owners of trailers and manufactured homes was not justified. The consumer group says that State Farm is unfairly shifting investment losses to consumers and that the insurance department can’t adequately analyze the rates.

According to Executive Director of FCAN Bill Newton, “State Farm got hammered by its poor investments. The company lost over \$60 million on its Worldcom investments and that’s just the tip of the iceberg.”

State Farm has lost \$4.6 billion in the stock market according to an AP story published Feb 28. “We’re sorry to hear of your loss and we’re going to send a sympathy card,” said Newton. “Those losses are not the fault of the premium payers that are now being gouged,” continued Newton. FCAN contends the company should accept the risk of its investment choices, not the consumer.

“We didn’t call State Farm to put our money into risky investments. We bought insurance to avoid risk, not increase risk,” said Newton.

FCAN also says that current insurance regulations are inadequate. Insurers tell the department how much they expect to pay in future claims but the regulators are not allowed to see how the company makes the calculation. FCAN says that makes the company’s numbers meaningless.

FCAN says the insurance industry’s anti-trust exemption is the only reason State Farm can get away with such a large increase. According to FCAN, “If State Farm didn’t know for a fact that the other companies would follow their lead, there’s no way they would try such a large increase.”

FCAN is supporting ballot initiatives that will roll back rates and end the insurance company anti-trust exemption. The consumer group said these measures and others contained in their initiative package will end the cycle of skyrocketing insurance rates in all lines of insurance and bring immediate and needed relief to all insurance consumers. The initiatives also open up the insurance rate making process by allowing full scrutiny of rate increase requests.

Florida Consumer Action Network has over 40,000 members and is a statewide not-for-profit organization that works on insurance, utilities, health care and environmental issues.

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