

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 030266)

RESOLUTION

Finding that the nomination by Governor Edward Rendell on April 22, 2003 of a hold-over Pennsylvania Insurance Commissioner who has not aggressively pursued the public interest and the failure to establish a new State Public Advocate for Insurance to advocate for insurance policyholders will continue the long-standing problems of excessively high insurance rates and anti-consumer practices of insurance companies, and urging Governor Rendell and the General Assembly not to re-appoint the current, hold-over Commissioner and to establish a new Public Advocate for Insurance.

WHEREAS, Insurance is a necessity for everyone. After decades of virtual non-regulation of the insurance industry, however, insurance is either excessively priced or unaffordable for large numbers of people and is offered with many restrictions and anti-consumer practices that undermine its purpose of ameliorating risks of policyholders;

WHEREAS, Automobile insurance rates in Philadelphia remain the highest in the state with residents paying twice their wage tax in auto insurance. This disparity exists despite the city removing over 20,000 uninsured drivers from its streets, 2/3 of its residents choosing the limited tort option, a 60% reduction in auto theft, and a significant reduction in bodily injury claims compared to the rest of the state;

WHEREAS, Over 1.2 million people in Pennsylvania lack health insurance, including 250,000 children, while the various Blue Cross health insurance companies have amassed billions of dollars in excess reserves;

WHEREAS, A medical malpractice crisis has resulted in many doctors leaving or threatening to leave the practice of medicine;

WHEREAS, Credit life insurance has been abused as a high premium insurance product added into consumer loans by boosting interest and fees and leading to the loss of homes in consumer loan transactions;

City of Philadelphia

RESOLUTION NO. 030266 continued

WHEREAS, A strong and independent state Insurance Commissioner who does not come out of the insurance industry is essential to protect the public interest of all policy holders and to address these and other long-standing insurance problems largely resulting from a history of weak industry oversight by the state Insurance Department. The Department has gained an unfortunate reputation as being one of the most passive and anti-consumer in the entire nation;

WHEREAS, Governor Rendell has nominated a hold-over from the prior Administration as Insurance Commissioner, a person who has demonstrably failed to address these and other insurance problems, and has failed to aggressively protect the public interest. The Governor had campaigned on a platform to appoint an aggressive Commissioner who did not come out of the industry as does the current office hold over;

WHEREAS, Pennsylvania has long needed a state Public Advocate for Insurance to level the playing field so that the insurance industry and their lobbyists and lawyers would no longer have a total monopoly and voice before the Insurance Department;

WHEREAS, A similar state Public Utilities Advocate in Harrisburg has for over two decades saved utility customers tens of millions of dollars in utility rates and won consumer protections in the provision of utility services;

WHEREAS, State Senator Allyson Schwartz has introduced Senate Bill 63 that would establish a state Public Advocate for Insurance, as would similar bills in the state House;

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That this Council finds that the nomination of a hold-over Commissioner who has not aggressively pursued the public interest and the failure to establish a new State Public Advocate for Insurance to advocate for insurance policyholders will continue the long-standing problems of excessively high insurance rates and anti-consumer practices of insurance companies. This Council urges Governor Edward Rendell and the state General Assembly not to appoint and approve the hold-over Commissioner as the Insurance Commissioner and to establish a new state Public Advocate for Insurance.

City of Philadelphia

RESOLUTION NO. 030266 continued

City of Philadelphia

RESOLUTION NO. 030266 continued

CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the twenty-fifth of April, 2003.

Anna C. Verna
PRESIDENT OF THE COUNCIL

Patricia Rafferty
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember DiCicco

Sponsored by: Councilmembers DiCicco, Cohen, Ortiz, Goode, Mariano, Nutter, Miller, Blackwell, O'Neill, Krajewski and Tasco