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“We estimate at least 150,000 more policies will be dropped in the Florida homeowners insurance market during 2008.”

Michael Letcher
President Home Insurance
Buyers Guide, LLC

More on what you told us when you purchased the Buyers Guide:

- 42% of you subscribed to the Buyers Guide because of a cancelled homeowners policy.
- You named **State Farm** most often as the company who cancelled your policy.
- The average year your home was constructed is 1982.
- 62% of you continue to report that your home does not have hurricane shutters.

Recent coverage of The Buyers Guide in the Media:

February 9th, 2008

[WENG Talk Radio—AM 1530](#)

“Sale Pending” hosted by
[Kelley Ann Ayers](#)

February 4th, 2008

Palm Beach Post

[Website Aids Insurance Seekers](#)

February 11, 2008

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www.homeinsurancebuyers.org

Welcome to the latest issue of Florida Homeowner Insurance Alert!

As a member of the Home Insurance Buyers Guide community, I’m pleased to present you with the latest issue of Florida Homeowner Insurance Alert.

As we move into 2008, Florida Homeowner Insurance Companies will continue to carry out previously announced policy cancellations and non-renewals. From companies ranging from “[The Big Three](#)” to other well recognized names with smaller market shares, we estimate at least 150,000 more policies will be dropped in the Florida homeowners insurance market during 2008 counting both homeowner and dwelling fire policies. That’s 12,500 policies per month!

The cancellations are showing up in the overall satisfaction ratings subscribers to [The Home Insurance Buyers Guide](#) are giving their Florida home insurance company. As we build our database of satisfaction scores, the average satisfaction rating of a Florida homeowner insurance company is a “4.9” on a scale of “1-10”. Being cancelled or non-renewed is the number one reason for this dissatisfaction.

(To rate your satisfaction with your insurance company visit [member home.](#))

In this issue, we are pleased to welcome Mr. Bill Newton - Executive Director of [FCAN](#) - Florida Consumer Action Network, as our featured guest columnist. As the leader of Florida’s largest consumer group, Bill was the mastermind of the [Consumer Insurance Coalition](#) - a group of consumer advocacy organizations that joined forces in 2007 to demand legislative action on the high cost of homeowners insurance in Florida. While our occupations don’t allow most of us the time to follow key legislative developments, we are fortunate to have advocacy leaders like Bill who continuously monitor issues that affect the cost of our Florida homeowner insurance.

I hope that you will pay close attention to the upcoming 2008 legislative session and **get involved** to ensure we can further expand upon last year’s insurance relief!

Michael J. Letcher—President, Home Insurance Buyers Guide, LLC

Florida Homeowner Insurance War Story

Homeowner Expecting \$4,000 of Insurance Relief Told to “Forget It”

“Joanie” —a Dade County homeowner and member of our community lives in a solid home with no history of hurricane damage or claims. For years, she paid huge premiums for a combination of a **Hartford** “X-wind” and a **Citizens** “wind only” policy. So you can only imagine her excitement in late 2007 when she found an “all perils” policy with **Royal Palm Insurance Company** for \$4,000 less than what she was paying for the two separate policies with Hartford and Citizens!

The very day the policy was to take effect, Royal Palm cancelled her policy citing an “unacceptable” dog breed on the premises—a Pit Bull or Rottweiler? No. An aging, gentle Great Dane! Although Joanie filed a complaint with the state, it came back with the standard email form letter template stating that nothing could be done.

[Contact customer support](#) to send in ideas for Joanie or to share your own story.

Florida Availability Update:

In addition to homeowners insurance, [The Home Insurance Buyers Guide](#) offers access to a [dwelling fire database](#) that helps owners of rental, second, and vacation homes find coverage for their investment properties.

Here is an update on the availability of dwelling fire companies writing new business since the 2007 legislation:

2/2007 2/2008

Total # of companies: 21 16

Average # of companies writing new dwelling fire business by area:

2/2007 2/2008

Florida Statewide: 15 13

Coastal Counties: 14 12

Northern Counties: 16 13

Panhandle Counties: 16 13

"The insurance industry is already mobilizing to convince legislators to abandon the gains of last year's special session. We believe those insurance reforms did not go far enough"

Bill Newton

Executive Director—FCAN

Want to get the Buyers Guide for \$16.00 next year?

Visit [member home](#) and complete the "Submit Competitive Quote" form. Share 3 quotes as you shop your insurance and you will receive 20% off your next subscription to the Buyers Guide database.

In future issues:

- Citizens surplus funds tied up by the crisis at the SBA.
- How the 2007 legislation put even more of the Citizens surplus in the SBA at risk.
- The process for filing a complaint against your insurance company.

Featured Guest Columnist - Bill Newton Executive Director - Florida Consumer Action Network (FCAN)

As Florida's largest consumer group, [FCAN](#) represents thousands of Florida homeowners and closely monitors issues affecting you. New threats to consumer choice appear everyday including in the upcoming 2008 legislative session starting March 4th.

The insurance industry is already mobilizing to convince legislators to abandon the gains of last year's special session. We believe those insurance reforms did not go far enough.

The free market offers the best solution to problems with the Florida home insurance market. However, the free market has failed us. After Hurricane Andrew, many insurers stopped writing homeowners insurance in Florida. A state run insurance organization that has evolved into **Citizens Property Insurance Corporation** was created to fill the gap. Until last year Citizens was required to charge non-competitive windstorm rates at least 20 percent above market. National firms established Florida spin-off or "PUP" companies to contain losses and maximize profits for the parent company. Insurers practiced "use and file," raising rates and billing consumers before rates were approved. Despite these advantages, private Florida homeowner insurance companies did not return to the state.

Last year's reforms brought modest relief. Some companies lowered rates to reflect the increased availability of reinsurance from the **Florida catastrophe fund**. The promise of profits encouraged new companies to enter the state. The state should continue to beef up the cat fund with a consistent funding source directly related to windstorms by earmarking a majority of post-storm sales tax windfall revenues for this purpose.

Other companies blatantly proposed rate increases disguised in "black box" models that ignore the benefits from a more robust cat fund and cheaper reinsurance. These models use five-year storm projections instead of 50 years of solid hurricane history, do not accurately reflect construction strength by region, and are confusing to regulators who approve rates. The recent stand-off with **Allstate** shows the unwillingness of insurers to operate transparently.

Two calm years with high premiums, limited claims, an expanded cat fund and lower costs for private reinsurance have not been enough to bring large private insurers back to the Florida homeowners insurance market. The state has a duty to consumers to run Citizens like a business by allowing it to spread its risk and improve its bottom line. Building reserves and buying reinsurance with the revenues gained from two quiet years would reduce the potential for future assessments.

The private market has had enough time to meet Florida's property insurance needs. Yet, without Citizens, more than a million Florida property owners would be uninsured. Therefore, when Florida lawmakers convene the March 4 session, they should consider proposals to bolster Citizens, strengthen the cat fund, open the black boxes, make prior rate approval permanent, eliminate arbitration panels forever, and finish the work begun last year.

To learn more about FCAN visit: <http://fcan.org/>

Florida Homeowner Insurance Alert is a free publication of [Home Insurance Buyers Guide, LLC](#)—an independent, unbiased organization dedicated to helping homeowners locate affordable, private insurance in Florida. You can receive a free subscription to Florida Homeowner Insurance Alert by visiting www.homeinsurancebuyers.org and [signing-up to become a member](#).

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