

## State Farm's departure from Florida sparks scramble for coverage

**There are some private firms willing to pick up dropped State Farm policies in Florida, but its departure from the market is also likely to burden the state-run insurer.**

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The shopping has begun.

Some Florida residents aren't waiting for State Farm Florida Insurance to tell them their policies won't be renewed. They've started calling agents and insurers to check if other companies are willing to provide the coverage they are about to lose from State Farm.

The insurer Tuesday announced plans to discontinue writing property insurance in Florida in about two years. That's 1.2 million policies -- including 933,000 that cover single-family homes, condo and rental units and mobile homes -- needing new insurers.

State officials say Florida's insurance market can absorb most, if not all, of the policies that State Farm will drop. But not all insurers will sell windstorm coverage in risky coastal areas or take on older homes that are now on State Farm's books.

That inevitably means the state-run insurer, Citizens Property Insurance, will get even larger. Citizens now has nearly 1.1 million policies, about half in South Florida.

"There's going to be a mad scramble for coverage," said Michael Letcher, whose online subscription service [www.homeinsurancebuyers.org](http://www.homeinsurancebuyers.org) helps homeowners shop for insurance saw traffic more than quadruple Tuesday.

Letcher's survey found that about 40 companies are writing homeowners policies in Florida, with 25 companies generally per county. However, the number dwindles in coastal counties such as Miami-Dade and Broward. Most insurers have restrictive underwriting rules, he found. Many want homes built after 1995 and about two miles from the water.

A few insurers, like Hollywood-based Coral Insurance, are willing to cover older homes if they have been completely upgraded.

"Many clients are thinking it's best to get out of Dodge before they get stuck in Citizens," said Phil Lyons, an agent with InSource, an agency in Dadeland. He said several clients began approaching him Wednesday, asking about new coverage.

Robert Ritchie, president of American Integrity Insurance Group, said his company has the capital to support up to 150,000 new policies. The company has written about 23,000 new policies in South Florida in the past two years. It is one of the few Florida-based firms that cover mobile homes.

The Office of Insurance Regulation has 90 days to review the withdrawal plan State Farm submitted Tuesday. If it is approved, State Farm must give policyholders 180 days notice of nonrenewal.

OIR Spokesman Ed Domansky said regulators can ask State Farm to amend its plan if they believe dropping all these policies will cause major disruptions in the state's insurance market.

At a November meeting of a task force studying ways to shrink Citizens, Belinda Miller, deputy insurance commissioner, said private insurers had the financial ability to take on as many as 1.2 million new policies.

State Farm's departure from the Florida market will accentuate a trend that started after Hurricane Andrew hit South Florida in 1992. Back then, State Farm and Allstate Insurance dominated the insurance scene, controlling as much as 75 percent of the market.