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“Special assessments are a significant cost Florida homeowners will be paying for years to come - even without more Florida hurricanes!”

**Michael Letcher - President
Home Insurance Buyers Guide, LLC**

Coverage of The Buyers Guide in the Media:

June 20, 2008

South Florida Sun Sentinel

[Are you still struggling to pay for Insurance?](#)

May 21, 2008

[Rights Radio.com](#) with [Dr. Joyce Starr](#) on [BBS Live Talk Radio](#)

May 10, 2008

[Sale Pending Hosted by Kelley Ann Ayers - 1530 AM WENG Talk Radio](#)

September 19, 2008

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Welcome to the latest issue of Florida Homeowner Insurance Alert!

At a time when Florida homeowners insurance premiums are supposed to be flat or going down, my latest Florida home insurance policy bill for next year has a 21% increase! Why? Special assessments and reduced mitigation discounts from my Florida home insurance company. Special assessments are a significant cost Florida homeowners will be paying for years to come - even without more Florida hurricanes!

In this issue, we are pleased to welcome Mr. Tom Zucco as our featured guest columnist. Tom covered Florida home insurance for the St. Petersburg Times for the past 5 years as part of his 28 year career there. Tom recently decided to accept an early retirement offer. We are excited to share Tom's perspective on the Florida home insurance market with you.

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

Featured Guest Columnist - Tom Zucco News Media Reporter - Florida Home Insurance Crisis

With 2 ½ months left to go in the Florida hurricane season, things have been anything but quiet. Hurricane Ike initially took aim at Florida but went on to devastate Texas where some experts are estimating up to \$11 billion in damage claims. At that level, Hurricane Ike could be the 3rd most costly hurricane in US history - trailing only Hurricane Katrina and Hurricane Andrew. After Ike, Hurricane Gustav, and Tropical Storm Fay it's no wonder many Floridians are breathing a sigh of relief so far this hurricane season.

While our luck has largely held since the 2004/2005 hurricane seasons, we still face a new and uncertain landscape when it comes to Florida homeowners insurance.

Florida homeowners insurance premiums are still the highest in the nation averaging over \$2,000 per year. I'm sure you've read plenty in the news about the decrease in Florida's population, declining public school enrollment, and housing starts being way down. It's no wonder Floridians rank the cost of their homeowners insurance as their # 2 concern, second only to property taxes. Many of us still face monthly payments for taxes and insurance which exceed the monthly cost of the principal and interest on our mortgages.

How do we stand now, at the midpoint of the Florida hurricane season? Two good barometers (excuse the pun) are the CAT Fund and state-backed Citizens Property Insurance Corporation.

The Florida Hurricane Catastrophe Fund (Cat Fund) provides back-up, or reinsurance, to Florida home insurance companies after hurricane losses reach a certain level. The Cat Fund has stated that it has enough cash to absorb a series of hurricanes of about the same magnitude as the 2004/2005 Florida hurricane season without having to borrow cash in an uncertain bond market.

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Florida Availability Update:

Total # of companies writing new homeowners business statewide:

	<u>1/08</u>	<u>9/08</u>
# of companies:	36	41

Average # of companies writing new homeowners business by area:

	<u>1/08</u>	<u>9/08</u>
Florida Statewide:	21	27
Coastal Counties:	21	28
Northern Counties:	22	28
Panhandle Counties:	19	23

Availability Trends:

- Most newly licensed Florida home insurance companies are choosing to take policies out of Citizens Property Insurance as their initial book of business.
- While the availability of homeowners insurance in South Florida has improved, homeowners still face a market with limited capacity and underwriting restrictions on the age of the home and it's distance from the coast.

"We still face a new and uncertain landscape when it comes to Florida homeowners insurance."

**Tom Zucco -
News Media Reporter
Florida Home Insurance Crisis**

Home Insurance Buyers Guide, LLC Celebrates its 1st Birthday!

In its first year of existence Home Insurance Buyers Guide, LLC has achieved the following milestones:

- Built a member/subscriber base in all 67 Florida Counties.
- Achieved news coverage in all major Florida media outlets.
- Our top Florida Counties include Brevard, Pinellas, Palm Beach, Hillsborough, Broward, Dade, Charlotte and Sarasota.

Featured Guest Columnist - Tom Zucco News Media Reporter - Florida Home Insurance Crisis

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So it's kind of a mixed bag. While the general health of the Cat Fund is good, it has experienced investment losses tied to sub-prime mortgages with the Florida State Board of Administration.

Citizens Property Insurance Corporation covers most of the riskiest homes prone to wind damage. Citizens Insurance has also stated that it too has enough cash on hand to cover losses of about the same magnitude as the Florida hurricanes of 2004/2005. Citizens also experienced significant losses on investments with the Florida State Board of Administration. But thanks to quick action by recently retired chairman Bruce Douglass, it was able to avoid the temptation to put surplus cash in more risky investments on Wall Street.

While investment losses at the SBA sustained by both the Cat Fund and Citizens Property Insurance have hurt, the past few years of calm have allowed both organizations to build cash reserves and improve their ability to respond to Florida hurricane claims.

That's the whole key to the Florida home insurance market. We have to dodge some bullets for a few years. And if we don't, we have to hope the federal government will step in with Hurricane Katrina-like money.

As executives at the Cat Fund and Citizens keep one eye on Wall Street and the other on the National Hurricane Center, consumers still face a limited, uncertain choice when it comes to [finding private homeowners insurance in Florida](#).

The large companies such as State Farm Florida, Allstate Floridian, and Nationwide Insurance Company of Florida continue to seek higher rates and reduce their exposure to hurricane risk. State Farm Florida was recently turned down for a 47% rate increase. This has led to new concerns that their next step might be to cancel as many as 200,000 additional Florida home insurance policies. Many other well known Florida home insurance companies have long since left the state, creating a brand new landscape of many smaller insurance companies in a fragmented market.

These newer, smaller, more nimble Florida insurance companies have the potential to make a lot of money from the current market conditions and relatively calm hurricane seasons since 2005. But many of us still have a healthy skepticism about those new companies. Some of this has to do with the lingering image of the Poe Financial Group - three insurance companies owned by former Tampa mayor Bill Poe that couldn't pay their claims after the 2004-05 storms, leaving Florida homeowners with over \$800 million dollars in losses to pay for.

Among the new Florida property insurers entering the market each year, only a very limited number will cover homes near the coast where a majority of Floridians live. Many will also not write homes exceeding a certain age. When they do write homes near the coast or older homes, they will only do so on a very limited basis.

That's a sound business decision. But where does that leave you and me?

Finding the right homeowners insurance company in Florida is no longer a "no" brainer... We're living in a brave new insurance world where you may have never even heard of your insurance company.

And when you try to contact them, you get a call center in Toledo.

It's like Paul Newman in "Butch Cassidy and the Sundance Kid" looking over his shoulder at the approaching posse asking "Who are those guys?"

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Policy Cancellations:

Breakdown of Florida homeowner insurance companies you've reported that have cancelled your policies during the period from 9/28/07 through 9/18/08:

	%
State Farm Florida	45.3
Nationwide	18.6
Allstate Floridian	9.3
First Floridian Auto & Home	5.8
Metropolitan Property	4.7
United Services Automobile	3.5
USAA	3.5
Other Companies (See Below*)	9.3

* AAA, American Reliable, Armed Forces, Atlantic Mutual, Balboa, Farm Bureau, Hanover, Hartford, Horace Mann, Liberty Mutual Fire, Meritplan, Metlife, Service, St. Johns, State Auto, Teachers, Tower Hill Prime, Travelers Indemnity, United Property, and Universal of North America.

"The days of the friendly neighborhood insurance agent who coached the Little League Team are gone."

Tom Zucco
News Media Reporter
Florida Home Insurance Crisis

Some of our favorite places to follow the Florida home insurance crisis:

[Palm Beach Post:](#)

[Randy Diamond](#)

[Gotcha Covered Blog](#)

[Orlando Sentinel:](#)

[Anika Myers Palm](#)

[Dropped Home Insurance Map](#)

In future issues:

To suggest a topic for a future issue of Florida Homeowner Insurance Alert, please complete a [customer support request](#) and select as your issue "Leave feedback on Florida Homeowner Insurance Alert".

Featured Guest Columnist - Tom Zucco News Media Reporter - Florida Home Insurance Crisis

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One thing we do know is that most of the new Florida companies have yet to be tested by a major Florida hurricane. Can they absorb their share of billions of dollars in hurricane losses and give you good customer service after the next hurricane?

We don't know, do we?

Here are some other questions worth raising:

- Where are they located and how long have they been licensed?
- Who owns and manages the company?
- Where did they get their initial capital, and how much surplus do they have?
- What are their ratings from the major financial rating agencies?
- Are they managing their policy base directly or has this been outsourced?
- Do they intend to stay in the Florida home insurance market for the long term?

The first line of defense for you as a consumer is the Florida Office of Insurance Regulation (OIR). OIR requires all licensed homeowners insurance companies to meet minimum capital investment standards and cash surplus to pay your claims. As consumers, we are heavily dependent on OIR to hold each of these insurance company's feet to the fire. However, even the workload of OIR has increased in this new world where there are many smaller companies to regulate compared to the days of just a few large companies. Don't forget that the Poe Financial Group was a group of regulated companies that was supposed to have enough money to pay its claims and those companies still failed. So don't rely only on OIR to do the due diligence on your own home insurance company.

You have to be a smart shopper.

The one thing I'd like to leave you with is this: Don't be afraid to ask questions.

Like the medical and legal fields, Florida insurance has its own language. Many times, people feel awkward trying to understand insured losses, covered perils and that's the simple stuff.

It's your Florida home insurance agents' job to answer ALL your questions. You're paying that person a portion of your premium to do that. If you don't get answers, find another agent or another company. There are plenty out there willing to earn your business.

The days of the friendly neighborhood insurance agent who coached the Little League team are gone.

With apologies to Chris Matthews ... it's time to play hardball.

If you would like to contact Tom Zucco in response to this article or would like to wish him well in his future endeavors you can do so [here](#).

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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