

## State Farm homeowners facing a brave new world

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Published: Saturday, February 7, 2009 at 6:01 a.m.

State Farm homeowners insurance policyholders may be about to enter the great unknown - not only because long and loyal customers haven't had to shop for home insurance for decades in many cases, but because Florida would see an unprecedented influx of 1.2 million customers on the open market if the insurer goes ahead with plans to pull out of the state home insurance market.

What policyholders face depends largely on their home. Alachua County, like other interior and North Florida counties, has more insurers willing to write new policies than southern and coastal counties, but availability varies tremendously depending on the age and construction of homes and roofs.

On Jan. 27, State Farm Florida Insurance Co. announced its intention to pull out of the property insurance business in Florida, saying state denial of rate increase requests would leave it unable to pay claims by 2011 and facing insolvency.

The move does not affect the 2.8 million State Farm auto policyholders unless legislators carry through on proposed all-or-nothing threats.

In the meantime, agents' phones are ringing off the hook with questions from concerned customers.

"Don't panic. Be patient," is Perry McGriff's advice. McGriff has been a State Farm agent in Gainesville for 46 years.

It would be October or November before the company can start canceling policies, he said. The state Office of Insurance Regulation has 90 days to respond to State Farm's request, after which the company would have to wait 180 days before it can cancel policies, plus the company has added another 10 days for mailing and processing.

And not everyone would be canceled at once. The company has said it would take two years to cancel all 1.2 million policies, McGriff said.

He's still optimistic that cooler heads will prevail for the company and state policymakers to come to an agreement that would keep the company in Florida.

But customers like Linda Lewis of Gainesville may find themselves in the market for new policies.

Lewis said she is incensed by State Farm's decision. She has had State Farm car insurance since she turned 16 in 1970, and her husband already had State Farm property insurance when they met in 1979. Their home in Golf View Estates has had few claims in their nearly 20 years there and they have good driving records.

"I am ready to pull our car insurance from this carrier," she said.

Lewis said she has started asking around about insurance options.

"I have absolutely no idea what premiums will be like," she said. "It's also hard to know what companies to trust will be around a while."

The choices for consumers depend on their properties.

Michael Letcher publishes the Home Insurance Buyers Guide ([www.homeinsurancebuyers.org](http://www.homeinsurancebuyers.org)), an independent by-subscription guide based in Lake Worth. He said 466 insurers are licensed in Florida, but only 40 are currently writing new policies. Of those, 36 are writing new policies in Alachua County and 36 in Marion County, but for many higher-risk properties, the state-run Citizens Property Insurance Corp. is the only choice.

Coastal South Florida counties have less than 30 choices and that goes down precipitously the closer the property is to the coast, among other factors.

In interior counties, the number of willing insurers is fewer for homes built before 2004 and even less for those built before 1995 based on Florida building code revisions, Letcher said.

Another factor is the roof. A 15-year-old or older asphalt shingle roof would have a hard time finding private coverage, while 25 years is the general cutoff for tile roofs, he said.

Tower Hill Insurance, based in Gainesville, has some of the lowest rates throughout the state, according to the state insurance office.

Company President Don Matz said Alachua County is "one of the counties where we're most wide open. We're writing homeowners, rental, mobile homes, condominiums."

Not every property could get a policy here. Matz said they're looking for homes valued at \$100,000 to \$125,000 and higher, and the age and type of home also matters.

In other parts of the state, Tower Hill is not writing at all in certain ZIP codes or is not writing new policies for homes of a particular risk category, he said.

To find an insurer, Letcher recommended shopping with two or more independent agents who write policies for numerous companies.

Citizens Insurance offers a free referral service to match consumers with agents and insurers who are writing new policies at [www.fmap.org](http://www.fmap.org).

McGriff-Williams Insurance of Gainesville represents seven insurers, all of which are writing new policies in Alachua County, according to co-owner Lee McGriff, cousin of Perry McGriff.

"What you get into is some are more willing to take older homes. Some won't take them at all," Lee McGriff said. "If you call me with a block 1965 home, we know where we might go with it. If you call with a brand new home, we know where the sweet spot is with different carriers."

He said homes built in the 1970s or earlier with no upgrades are probably going straight to Citizens.

"They are our absolute last resort," McGriff said. "They are understaffed. Underfunded. Ultimately that claim will get paid, but the process at the time of the claim won't be something someone will remember fondly."

The availability and price of insurance also depends on what state legislators do or don't do in their upcoming session. Those in the business say insurers are already not allowed to charge rates that reflect the hurricane risks faced in Florida even while facing rising costs of doing business and lower returns on stock investments.

Perry McGriff said without a solution, State Farm may just be the first in a line of insurers bailing out of Florida, and Letcher said the state's new insurers would not be able to absorb all 1.2 million new customers.

Lee McGriff, who competes with State Farm, said their departure means consumers have fewer choices, contrary to Gov. Charlie Crist's comment that Florida is better off without State Farm.

"We have gotten so many phone calls, and many from State Farm customers, that say, 'If State Farm wants a 47 percent rate hike let them and I'll make the decision of which insurance company I'll do business with,'" he said.