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Market faces upheavals

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The spectre of higher homeowners insurance rates comes at a time when the state's insurance market is already facing several upheavals.

State Farm Insurance of Florida, the largest private carrier in the state, announced in January it no longer wants to write property insurance here. That means some 1.2 million property policyholders, including some 700,000 homeowners, may need to find another company to cover them in the next two years.

Several insurers are also quietly backing out of the Florida market. To reduce their hurricane exposure in Florida, Liberty Mutual and Hartford aren't writing new policies and not renewing many policies on their books, agents say.

Some 40 companies are providing coverage, and about 25 companies in each of the three South Florida counties, says Michael Letcher, president of Home Insurance Buyers Guide, a fee-based web service located at www.homeinsurancebuyers.org that offers users detailed lists of insurers writing policies in each county.

The demise of Coral Insurance, shut down by state regulators for six months because its capital had dropped below the required level, and the temporary shutdown of People's Trust Insurance because of insurance code violations have caused some disruptions in the insurance market as well.

Agents say they are having a hard time finding coverage for older homes, which Coral was ready to insure as long as they had been renovated and updated. Dulce Suarez-Resnick, a personal lines agent at Brown & Brown's HBA Division in Miami, says many of these older homes end up in Citizens, again increasing its exposure.

Nestor Rivero, who owns Tropical Insurance in West Miami-Dade, says some of Coral's former policyholders have been forced to shell out money for a new policy well before they are reimbursed for the unused portion of the premium they paid Coral in the last 12 months. But newer homes that had been covered by Coral are finding an insurance carrier easily.