

# No hurricanes in a few years but insurance rates remain center of storm

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There hasn't been a major hurricane in the Sunshine State since 2005, yet Floridians are getting hit with hefty, ever-increasing insurance bills — and some are being dropped by Citizens Property Insurance Corp.

"We have the longest shoreline in the world and we have the biggest risk so we get killed," said Jeff Grady, president of the Florida Association of Insurance Agents. " ... Florida is a tricky thing and we've made a mess of it."

State reforms in 2007 and smaller insurers' over-reliance on reinsurance purchased from Bermuda and London are causing rates to rise, he said, pointing out that Citizens needs to decrease customers and the state's Hurricane Catastrophic Fund needs to be properly funded to stabilize the 1,006 property insurers that can do business in Florida; only 179 remain, some with a single policy.

"Reinsurance prices are very volatile," he said. "These reinsurers are paying for tsunamis and tornadoes, the disaster of the day."

Although Citizens was intended to be Florida's property insurer of last resort, it's grown into the state's largest, with 1.44 million policies, 23.6 percent of all statewide, including 26,231 in Collier County and 57,364 in Lee, according to the Florida Office of Insurance Regulation.

Its problems mounted after catastrophic hurricane seasons in 2004 to 2005, prompting rates to rise. In 2007, then-Gov. Charlie Crist allowed Citizens to expand coverage to write policies for anyone who received an insurance quote more than 15 percent above its rates. The reforms also enabled it to freeze premiums to 2006 levels, giving it an advantage.

Property owners jumped to join the public company, while private insurers left Florida. Now, officials are worried the state's Cat Fund could end up nearly \$2 billion short after a catastrophic storm — even though all Floridians with insurance are paying assessments to Citizens for past hurricanes.

Some say Citizens can't get ahead due to fraudulent sinkhole and roof claims and numerous payouts for noncatastrophic events, partial losses. As a result, insurers are seeking increases, 13 were approved, and Citizens is cutting customers.

Dr. George and Suzanne Waylonis of Park Shore in Naples were among those dropped last month after they improved their home to 2009 standards after a nonrenewal warning that year,

asking them to improve their roof, windows and doors to 2004 wind standards. The improvements pushed their home over Citizens' new \$1 million coverage limit.

"As a customer who did everything they asked, I don't think it's fair to drop me one year later," Waylonis said. "We were paying about \$7,500 yearly. That's not low-cost."

On Thursday, Waylonis received news that his broker was successful in getting wind coverage through Fireman's Fund Insurance Co., which covers his other property policies.

John and Alice Herndon, who saw their Citizens' payments increase from \$1,000 to \$4,000 yearly in just months after the hurricanes, were threatened with cancellation unless they agreed to let a Citizens agent check their home. It's assessed at \$73,598, Citizens appraised it at \$316,000, insured it for \$135,000 and their payments are now \$1,868 yearly, but the approval was only for a year.

"I understand all investments have to be protected, but not to the extreme," Herndon said, adding that it dashed their retirement plans. "If your car gets in a wreck and it's worth \$5,000, you get that. They should have something like that on your house."

"Gov. (Rick) Scott doesn't know what it's like to be a working man," Herndon said. "People haven't had raises in years, but all their bills have gone up. How much should insurance be? I don't know."

Some say what fixed flood insurance is the solution.

"We need a national policy that everyone pays into so it's a shared expense and spread across the nation," said Jack McCabe, CEO of McCabe Research & Consulting in Broward County. "The problem is northerners don't want to pay. That's one of the biggest stigmas in getting that passed."

Sam Miller, executive vice president of the Florida Insurance Council, which represents 250 insurers, blames increases on noncatastrophic loss payouts and fraudulent sinkhole and roof claims. He said Naples Sen. Garrett Richter's insurance overhaul bill, passed last year, will help because it was designed to reduce fraud, increase competition and prohibit payouts unless homeowners prove they're using the money for repairs. Unfortunately, he said, there was a rush of fraudulent sinkhole claims before it became law.

"There is an incentive to file a false claim and get a pot of money and not repair your roof," Miller said. "It's caused rates to go up. ... We want to make you whole. That's what the insurance industry is all about. You're not supposed to make money off of it."

Sean Shaw, founder of Policyholders of Florida, pointed out the new law didn't increase competition. A better solution, he said, would be for Citizens to cover only wind damage.

"You've got to do something to get the private market back," Shaw said. " ... Unfortunately, all you hear in Tallahassee is raise rates, raise rates, raise rates."