

# Many homeowners will soon be unable to stay with state-backed insurer Citizens

November 2, 2013|By Kathleen Haughney and Maria Mallory White, Sun Sentinel

"It is a rarity when violations are not found in a market conduct examination," Florida Office of Insurance Regulation spokeswoman Amy Bogner said. "... The issue raised in the examinations [of Florida Peninsula and United Property and Casualty] did not rise to a level of concern that would stop a takeout of policies from Citizens."

## Rising rates

During the past few years, the state has shuttled more than 473,000 homes from Citizens to private [insurers](#). This month, up to 200,000 Citizens customers will get letters from insurance companies asking for their business.

The state's pitch to consumers highlights the fact that exiting Citizens means leaving behind the threat of a 45 percent "hurricane tax" if Citizens can't pay its claims.

Jay Pellis was rattled when he got his takeout letter in March. "The way it was marketed, you'd think a used-car salesman was selling something," he said.

The Coral Springs homeowner was among the 60,000 Citizens policyholders earmarked to go to Heritage Property & Casualty Insurance Co., a St. Petersburg firm that's only a year old. In the end, he decided to give Heritage a try.

The state hasn't required most companies receiving Citizens' policies to commit to the 10 percent [rate](#) cap, so they will be free to request rate increases of their choosing at renewal time. The Office of Insurance Regulation reviews and decides if rate increases are justified. It rarely denies the increases, but sometimes approves less than the companies request.

Only Heritage Property and Weston Insurance Company have written in their takeout agreements with the state that they will hold renewals within the 10 percent state-mandated rate cap.

Bruce Lucas, Heritage's chairman, said his company is run by experienced managers who are confident enough to tell policyholders upfront what premium increases they'll face upon renewal after leaving Citizens.

"We are the first company in Florida ever to voluntarily calculate what your rate would be with Citizens and with Heritage," he said. Consumers don't want surprises, he added, so "if the answer is 'No, I can't tell you the price,' they're going to say, 'No, I'm going to stay with Citizens.'"

But beginning Jan.1, all of Citizens' new and renewal **business** will be run through the clearinghouse without exception. Consumers no longer will have the option of staying in Citizens if a private insurer offers a rate within 15 percent of the state insurer's rate.

The program is also expected to curtail one of the biggest problems the state has faced in shrinking Citizens — the thousands of policies funneled into Citizens weekly by agents who work exclusively for such big-name firms as State Farm, USAA and other national carriers no longer writing new homeowner policies in Florida.

"Every single time they try to put a policy into Citizens, they're going to be stopped," CEO Gilway said.

The irony in Florida's beleaguered insurance market is that the company many consumers love to hate — Citizens — is the company many prefer to trust with paying a claim.

The last thing Denise "Dee Dee" Owens, of Pembroke Pines, wants to worry about is whether she can get a check to rebuild after a storm. Owens fought a nine-month battle to recover **discounts** that Citizens revoked after reinspecting her property. And though she eventually was reimbursed, Owens said she had to do a loan modification to afford the most recent rate increases in her Citizens policy.

Yet, despite "all of the bull I went through," Owens has rejected offers to shift her policy to Universal Property and Casualty.

Citizens, for all its problems, is at least a familiar entity. "Nobody pays like Citizens does. I will say that in their favor," Owens said. "Nobody pays like Citizens pays."

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