

**Sun Sentinel (Fort Lauderdale, FL)**  
**Heritage seeks 14.9 percent insurance rate hike**  
**By Ron Hurtibise**  
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The state's fourth-largest homeowner insurer, Heritage Property & Casualty, is seeking an average 14.9 percent rate increase for former customers of state-run Citizens Property Insurance Corp. effective Sept. 1.

If approved, former Citizens policyholders in Palm Beach, Broward and Miami-Dade counties would be hit particularly hard. More than 17,000 single-family homeowners in Broward and Palm Beach counties would see rates increase by at least 19.5 percent a year, according to the company's estimates. In Miami-Dade, 11,695 customers would see bills increase by 16.3 percent or more.

The company filed its annual rate proposal on Wednesday with the state Office of Insurance Regulation. The office has 90 days to review the proposal and can approve, reject or request changes to it.

Heavy recent claims losses and a recent surge in lawsuits related to assignments of benefits are to blame, company president Richard Widdicombe said by phone Friday.

Those are the same cost pressures driving costs higher at state-run Citizens Property Insurance Corp. and at other commercial insurers in Florida. Last fall, Citizens obtained approval for an average statewide rate hike of 1.8 percent for 2016. But early this year, Citizens officials said South Florida customers face much higher hikes next year and beyond. Customers in Miami-Dade face indefinite increases of 10 percent each year — the highest allowed for the company under state law — if lawmakers fail to enact reforms to curtail claims abuses, Citizens officials said.

An assignment of benefits occurs when a policyholder signs over to a damage repair contractor the right to bill an insurance company for the repair work, and to file suit if the insurer rejects the claim or fails to pay the full invoice amount. Insurers say assignments of benefits are being abused by contractors who submit inflated, bogus claims and by their attorneys who collect steep legal fees. Contractors and attorneys counter that insurers routinely reject reasonable claims and fail to pay the cost of returning damaged properties to their pre-loss conditions.

Heritage officials warned of rate increases in a conference call with shareholders in March. Chairman and CEO Bruce Lucas said hikes would average 4 percent statewide for its "voluntary" policyholders but said the company had not yet calculated hikes for former Citizens customers absorbed into Heritage through Citizens' depopulation program.

Heritage managed 253,426 policies in the fourth quarter of 2015 — fourth-most of all property insurers in Florida, according to state insurance records.

Rates and proposed increases vary by territory. According to company estimates included in the rate filing, an average premium in parts of the Fort Lauderdale and Hollywood areas would

increase from \$2,379 to \$2,888. An average premium in other areas of Broward would increase from \$2,198 to \$2,627. In western Palm Beach County, an average premium would increase from \$1,636 to \$2,003. In western Miami-Dade, an average premium would increase from \$2,819 to \$3,278.

Jay Neal, president and CEO of the Fort Lauderdale-based Florida Association for Insurance Reform, said the rate increases took him by surprise. "I expected 7 or 8 percent, not 15 percent," he said Friday.

He lamented the failure of the two factions in the dispute — insurers on one side and trial lawyers and contractors on the other — to reach a compromise on ways to curb abuses during the legislative session that ended last month. It was the fourth straight year that lawmakers failed to address rising costs stemming from assignment of benefits.

"If we don't do something about this, we're going to see rates doubled over the next five years," Neal said.

<http://www.sun-sentinel.com/business/consumer/fl-heritage-seeks-15-percent-property-insurance-hike-20160408-story.html>