

sun-sentinel.com/business/sfl-insure-rate-hike-100109,0,3973673.story

South Florida Sun-Sentinel.com

Property insurance

Prepare to pay more for Florida home insurance

New Florida law allows insurers to quickly pass certain costs to customers

By Julie Patel

South Florida Sun Sentinel

3:13 AM EDT, October 1, 2009

Seven major Florida property insurers are asking to increase home insurance rates – from 8 percent to 15 percent – within the next year despite several years without serious storms.

The insurers, who are among the top 25 largest home insurers in Florida, submitted the rate proposals to the Office of Insurance Regulation. Most of the insurers say they need the increase to pay for higher costs of reinsurance – backup coverage used to pay for catastrophic claims filed, for instance, after a hurricane.

Private reinsurance coverage costs are rising and there is less backup coverage available from the Florida Hurricane Catastrophe Fund, a state reinsurer that will shrink each year for the next few years under a new law passed by the Legislature.

The law also speeds up the process for insurers to pass certain reinsurance costs to customers but the increase is capped at 10 percent for any individual policyholder. Insurance Commissioner Kevin McCarty told the Florida Cabinet recently that insurers may need to increase rates to offset drops in claims-paying reserves.

Tom Zutell, spokesman for the Office of Insurance Regulation, said the office "will of course follow the law and continue to have our actuaries diligently review all rate filings to ensure they are not excessive, inadequate or unfairly discriminatory."

Universal Property & Casualty Insurance has proposed increasing statewide premiums by an average of 9.8 percent. With about 461,000 policies, Universal is the state's third largest home insurer after state-run Citizens Property Insurance Corp., which plans to boost premiums next year by up to 10 percent, and State Farm, which plans to leave the state.

Among those with the highest proposed increases is Orlando-based St. Johns Insurance Co., which has more than 198,000 policies and proposes increasing rates for home and condominium unit owners by a statewide average of 14.9 percent. Liberty Mutual Fire Insurance Co., which has about 99,000 policies, asked to boost statewide rates for home and condominium unit owners by 14.7 percent and renters' insurance rates by 12.7 percent.

In its filing, Universal says it wants to "remain competitive and grow in key regions," St. Johns says its request mainly includes revised reinsurance costs and Liberty Mutual says it needs the increase because of the catastrophe fund and because of losses on claims.

American Integrity Insurance, Southern Fidelity Insurance and United Property and Casualty Insurance have also asked to increase rates.

Lisa Miller, a former deputy insurance commissioner and spokeswoman for American Integrity Insurance Company, said the rate increase will allow company officials to "keep their promises to their customers."

McCarty, along with representatives from Citizens and the catastrophe fund, will field questions on Florida's insurance industry from the Senate banking and insurance committee on Tuesday.

Julie Patel can be reached at 954-356-4667 and jpatel@sunsentinel.com.

Copyright © 2009, [South Florida Sun-Sentinel](#)