

New insurers in state for less

BY MATT REED, FLORIDA TODAY • December 23, 2008

If you want to pay less for hurricane insurance, it's time for you to act. You, the consumer. Not the governor or the Legislature or the media. You.

What to do:

- **Shop around.** Grab the phone book and call for a quote from an independent agent, not one of the big brand names. Independent agents sell policies from a host of new arrivals including Universal, Security First, St. Johns, Cypress, Edison and Olympus. You can go to FloridaHomeInsurers.com to get quotes. You won't find the insurers themselves listed in the phone book, so you have to call an agent.
- **Get your discounts.** No, you didn't automatically qualify for them when you described your home to your agent. You have to get an inspection, which can be free, and send a separate form to your insurer.

You can save hundreds per year based on the shape of your roof and materials used to build your home -- stuff you don't have to change. To get started, call your company or go online to MySafeFloridaHome.com.

- **Check your replacement values.** On your policy, they're the dollar amounts listed for your dwelling, personal property "and other structures." If they're too high, you're paying too much.

One way to know: If your dwelling value looks like market prices in your neighborhood, it's too high. When you rebuild, you don't have to pay again for the land, utilities, impact fees or sales commissions.

Get honest info

But will you get honest information when you shop for hurricane insurance? Readers have relayed some lusus from agents:

- The new insurers competing in Florida aren't rated and don't have money to pay claims.
- Your home's "contents" coverage is dictated by the state and you can't change it.
- You have to buy hurricane coverage with your policy, even if you own your home outright.

I ran those statements past the state Office of Insurance Regulation, which described them as "unfair" or "false."

Tom Zutell, deputy communications director, said the host of new property insurers -- which have offered lower prices and picked up thousands of former Allstate, State Farm and Nationwide customers -- comply with "the most rigorous standards in the nation" for ensuring that companies can pay claims after a catastrophe.

"We have an entire division of employees who do nothing but monitor companies' solvency and keep a constant eye out for any indication a company may be experiencing financial difficulty," Zutell said.

Some companies are so new, they do not yet have ratings from commercial agencies, he said. But consumers can check ratings for free at Demotech.com or AMBest.com.

I checked Demotech Inc. ratings for four relatively new arrivals -- St. Johns, Security First, Royal Palm and Universal Property & Casualty. All had "A" or "Excellent" ratings .

Understand ratings

But understand that Demotech ratings differ from ratings by other companies such as A.M. Best and Moody's.

Those services measure a broader range of factors that can include depth of reserves, company age, profitability and diversification across regions and lines of insurance. If you can get an affordable policy with an "A+" rating from A.M. Best, take it.

But new Florida-based companies that specialize in homeowners' insurance and rely on backup "reinsurance" to pay hurricane claims stand little chance with the agency.

Demotech focuses primarily on a company's ability to remain solvent and pay claims in a crisis.

And remember, no rating predicts how quickly an insurer -- big or small -- will send an adjuster to accurately pay you.