

FLORIDA HOMEOWNERS SEE MASS EXODUS. IF CHERRY PICKING WASN'T ALLOWED, THIS WOULDN'T HAPPEN.

Safeco to exit Florida property insurance market

SAN FRANCISCO, July 25 (Reuters) - Insurance company Safeco (SAFC.O: [Quote](#), [Profile](#), [Research](#)) said on Monday it will stop renewing personal residential property insurance in Florida beginning in 2006 after this year's hurricane season.

Safeco said it notified the Florida Office of Insurance Regulation of the decision and said it will apply to all of the company's residential property policies, including homeowners, dwelling fire, renters, and condominium insurance.

Those insurance categories make up about one-eighth of its Florida business, Safeco said.

The Seattle-based insurer said it will focus on expanding its other personal insurance product lines for automobiles, watercraft, and other vehicles, as well as specialty and business insurance coverage in the state.

Jim Swegle, vice president of personal property lines for Safeco, said in a statement that the company "cannot effectively compete in Florida's unique and complex personal property market with our standardized product approach."

Swegle said Safeco represents 0.6 percent of the Florida personal resi-

dential property market, or about 30,000 customers.

Allstate to Homeowners: Thanks, But No Thanks

Allstate Corp., declaring that last year's hurricanes had "obliterated" profits, said recently it will not renew the policies of 95,000 Florida homeowners' insurance customers.

The company said it was making arrangements for policyholders to transition to another firm. Another 16,000 commercial policies will also be discontinued, Allstate announced.

The move, the company said follows a strategic assessment of the Florida insurance market after the damage caused by Hurricanes Charley, Frances, Ivan, and Jeanne last year.

The hurricanes caused an insured loss of \$20.5 billion for carriers according to estimates by Property Claims Services.

Allstate said the non-renewals are intended to reduce exposure to risk of hurricane losses. Edward Liddy, Allstate chief executive, said the hurricanes "wiped out all the profits" the company's Allstate

Floridian unit had earned since 1992 when Hurricane Andrew affected the area.

Bill Mellander, a spokesperson for Allstate, said that the company lost \$2 billion as a result of the 2004 hurricanes. He added, "In the wake of these events there was a 'new reality' Allstate had to face in the Florida market in order to best accommodate customers."

Policyholders will have alternative options for insurance as almost 95,000 members will be eligible to buy coverage via their Allstate agent from Universal Insurance Company of North America, a subsidiary of Universal Insurance Group, Allstate said.

Universal Insurance Group is well established in the Florida area, which was important to Allstate, as they wanted to make the transition process as seamless as possible for customers, according to Mr. Mellander.

Mr. Mellander stressed that the changes in policy were necessary for the benefit of policyholders so that they would be able to receive the same level of quality care that they had in the past. Customers will be able to transfer their same level of service, such as auto insurance discounts, under Allstate to their new carrier. Allstate will begin notifying customers of the new developments by mail today.

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LAST COUNT:

These recent bailouts bring the total number of insurers exiting Florida to six.

POA has championed anti-cherry picking laws that would stop such bailouts. (Bailouts always result in big increases in premiums because of demand and supply.)

Anti-cherry picking means that if an insurer opts to exit a specific line (like homeowners insurance), they must exit all of the lines sold in a state.

Unfortunately, the Republican leadership in the Florida legislature has refused to impose this restriction.

So, prepare yourself for even higher rates.