

Citizens Delays Sending Policies Up for Renewal to Clearinghouse Until Fall

TALLAHASSEE, Fla. - Florida's Citizens Property Insurance Corp. is delaying by several months a planned expansion of its policy clearinghouse to make available those policies up for renewal, in order to improve the online system handling the policies.

The clearinghouse was created in reform legislation passed during 2013 as part of lawmakers' efforts to help depopulate Citizens. The company leads the state in multiperil homeowners' insurance sales despite being the property insurer of last resort.

Citizens' clearinghouse launch began in January and to date has been open to new policyholders only. But before renewal policies are included, Citizens' is asking New York-based email platform contractor Bolt Solutions to delay opening the clearinghouse for renewal policies to enable better email capability for carriers and agents, Citizens spokesman Michael Peltier told Best's News Service.

Citizens could have begun introducing renewal policies into the clearinghouse in August. Instead of phasing-in renewal policy introduction into the clearinghouse, Citizens will instead begin sending renewal notices in September for renewals occurring in November, Peltier said.



The Florida Insurance Council voiced no concern about the delay. "It's just all about needing more time to get their computer network expanded," said Sam Miller, the FIC's executive vice president. He said the renewal policy load on the system figures to be much greater than what is required for it to manage currently. "We know they're still going to do it and we believe they will be incredibly successful when they do," Miller said.

Since the clearinghouse began operating in January, about 3,480 policies representing \$923 million in coverage have been deemed ineligible for Citizens, Peltier said. Those policies were placed in the clearinghouse because their cost does not exceed the threshold of being no more 15% more expensive than Citizens' policies offering comparable coverage.

Of the 3,480 policies, about 1,600 policies have been taken by carriers to date. Peltier said the private market has been receptive to diverting policies away from Citizens and that even carriers who are not officially participating in the clearinghouse are considering taking the remaining policies as an option. "As policies become more actuarially sound, they become more attractive to private carriers," he said.

Citizens' low rates have resulted in its domination of coastal markets and it has been under pressure in recent years to reduce its market share. It has been able to cut its total amount of policies to fewer than 1 million in force partly because of a massive surplus built up because no major storms have hit the state since 2006 and because private insurers have been taking out policies directly, a trend that continues. Earlier this month, the state Office of Insurance Regulation approved the request of Heritage Property & Casualty Insurance Co. to take out up to 15,000 multiperil personal residential policies, bringing the year's total of policy take-outs to 359,341 ([Best's News Service, June 6, 2014](#)). Also, Citizens is asking the OIR to approve an overall 2.9% statewide rate decrease for personal residential policyholders in 2015.

The top five writers of homeowners' multiperil insurance in Florida during 2013 were: Citizens Property Insurance Corp., with a 14.51% market share; Universal Holdings Insurance Group, with 7.94%; State Farm Group, with 7.38%; Tower Hill Group, with 6.93% and USAA Group, with 4.88%, according to BestLink (www.ambest.com/bestlink).

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BN-NJ-6-27-2014 1558 ET #