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Heritage Insurance Wants Insolvent Florida Insurer's Policies

CLEARWATER, Fla. - Heritage Insurance Holdings Inc. will provide coverage for 35,000 policyholders of insolvent Florida homeowners insurer Sunshine State Property & Casualty Insurance Co.

The deal needs the approval of a Florida court. Heritage said 10 companies submitted bids to acquire Sunshine State's policies. The Florida Department of Financial Services has been working with the Florida Office of Insurance Regulation and others to find coverage for Sunshine State's policyholders after the company was recently found to be insolvent and ordered into liquidation ([Best's News Service, June 4, 2014](#)).

With Heritage potentially picking up coverage, Sunshine State's policyholders will be covered for the already underway hurricane season. The plan calls for all policies taken by Heritage to use Sunshine State's current rates and at renewal, those customers will receive the lower of Sunshine State's or Heritage's rates, the company said.

"There is a smooth and easy transition of coverage for the customer and agent that will be handled behind the scenes by Heritage," said Bruce Lucas, Heritage's chairman and chief executive officer. "Our transition plan guarantees continuation of coverage, rates, forms, and systems. It will be largely unperceivable by agent and policyholder."

Sunshine State had been under a regulatory order to find capital infusion or a buyer since it discovered an accounting error earlier this year that combined with operational losses, caused a drop in policyholder surplus. One buyer, United Insurance Holdings Inc., initially expressed interested in purchasing the company, but terminated the deal after due diligence.

Heritage is a relatively new company, having started operations in August 2012, according to a regulatory filing. However, by the end of 2013 it had picked up 1.38% of the Florida homeowners market, according to BestLink, A.M. Best Co.'s online financial system.

While the company is new, the management team is not. Heritage President Rich Widdicombe, in a statement, lauded the company's management experience, saying it had operated in every hurricane since Hurricane Andrew in 1992. "We are uniquely experienced at handling catastrophic events," he said.

On the afternoon of June 11, shares of Heritage Insurance Holdings Inc. (NYSE: HRTG) were trading at \$14.03, up 3.62% from the previous close.

(By Michael Buck, senior associate editor, BestWeek: Michael.Buck@ambest.com)

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