

CONSUMER CHOICE WORKS

(300 Words, More or Less)

In FAIA's last 300 Worder on this subject, it was revealed that some of the largest Citizens' takeouts have occurred after Consumer Choice was unanimously enacted by the 2001 Legislature. This is due in part to State Farm Insurance Company who, as one of the original supporters of Consumer Choice, has allowed its exclusive agents to accept service arrangements with takeout carriers. Please consider the following articles as further proof that Consumer Choice is not an impediment to depopulation.

◆ **OIR AUTHORIZES NEW HOMEOWNER COMPANY, Tallahassee**—The Florida Office of Insurance Regulation today issued a permit to Security First Insurance Company who has applied for a Certificate of Authority to write homeowners policies in the state of Florida.

Security First intends to take out a minimum of 15,000 policies from Citizens in their first year. Their interest follows the addition of two takeout companies, Gulfstream Property and Casualty Insurance Company and Southern Oak Insurance Company, who in December took out a total of 110,000 policies or 12.5% of Citizens total policies.

Editor's note: *Actually, 110,000 policies is more like 30 percent of the Homeowners multi-peril policies in Citizens. The 12.5 percent figure must have included 400,000-plus wind only policies, an inappropriate comparison in our opinion.*

◆ **FLORIDA UNDERWRITER MAGAZINE**—OIR spokesperson, Tami Torres in response to rumors that CFO Gallagher was leaning towards repeal of Consumer Choice said, and, according to the magazine said so "emphatically" that it is... "Not true!" Ms. Torres was also quoted saying that... "This is the first we have heard of that rumor, and we can say that CFO Gallagher has no intention of rescinding Consumer Choice."

◆ *"We have removed over 81,000 policies in the first two months. Citizens staff has queried the already-approved takeout companies, and they advise that they are planning to remove an additional 130,000 policies."*—Citizens Staff Executive Summary presented Tuesday, February 15, 2005, at Citizens' Board meeting

◆ *"Please allow this to serve as our formal request to the board that, upon the conclusion of our existing PLA [Personal Lines Account] assumption agreement, a new PLA agreement be granted to us for the removal of up to an additional 100,000 policies from Citizens. It would be our intent...of depopulating...with particular emphasis on HO3 and FP3 business in Southeast Florida."*—David E. Gough, senior vice president, Poe Financial Group (1/28/05).

Editor's Note: *The policies requested by Poe Financial are not in the previous totals to be removed and are in addition to wind-only policies it has been removing during 2004.*

◆ *"If you fix the sinkhole problem you could literally move out 125,000 to 175,000 more policies [from Citizens]."*—Comments by Bob Ricker, president, Citizens Property Insurance Corporation, made during the board meeting on February 15, 2005.

◆ **FROM THE MIAMI HERALD**—...Miami-based Northern Capital Insurance will begin writing policies by the middle of the year and hopes to insure 10,000 homes in 2005.

At least five other companies are forming investors groups and raising capital according to representatives with several insurers...

◆ **THE FLORIDA CONSUMER ACTION NETWORK**—Comments from Executive Director Bill Newton—"The benefits of Consumer Choice are undeniable. It works for consumers, agents and the depopulation of Citizens. WE don't like to see people required to go with a company they don't want to go with. Impact is minimal on Citizens staff. The agent provides a valuable service and consumers should have the right to stay with them. They aren't going to stay in Citizens to pay a huge additional premium. It's a matter of service mostly." www.fcan.org.

◆ *"...we are trying to make it as easy as possible for agents to just switch over without any disruption to the policyholder—we think that is important in the long run also."*—Comments by President Tony Loughman, Southern Oak Insurance Company (removing 40,000 policies), during a takeout presentation to the Board of Citizens, December 7, 2004.

Consumer Choice is endorsed by: FAIA, the Florida Association of Insurance & Financial Advisors, the Florida Association of Realtors, the Florida Bankers Association, the Professional Insurance Agents, the Latin American Association of Insurance Agents, the Florida Consumer Action Network, and other members of both the public and private sector.

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