

Megan Hayes - Maryland Coastal Areas - Insurance Availability and Affordability

From: Jim Fowler <jim@fowlerinsurance.com>
To: <mhayes@mdinsurance.state.md.us>
Date: 12/16/2011 7:46 PM
Subject: Maryland Coastal Areas - Insurance Availability and Affordability
Attachments: 2011_12_16_19_23_47 Fireman'sFund - Notices of Premium Increase.pdf

Dear Deputy Commissioner Hornig:

It is my understanding that our agents' association, IA&B, testified on Tuesday, 12/13/2011, that Maryland's coastal market requires no legislative or regulatory action at this time. Although it may be true that additional regulatory or legislative action is not the solution to the problem, availability and affordability for coastal property insurance is a frustrating situation that has gotten worse.

We are a small independent agency located in Ocean Pines, Worcester County, MD. We represent the following Personal Lines "admitted" companies: Safeco, Fidelity National, Fireman's Fund, Peninsula, Encompass, Foremost and Universal (Arrowhead). In the past couple of years these insurers have implemented more restrictive "coastal" underwriting guidelines to limit "new" business and/or increased the annual premiums for the existing book of business. The effect is that our agency no longer has a viable "admitted" market for new Homeowners business. We also spend countless hours on the phone with clients and potential clients that do not understand why their renewal premium increased so much and we do not have something better to offer them. The following is a brief summary of the "coastal" restrictions for new Homeowners business for each insurer.

Safeco – nothing East of Route 113 in Worcester County

Fidelity National – Worcester County is ineligible

Peninsula – Worcester County is ineligible

Encompass – Worcester County is ineligible except for a condominium unit owner (primary residence only)

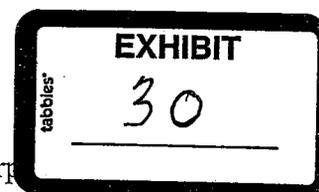
Fireman's Fund – nothing in zip code 21842 and limitations on other areas (not well defined and subject to other lines of business to be written)

Universal (Arrowhead) – effective 01/15/2012 nothing within 1,000' of ocean, coastal bay or river

Foremost – currently does not offer a Homeowners product

For new Homeowners business we can only offer quotes from "non-admitted" insurers for most Worcester County locations. If a potential client calls for a quote and is already insured by an "admitted" company, we have nothing to offer them but friendly advice. When appropriate, we broker new accounts with the Coastal Agents Alliance, LLC Homeowner Program underwritten by Lantana (effective 01/01/2012 QBE Insurance). CAA, located in Marmora, NJ, understands the coastal market and offers good coverage options for a reasonable premium.

Although they are not available for new business, so far Peninsula, Encompass and Safeco have offered renewals with reasonable price increases. Fireman's Fund and Fidelity National's renewal premiums have increased by 20-60% this year! We frequently receive phone calls from frustrated, unhappy homeowners with requests that we do something about it. I have attached samples of the Notice of Premium Increase issued by Fireman's Fund. FF targets the affluent homeowners market and offers specialized coverage. The market for comparable coverage is limited, however, in some cases we might be able to request a brokered proposal for coverage underwritten by Chubb, Chartis or ACE.



For Commercial accounts, we only have Zurich and/or Ohio Casualty to offer (admitted market). Both companies have coastal restrictions based on distance to the coast or tidal water as determined by *Riskmeter*. It varies by type of construction and by the underwriter that interprets the "coastal" guidelines.

Although it is possible that coastal Maryland could experience a catastrophic storm, I think that the true risk (except on the barrier island of Ocean City) is no greater than most other areas of the state. It seems that the insurers and reinsurers have over-reacted to the "It Can Happen Tomorrow" hype. The lessons learned in Hurricanes Ike and Irene indicate that the loss exposure from Flood or Wind is not limited to just the coast. For example, the Ohio Valley sustained a lot of damage during Hurricane Ike and Vermont experienced devastating flooding this year from Hurricane Irene. Coastal underwriting restrictions based on distance to tidal water are probably ineffective at reducing the actual claims paid. On most policies, Flood is not a covered peril and Hurricane-force Wind does not magically dissipate two miles inland.

I do not know what the best solution is, however, on behalf of our clients we welcome any positive, constructive ideas that will improve the Maryland coastal insurance marketplace.

Thank you,

Jim Fowler

Fowler Insurance, Inc.
James R. Fowler, CPCU
11042 Nicholas Lane, B-104
PO Box 1210
Ocean Pines, MD 21811-5210

410-208-1591 Office
410-208-9259 Fax
410-726-5840 Mobile

Notice of Premium Increase



Effective Date	Date Mailed	Type of Policy	Issuing Office
10/30/2011	09/06/2011	Homeowners	EPIR

Policy Number and
Name and Address of Insured

OCEAN PINES MD 21811

Policy Number and
Name and Address of Additional Interest

Your premium will be increased by 20% or more at renewal on the effective date shown above at 12:01 A.M. standard time.

The premium for your expiring policy is:	\$3373
Your renewal premium will be:	\$4070
This is a premium increase of:	\$697
Total % renewal premium increase:	21%

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SEP 13 2011

We are taking this action for the following reason(s):

The renewal premium change is due to a rate increase which was filed with and approved by the Maryland Ins Administration.

If this policy provides property insurance, you may have the right to replace this insurance through the Maryland Property Insurance Availability Plan, Joint Insurance Association, 210 North Charles Street, Suite #1001, Baltimore, MD, 21201-4012. Phone (410) 539-6808.

If this policy provides workers compensation insurance, you may have the right to replace this insurance through the Injured Workers Insurance Fund, 8722 Loch Raven Blvd, Towson, MD 21286, Phone 1-800-492-0197.

You may contact your agent or broker for additional information, or contact one of the above named offices.

Name of Agent or Broker

FOWLER INSURANCE INC.
OCEAN PINES, MD

19-490-316

Insuring Company

The American Insurance Co
One of the Fireman's Fund Insurance Companies

Donald R. Coleman

Authorized Signature

485671R 10-02 MD

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Notice of Premium Increase



Effective Date 02/04/2012	Date Mailed 12/08/2011	Type of Policy Homeowners	Issuing Office EPIR
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Policy Number and
Name and Address of Insured

BERLIN MD 21811

Policy Number and
Name and Address of Additional Interest

Your premium will be increased by 20% or more at renewal on the effective date shown above at 12:01 A.M. standard time.

The premium for your expiring policy is:	\$8802
Your renewal premium will be:	\$10862
This is a premium increase of:	\$2060
Total % renewal premium increase:	23%

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DEC 13 2011

We are taking this action for the following reason(s):

The renewal premium change is due to a rate increase which was filed with and approved by the Maryland Ins Administration.

This notice pertains to the risk located at: [REDACTED] Ocean City MD 21842.

If this policy provides property insurance, you may have the right to replace this insurance through the Maryland Property Insurance Availability Plan, Joint Insurance Association, 210 North Charles Street, Suite #1001, Baltimore, MD, 21201-4012. Phone (410) 539-6808.

If this policy provides workers compensation insurance, you may have the right to replace this insurance through the Injured Workers Insurance Fund, 8722 Loch Raven Blvd, Towson, MD 21286, Phone 1-800-492-0197.

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Name of Agent or Broker

FOWLER INSURANCE INC.
OCEAN PINES, MD

19-490-316

Insuring Company

The American Insurance Co
One of the Fireman's Fund Insurance Companies

Donald A. Coleman

Authorized Signature

485671R 10-02 MD

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BY:

Notice of Premium Increase



Effective Date	Date Mailed	Type of Policy	Issuing Office
12/01/2011	10/05/2011	Homeowners	EPIR

Policy Number and
Name and Address of Insured

BISHOPVILLE MD 21813

Policy Number and
Name and Address of Additional Interest

Your premium will be increased by 20% or more at renewal on the effective date shown above at 12:01 A.M. standard time.

The premium for your expiring policy is:	\$4559
Your renewal premium will be:	\$5620
This is a premium increase of:	\$1061
Total % renewal premium increase:	23%

We are taking this action for the following reason(s):

The renewal premium change is due to a rate increase which was filed with and approved by the Maryland Ins Administration.

If this policy provides property insurance, you may have the right to replace this insurance through the Maryland Property Insurance Availability Plan, Joint Insurance Association, 210 North Charles Street, Suite #1001, Baltimore, MD, 21201-4012. Phone (410) 539-6808.

If this policy provides workers compensation insurance, you may have the right to replace this insurance through the Injured Workers Insurance Fund, 8722 Loch Raven Blvd, Towson, MD 21286, Phone 1-800-492-0197.

You may contact your agent or broker for additional information, or contact one of the above named offices.

Name of Agent or Broker

FOWLER INSURANCE INC.
OCEAN PINES, MD

19-490-316

Insuring Company

National Surety Corporation
One of the Fireman's Fund Insurance Companies

Authorized Signature

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OCT 10 2011

BY:

SEP 27 2011

Notice of Premium Increase



Effective Date 11/22/2011	Date Mailed 09/27/2011	Type of Policy Homeowners	Issuing Office EPIR
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Policy Number and Name and Address of Insured

[REDACTED]

[REDACTED]

OCEAN PINES MD 21811

Policy Number and Name and Address of Additional Interest

[REDACTED]

Your premium will be increased by 20% or more at renewal on the effective date shown above at 12:01 A.M. standard time.

The premium for your expiring policy is:	\$4163
Your renewal premium will be:	\$5130
This is a premium increase of:	\$967
Total % renewal premium increase:	23%

We are taking this action for the following reason(s):

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If this policy provides property insurance, you may have the right to replace this insurance through the Maryland Property Insurance Availability Plan, Joint Insurance Association, 210 North Charles Street, Suite #1001, Baltimore, MD, 21201-4012. Phone (410) 539-6808.

If this policy provides workers compensation insurance, you may have the right to replace this insurance through the Injured Workers Insurance Fund, 8722 Loch Raven Blvd, Towson, MD 21286, Phone 1-800-492-0197.

You may contact your agent or broker for additional information, or contact one of the above named offices.

Name of Agent or Broker

FOWLER INSURANCE INC.
OCEAN PINES, MD

19-490-316

Insuring Company

The American Insurance Co
One of the Fireman's Fund Insurance Companies

Authorized Signature

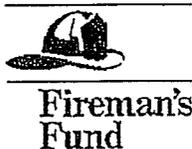
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SEP 30 2011

BY:

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Notice of Premium Increase



Effective Date	Date Mailed	Type of Policy	Issuing Office
02/06/2012	12/12/2011	Homeowners	EPIR

Policy Number and
Name and Address of Insured

WILLARDS MD 21874

Policy Number and
Name and Address of Additional Interest

Your premium will be increased by 20% or more at renewal on the effective date shown above at 12:01 A.M. standard time.

The premium for your expiring policy is:	\$450
Your renewal premium will be:	\$603
This is a premium increase of:	\$153
Total % renewal premium increase:	34%

We are taking this action for the following reason(s):

The renewal premium change is due to a rate increase which was filed with and approved by the Maryland Ins Administration.

If this policy provides property insurance, you may have the right to replace this insurance through the Maryland Property Insurance Availability Plan, Joint Insurance Association, 210 North Charles Street, Suite #1001, Baltimore, MD, 21201-4012. Phone (410) 539-6808.

If this policy provides workers compensation insurance, you may have the right to replace this insurance through the Injured Workers Insurance Fund, 8722 Loch Raven Blvd, Towson, MD 21286, Phone 1-800-492-0197.

You may contact your agent or broker for additional information, or contact one of the above named offices.

Name of Agent or Broker

FWLER INSURANCE INC.
OCEAN PINES, MD

19-490-316

Insuring Company

Fireman's Fund Insurance Co.
One of the Fireman's Fund Insurance Companies

Authorized Signature

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BY:

Notice of Premium Increase



Effective Date	Date Mailed	Type of Policy	Issuing Office
12/18/2011	10/21/2011	Homeowners	EPIR

Policy Number and
Name and Address of Insured

[Redacted]
[Redacted]
[Redacted]
OCEAN CITY MD 21842

Policy Number and
Name and Address of Additional Interest

[Redacted]

Your premium will be increased by 20% or more at renewal on the effective date shown above at 12:01 A.M. standard time.

The premium for your expiring policy is:	\$3185
Your renewal premium will be:	\$4533
This is a premium increase of:	\$1348
Total % renewal premium increase:	42%

We are taking this action for the following reason(s):

The renewal premium change is due to a rate increase which was filed with and approved by the Maryland Ins Administration.

This notice pertains to the risk located at: [Redacted] Ocean City, MD 21842.

If this policy provides property insurance, you may have the right to replace this insurance through the Maryland Property Insurance Availability Plan, Joint Insurance Association, 210 North Charles Street, Suite #1001, Baltimore, MD, 21201-4012. Phone (410) 539-6808.

If this policy provides workers compensation insurance, you may have the right to replace this insurance through the Injured Workers Insurance Fund, 8722 Loch Raven Blvd, Towson, MD 21286, Phone 1-800-492-0197.

You may contact your agent or broker for additional information, or contact one of the above named offices.

Name of Agent or Broker

FOWLER INSURANCE INC.
OCEAN PINES, MD

19-490-316

Insuring Company

The American Insurance Co
One of the Fireman's Fund Insurance Companies

Authorized Signature

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OCT 26 2011
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Notice of Premium Increase



Effective Date 01/26/2012	Date Mailed 12/08/2011	Type of Policy Homesteaders	Issuing Office EPIR
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Policy Number and
Name and Address of Insured

OCEAN CITY MD 21842

Policy Number and
Name and Address of Additional Interest

Your premium will be increased by 20% or more at renewal on the effective date shown above at 12:01 A.M. standard time.

The premium for your expiring policy is:	\$3621
Your renewal premium will be:	\$5178
This is a premium increase of:	\$1557
Total % renewal premium increase:	43%

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We are taking this action for the following reason(s):

BY:

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This notice pertains to the risk located at [REDACTED] Ocean City, MD 21842.

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Name of Agent or Broker

FOWLER INSURANCE INC.
OCEAN PINES, MD

19-490-316

Insuring Company

The American Insurance Co
One of the Fireman's Fund Insurance Companies

Howard R. Coleman

Authorized Signature

Notice of Premium Increase



Effective Date 08/09/2011	Date Mailed 06/17/2011	Type of Policy Homeowners	Issuing Office EPIR
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Policy Number and
Name and Address of Insured

BISHOPVILLE MD 21813

Policy Number and
Name and Address of Additional Interest

Your premium will be increased by 20% or more at renewal on the effective date shown above at 12:01 A.M. standard time.

The premium for your expiring policy is:	\$7983
Your renewal premium will be:	\$12754
This is a premium increase of:	\$4771
Total % renewal premium increase:	60%

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Name of Agent or Broker

FOWLER INSURANCE INC.
OCEAN PINES, MD

19-490-316

Insuring Company

The American Insurance Co
One of the Fireman's Fund Insurance Companies

Authorized Signature

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JUN 20 2011

BY:

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