

NH homeowners: is a MAP needed now?

*InsuranceTimes*TM, April 15, 2003, Vol. XXIII, No. 8

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InsuranceTimes

CONCORD, N.H. — Insurance agents and New Hampshire insurance officials are at odds over the need for a state Market Assistance Program for homeowners in the state.

Agents contend the market for certain homeowners risks is tight and growing tighter and a MAP makes sense now.

State officials, while acknowledging there are some problems, prefer to wait before implementing a MAP in hopes private insurers might come forward with new market solutions. They say they are monitoring the market and preparing a MAP in case it is needed in the future.

Assistant Insurance commissioner Roger Sevigny says, "We've seen a bit of a resurgence in consumer non-renewal activity. We continue to work on a MAP for homeowners and we've sent out the most recent draft to the industry for further input. But we have no plans to implement a MAP at this time. We want to have it ready so we can pull it off the shelf if it is needed."

Sevigny says that some of the areas of concern include seacoast properties and wind risk coverage as well as coverage for owners of certain breeds of dogs. The other problem is non-renewal of coverage because a homeowner filed more than one claim.

To these areas of difficulty, agents add owners of trampolines, mold exposures, and Protection Class 10 properties where there is no full time community fire department, no fire hydrants and the dwelling is more than five miles from the nearest fire station.

Jeff Foy, Foy Insurance Group, Exeter, president-elect for Professional Insurance Agents of NH (PIANH), who has been working with Sevigny on the issue, praises the department's efforts to address the situation while admitting the two do not exactly agree.

"I think it is necessary to implement a MAP," Foy said. "We had a bad winter and therefore a lot of claims. This is going to cause more non-renewals, which will put a further strain on agents. We have two Excess & Surplus carriers but they could be gone tomorrow and the coverage is less and at double the rates."

Foy's point of view is echoed by PIANH Board member Tod O'Dowd, J. Clifton Avery Agency, Wolfeboro.

"I think the need for a MAP is there if it's done right," O'Dowd said. "The need in some areas is definitely now. On the seacoast area there's a wind-related need, and there's a need in the North Country for Protection Class 10 and island properties."

Excess and surplus coverage for these difficult exposures can be three and four times more expensive, O'Dowd contends. He worries the E&S market is drying up and when that is gone, agents will have "no place to go" if a MAP is not in place.

Department officials would rather see insurers step up to the plate and offer product solutions to the homeowner areas that are difficult.

"We've had some discussion with industry and there's been some interest shown by some companies to come up with products that differ from the present homeowners norm but that might be well suited to the market segment we're trying to address," he said. "Such innovative products would have to have appropriate pricing structure and provide availability."

Foy doesn't see any carrier stepping up. He is pushing for an HO-2 policy with higher deductibles, sub-limits and higher but appropriately higher priced premium that can be offered by a single servicing carrier under a MAP structure.

"We don't want to get to the point where it is less expensive to be placed in a MAP," said O'Dowd. "We need an HO-2 or something and price it accordingly. An inferior product to the real market product and priced substantially higher. The plan the department had is not necessarily the right plan. In my opinion, we need a servicing carrier, an inferior product, and appropriate pricing."

Sevigny plans to continue working with carriers hoping to get them to come up with an innovative product to address the situation.

"I have had some interest expressed by some insurers about developing more innovative products and will be meeting with these companies," Sevigny said.

Increasing deductibles to fairly substantial amounts for wind might be one way to address seacoast property availability. He indicated that discussions with ISO have been renewed about developing a product for blacklisted dogs. Sevigny suggests an endorsement with sub-limits for owning such an animal but otherwise providing coverage and pricing it appropriately.

In his conversations with carriers, Foy said he has come to believe they have little or no appetite for writing these risks and none have expressed a likelihood of developing a product on their own to address the situation.

Meanwhile, the market restrictions may be worsening, as agents fear.

Sevigny said there has been a "bit of a resurgence" based on the department receiving 25 complaints over the last two and a half months regarding non-renewal. "A little bit of a resurgence on coastal problems and some dog issues," he said.

Foy looks at the situation a little differently.

"In my estimation the problem hasn't grown tremendously - it is not exploding - but there is more than just a slight increase in the problem," he said. "However, I don't support any program or legislation that isn't a compromise or that might drive carriers out of the state."

Agreeing with Foy, O'Dowd said, "I think it's been a steady increase over the past couple of years but over this last year it has accelerated."

Sevigny has plans to meet with independent agents, their representatives, agent association and leadership over the coming weeks. He expects to have "a better read on what the problems are in a couple of weeks after meeting with agents," he said. □