



Two new homeowners insurers have entered the Florida marketplace, bucking a trend that has almost entirely involved insurers going the other direction.

American Integrity and PURE, which are following a small number of insurers entering the Florida market during the past several years, are severely limiting their exposure in any particular area. American Integrity is assuming 70,000 policies from state-sponsored Citizens Property Insurance Corp., but just 2,600 policies are in Palm Beach County and The Treasure Coast.

PURE, which stands for Privilege Underwriters Reciprocal Exchange, specializes in insuring houses with a replacement value of \$1 million or more. It plans to cover 2,500 homes in its first year, with no more than 400 located in any one county.

Although American Integrity's "takeout" of Citizens policyholders is the highest since 2005, it does little to help the state's largest insurer reduce its growing book of business in South Florida. Citizens has more than 500,000 of its 1.3 million policies written in the three-county area of Palm Beach, Broward and Miami-Dade.

Lee Stuart, depopulation director for Citizens, said the policy reductions are welcome, given that Citizens has been getting 15,000 new applications a month. "It's a very challenging situation," Stuart said.

Citizens' program to move policies to private market carriers has been nearly non-existent since the 2005 hurricane season, when its biggest takeout partner, Poe Financial Group, was shuttered. The storm seasons of 2004 and 2005 also led to a spike in the cost of reinsurance, or insurance for insurance companies.

Insurers took 293,000 policies out of Citizens in 2005. In 2006, that number slowed to 67,000.

But the takeout companies are operating under new rules the legislature set in January. Before, Citizens policyholders had no say in being transferred to a takeout company. Under the new rules, they can elect to stay with the state-sponsored insurer, provided that they file paperwork.

Lisa Miller, a spokeswoman with American Integrity, said the company is offering about a 10 percent discount off of Citizen's rates.

PURE, the high net worth home insurer, also is working around Citizens, albeit differently.

Beginning in 2008, Citizens no longer will indemnify houses with a replacement value of \$1 million or more. Citizens now insures 5,810 homes in that category. The largest concentration of them is in Palm Beach County, which has 1,355 of those policies.

PURE founder Russ Buchmueller said his company can offer rates significantly less than Citizens and others because research shows that expensive homes are built better and sustain less damage in a hurricane. Further, his business model spreads the risk so no one Florida county is overexposed.

Tequesta resident Richard Halpern jumped at the opportunity for coverage under the new insurer when he found out that State Farm Florida Insurance Co. was raising the rates of his four-bedroom house next month from \$9,000 to \$22,000 a year.

His rate with PURE is \$14,000, though he must pay a one-time fee of \$5,000, part of the structure the insurer set up. Policyholders own the company, and the one-time fees enable it to expand.

As with other insurers, however, there is no fallback: The Florida Insurance Guaranty Association covers only the first \$500,000 of any home in the event of an insurers insolvency.