

FAIR PLAN RATE HIKE DENIED BUT PRIVATE INSURERS RATE HIKES GO THRU- WHY?

The 2013 Fair Plan Rate Hike was just denied by the MA Division of Insurance. (Read the Decision - MA Division of Insurance website, updates- R2013-01)

It is excellent, detailed and alarming!

The Denial was for lack of proof of the Hurricane Models, vulnerability of our homes to wind, and the lack of careful review in purchasing reinsurance.

The Decision gives specific wrongdoing for example: Counting Hurricane losses from storms which are not hurricanes in MA; including possible damage from Storm Surge (losses from flooding in hurricanes), when water damage is not covered in homeowner policies, including damage from Cat 4&5 Hurricanes in MA and much more.

These unproven and unjustified factors inflate intensities and frequencies of hurricanes, which increase possible losses, increase reinsurance, and increase rates.

Reinsurance (insurance to cover insurers in catastrophic events) was criticized- lack of careful evaluation and proof for the \$77 million purchased by Fair - paid by consumers.

Why are Accuracy of Hurricane Risk / Reinsurance important in rate filings?

They are now the basis for our premiums. The Cape and Islands policyholders pay about 50% of our premium for "Hurricane Risk/Reinsurance, a lot of money.

Other Territories pay 35% of their premium.

We commend the Commissioner for approving this Decision and great job by our AG and SRB and citizens.

BUT HERE IS OUR PROBLEM:

In Rate Filings, the Voluntary Market (private Insurers) uses the same Hurricane Models, purchase reinsurance and data no different than the Fair Plan.

Why have their rate hikes not been denied or disapproved by the Commissioner?

Over the years the Fair plan has had 2 previous rate hike denials for the same reason, lack of proof, yet the Voluntary Market has raised premiums 437% on the Cape and Islands and had low losses.

According to Robert Hunter, Director of Insurance for the Consumer Federation of America," Standards for Ratemaking should not vary between providers of Coverage".

MA Statutes state: "**Rates should not be Excessive, Inadequate or Unfairly Discriminatory and fall within the range of Reasonableness**".

MA Chapter 174A and 175A protects consumers by requiring proof and data from insurers in Rate filings.

We, the “Citizens for Homeowners Insurance Reform” on behalf of the homeowners in MA insist that the Commissioner implement the “Standards” described in this Denial Decision in **all** homeowner rate filings in MA.

Go to our website, join us- we need you. www.homeownersinsurancerefom.org/

Write the Commissioner of Insurance and AG and make your statement and support on this request.

Thank you, Paula Aschettino

Chair- Citizens for Homeowners Insurance Reform, insrefom@aol.com

508-240-5231