[ASI Lloyds Is Not Renewing Some Insurance Policies In Louisiana](https://uphelp.org/asi-lloyds-is-not-renewing-some-insurance-policies-in-louisiana/)

http://www.nola.com/business/index.ssf/2009/12/asi_lloyds_is_not_renewing_som.ht...

ASI Lloyds, a Florida insurer that
started writing homeowners coverage in Louisiana last year with the
help of a $5-million grant from taxpayers, has been opting not to renew
policies to manage its hurricane exposure in the state.
Last month, Louisiana homeowners got letters from
ASI Lloyds informing them that company had taken on too much risk in
the New Orleans area or that their homes did not fit the company's
criteria, and their coverage would not be renewed at the conclusion of
the policy. In some cases, policies were even outright canceled.
Lake Vista homeowner Tom Long became an ASI Lloyds
customer just three months ago after his hybrid policy with wind and
hail from Louisiana Citizens Property Insurance Corp. and fire, theft
and liability coverage from AAA became useless because AAA opted to
pull out of the homeowners market in the state. On Nov. 2, Long got a
letter from ASI Lloyds saying that it was dropping his coverage because
his house is a duplex, and the company doesn't insure duplexes.
Long can't figure out why the company took on his
policy in September if his house didn't fit its underwriting criteria.
He's angry that the state's rickety insurance market has again left him
in the lurch, and that his money is tied up awaiting refund while he
searches for a new policy, especially since ASI's entry to the state
involved cash incentives from the Louisiana Department of Insurance.
"You're telling me that my tax dollars are going to
put money in their pockets and they can drop me?" Long said. "This is

more fall-out from the storm. We got these companies to come into the state — call it an incentive, call it a bribe — but they took our money, and they're deciding after the fact what policies) they want to take."

ASI broke into the Louisiana market to take advantage of last year's Insure Louisiana Incentive Grant program, which received $100 million in funding from the state Legislature in an effort to lure new property insurers to the state. Companies that received the grants were required to write at least half of their net written premium from property in the 37 storm-stricken federal Gulf Opportunity Zone parishes in Louisiana. In addition, 25 percent of their business had to come from properties that were previously insured by Louisiana Citizens Property Insurance Corp., the state's insurer of last resort, and at least half of those policies had to come from Go Zone parishes.

Insurance Commissioner Jim Donelon said the situation is not as bad as it looks. ASI Lloyds is shedding only about 100 of its 20,000 policies, or less than one percent, in order to remain in good stead with its reinsurers. ASI Lloyds is one of the insurance department's success stories, as it was one of the first insurers to begin writing directly to the public rather than just taking policies out of Citizens. In fact, it was so hungry for business that it lowered its rates in July to attract more customers.

While the situation may be painful for the small number of customers that are affected, the company is in compliance with the terms of the state's incentive program. "That doesn't say that every policy must be kept. It's the total book of business," Donelon said.

Companies can shed customers at will until they have been with them for three years. At that point, a special state rule kicks in that says that companies can only drop customers for a limited number of reasons. Since ASI Lloyds and the other companies that won incentives to take policies out of Citizens only started doing business

in Louisiana last year, none of their customers are covered.
John Auer, president and chief executive of the St. Petersburg, Fla., company, said that while the three-year rule is designed to protect people, it also means that insurers must be vigilant about dumping any policies that look bad before they find themselves married to the risk. “That probably puts a little more pressure on the situation to deal with it while you can,” Auer said.
Auer said ASI Lloyds is far exceeding the requirements of the state’s incentive program. To date, the company has generated $38.2 million in direct written premium when it is only required to write $20 million by the terms of the $5 million grant. The key to being a long-term player in the state’s challenging insurance market is to be mindful of exactly what risk the company is taking on, Auer said.
ASI Lloyds needed to get off some of its business, Auer said, because in many cases the houses that his company picked up from Citizens were in bad shape. In retrospect, Auer said, it’s not surprising that houses weren’t always described accurately and that the underwriting might not be strong with a last-resort insurer that is required to take all policies. ASI has found more success in working with agents on soliciting new business, but in some cases there have been some judgment calls about how to view homes that were rebuilt after Katrina. For example, some agents felt that homes counted as new after a post-storm remodeling, but ASI Lloyds felt that the homes still had too much old wiring and plumbing, and still counted as 1965-era homes.
Among the homeowners are who are being non-renewed are Waggaman resident Gina Mays and Marrero resident Kristin Harding.
Both built new houses in 2007, both are insured by ASI Lloyds, and both recently figured out they have Chinese drywall.
Mays filed an insurance claim with ASI, which was denied. After reading a story about insurers dropping policyholders with bad drywall, she called the company to find out if she was at risk

of the same fate. The customer service representative assured her that it was not a problem “right now,” and that she had coverage “right now.” Three days later, she got a letter informing her she would be non-renewed.

Mays’ friend Harding says she never filed a claim over the problem drywall in her Pelican Bay home, but her lawyer advised her that she had a duty to inform ASI about her situation, and wrote to the company. A day after Mays got her letter, Harding got a non-renewal letter, too.

“What are the chances that two people with Chinese drywall would find themselves canceled one day apart?” Mays asked.

In investigating Mays’ situation, the Louisiana Department of Insurance contacted ASI Lloyds, which told state regulators in a letter that her policy was part of a “reduction in exposure” this year. The decision not to renew her policy next fall was made by ASI’s underwriting department, and while ASI understands that Mays “has encountered a difficult situation with her home,” underwriters were not privy to the information about her claim when they made their decision.

Auer said he didn’t know anything about Mays’ and Harding’s situations, but he doesn’t want to insure homes with Chinese drywall, and is following the laws in each state. “We don’t want to insure houses with Chinese drywall,” he said.

Although ASI Lloyds is in compliance with the incentive grant program and is within its rights to cancel customers at will, Amy Bach, executive director of the consumer group United Policyholders, said that the insurance department has an ethical obligation to try to get insurers to stay on their policies because people have been through the ringer. “You can’t play with people’s lives like this,” Bach said.