April 29, 2010

Honorable Paul Sarlo  
Chairman, Senate Budget Committee  
207 Hackensack Street, 2nd Floor  
Wood-Ridge, NJ 07075

Re: Department of Banking and Insurance Budget Hearing Response

Dear Chairman Sarlo,

Please accept the following in response to your April 21, 2010 letter requesting follow-up information with respect to questions raised by Senator Van Drew at the hearing. Specifically, Senator Van Drew asked for a list of insurance carriers who currently write homeowners insurance in the coastal areas of the State, with special emphasis on the sixteen new companies that write coastal policies. Senator Van Drew further requested a list of those companies that no longer write new policies. Pursuant to Senator Van Drew’s request, a complete list of the homeowners companies writing in New Jersey is attached hereto.

The Department has been making every effort to attract additional capital to our homeowners market and has had some success. This success is due to the Department’s flexibility in allowing companies to best manage their probable maximum loss (otherwise known as their “PML”). This is not to suggest, however, that all sixteen companies that began or will be beginning to write new homeowners policies in 2009 and the first part of 2010, are writing all types of homes or in all areas of the coast. Despite these limitations placed by some of the new companies, all of the new entrants are writing new policies to some extent along the coast. The new companies are:

- California Casualty and Fire Insurance Company
- Privilege Underwriters Reciprocal Exchange
- First American Property and Casualty Insurance Company
- Merastar Insurance Company
- Praetorian Insurance Company
- Utica Mutual Insurance Company
- Metropolitan Property and Casualty Insurance Company
- Narragansett Bay Insurance Company
- Liberty Mutual Mid-Atlantic Insurance Company

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In addition to the sixteen new companies and to provide additional capacity in the coastal market, we approved recently new coastal programs for two existing companies, Fitchburg Mutual and Franklin Mutual, so that they could begin writing new policies in those areas.

We are providing the following information in response to your request for a list of those companies that no longer write new policies in the coastal areas of the State. Homeowners is not a mandatory "take all comers" line of insurance. Thus, we are uncertain when or if companies stop writing homeowners coverages in certain areas of the state unless they specifically advise us. We typically become aware of such intentions, when a company files a plan to block non-renew a portion of its coastal homeowners business in accordance with New Jersey law. To that end, we are aware of and have acknowledged the following block non-renewal plans:

- Homesite Insurance Company
- Balboa Insurance Company
- Farmers Mutual Fire Insurance Company
- Encompass Insurance Company
- Allstate New Jersey Insurance Company
- Quincy Mutual Insurance Company
- Hanover Insurance Group
- State Farm Fire & Casualty Insurance Company
- New Jersey Skylands Insurance Company
- Travelers Auto Insurance Company of NJ

It is important to note that acknowledgement of these plans was in accordance with New Jersey law and should not be interpreted to suggest that the companies are not writing any new policies in every coastal area in the State. Indeed, some of the companies on this list have written new policies in some zip codes that are considered a coastal area.

I trust the foregoing is responsive to your inquiry. Please advise if you require any additional information.

Sincerely,

Thomas B. Considine
Commissioner