

Citizens 2018 Rate Hearing

**Florida International University
Miami, Florida
August 23, 2017**

The logo for FIRM (Fair Insurance Rates in Monroe) features the word "FIRM" in a bold, blue, sans-serif font. The letters are three-dimensional and appear to be floating above a white, trapezoidal base that tapers towards the top. The background of the logo is a dark blue, textured surface.

FAIR INSURANCE RATES IN MONROE

**Mel E. Montagne
Fair Insurance Rates in Monroe
August 25, 2017**



FAIR INSURANCE RATES IN MONROE

Current Rate Increase

- Method used for 2018 rates was a result of FIRM's insistence and Citizens acknowledgement that previous method was flawed due to wide divergence of the models
- Should Citizens be required to use this new methodology on all previous rate filings?
- OIR has the authority to approve, modify or deny an insurers rate request
- NOAA divides Monroe County into three geographic zones for weather advisories. Monroe County is unique in geography, economy, land cost, environment, building codes, and storm history



FAIR INSURANCE RATES IN MONROE

AOB, Overhead & Depopulation

- The entire State of Florida is paying for AOB fraud in the tri-County area.
- Citizens depopulates, yet the overhead costs do not see proportional reductions.
- As depopulation continues the remaining policy holders will see an ever increasing rate burden to make up for ever deteriorating losses
- What happens to the surplus as Citizens depopulates?



Florida Commission on Hurricane Loss Projection Methodology

- The Florida legislature passed a law requiring the Governor to appoint a structural engineer to the Commission
- Commission should meet annually
- NOAA divides Monroe County into three geographic zones for weather advisories. Monroe County is unique in geography, economy, land cost, environment, building codes, and storm history
- Run true losses against models after a storm
- Commission reviews methodology and standards but is not tasked with comparing the results of different models.



FAIR INSURANCE RATES IN MONROE

Affordability

- Monroe County pays one of the highest windstorm rates in the State. Citizens is a non-profit quasi-government entity created to provide AFFORDABLE insurance to its citizens
- Monroe County has paid \$750 million in premiums over claims since 2004
- Monroe County is a windstorm insurance donor for the rest of the State