



FLORIDA OFFICE OF  
INSURANCE REGULATION



# **Performance Report to the Financial Services Commission**

**(July 1, 2015 – March 31, 2016)**

**Presentation by  
Commissioner Kevin M. McCarty**

**April 26, 2016**

# Defining Success



# Life & Health

## Selected Activities and Accomplishments: July 1, 2015 – March 31, 2016

- Guided the health insurance industry through significant shifts in market and regulatory dynamics; published market-wide statistics
- Held public hearings, reviewed and approved Aetna Inc.'s acquisition of Humana, Inc. (with the required expansion of major medical business in five Florida counties in lieu of Aetna's prior consideration of leaving the marketplace) and Anthem, Inc.'s acquisition of Cigna Corporation
- Assisted policyholders of Preferred Medical Plan in maintaining continuous coverage when the company withdrew from the market due to financial stress resulting from the Affordable Care Act's "rate stabilization programs"
- Developed the first comprehensive guideline for removing discrimination from the coverage of HIV medications. Expanded review of Hepatitis C and other chronic condition medications for 2017
- Developed new review tools for health plan filings to identify discriminatory marketing behavior
- Assisted in the passage of priority legislation affecting balance billing and unclaimed property
- Produced premium & enrollment analyses to help map the shifts in the health insurance landscape
- Promoted initiatives to reduce Medicare costs through managed care innovations
- Reached a life claims settlement agreement with Jackson National and AXA for \$5.5 million – total monies returned nationally by 20 life insurers now exceeds \$8 billion
- Issued consumer alerts on health insurance plan shopping, comparing prices for Medicare Supplement policies, and Medigap Plans C & F

# Life & Health

## Challenges and Opportunities

- Balancing consumer protections with maintaining a robust and competitive market
- Protecting seniors from long-term care risk
- Guiding the health insurance industry through significant shifts in market and regulatory dynamics
  - ACA (Commercial)
  - Medicaid Managed Care
  - Medicare
- Protecting consumers from emergency medical transportation balance billing, especially air transport
- Enhancing claims-paying capacity for Health Maintenance Organizations (HMOs)
- Moving from a formulaic to a dynamic, principles-based approach to life insurer solvency
- Modernizing capital standards
- Understanding the uses of 2<sup>nd</sup> generation “Big Data”
- Monitoring for cyber security breaches and working nationally to develop standards for cyber security

# Property & Casualty

Selected Activities and Accomplishments: July 1, 2015 – March 31, 2016

- Citizens Property Insurance Corporation (Citizens)
  - Public hearing for annual rate filing
  - Established personal & commercial lines rates for 2016
  - 996,106 policies approved for take-outs
- Requested rate-making data from FEMA/National Flood Insurance Program to facilitate Florida's review of flood insurance rates. Met recently with FEMA/NFIP representatives & other states to plan data transfer, data housing, and next steps.
- Reinsurance Data Call/Catastrophe Stress Test Report (property insurers)
  - All 112 insurers had sufficient reinsurance, capital & surplus for a 1-in-100 year event
  - All 67 Florida insurers passed the 3 storm event Catastrophe Stress Test analysis
- Assisted in the passage of priority legislation affecting Own Risk Solvency Assessment/Governance
- Assignment of Benefits (AOB)
  - Conducted a Data Call of the top 25 personal residential insurance companies writing homeowners and dwelling fire policies
  - Approved Citizens policy language changes to assist with AOB issues statewide
- Held a public hearing for the National Council on Compensation Insurance's annual workers' compensation rate filing & approved a rate reduction of 4.7%
- Issued a data call to title insurance agents and agencies to perform a statutory analysis in determining the condition of the industry
- Enhanced oversight authority to review internationally active groups in Florida
- Annual Reports (Medical Malpractice, Workers' Compensation, Freedom to Travel law)

# Property & Casualty

## Challenges and Opportunities

- Assignment of benefits impact statewide on homeowners insurance rates
- Increasing rates for auto insurance
- Court cases affecting workers' compensation insurance
- Fostering a private flood insurance market
- Adapting to new business models (ridesharing, home-sharing)
- Trade secret protections preventing the public's access to company information available through the Quarterly & Supplemental Reporting (QUASR) system online
- Monitoring for cyber security breaches and working nationally to develop standards
- Continued soft reinsurance market

# Quantitative Performance Measure Detail

July 1, 2015 – March 31, 2016

#	Measure	Result	Score
1	% of applications for a new certificate of authority and new types of insurance added to an existing certificate of authority within 90 days	100.0%	5
2	% of life and health form and rate filing reviews completed within 45 days	99.9%	5
3	% of property and casualty form filing reviews completed within 45 days	100.0%	5
4	% of property and casualty rate filing reviews completed within 90 days	99.5%	5
5	% of market conduct exams with violations in which the Office requires companies to remediate	100.0%	5
6	% of financial exams of domestic insurers completed within 18 months of the "as of" exam date	100.0%	5
7	% of life and health priority financial examinations of domestic insurers completed within 18 months of the "as of" exam date	100.0%	5
8	% of property and casualty priority financial examinations of domestic insurers completed within 18 months of the "as of" exam date	100.0%	5
9	% of priority financial analyses completed within 60 days	100.0%	5
10	% of non-priority financial analyses completed within 90 days	99.8%	4
<b>Overall Score</b>			<b>4.90</b>

*Note: Scoring is based on the scale adopted by the Financial Services Commission, with 1 being lowest and 5 being highest, and each measure of equal weight.*