

Florida Office of Insurance Regulation



Monroe County “Reasonable Degree of Competition” Pilot Project Report to the Florida Legislature

March 1, 2006

Business Development & Market Research Unit

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Executive Summary

Senate Bill 1486, passed in 2005, mandated a requirement for the Office of Insurance Regulation (the Office) to provide a report on implementation of a pilot project involving property rates in Monroe County. Codified into Citizens Property Insurance corporation (Citizens) statute as Section (627.351(6)(d)4, F.S., the specific mandate requires:

For the purposes of establishing a pilot program to evaluate issues relating to the availability and affordability of insurance in an area where historically there has been little market competition, the provisions of subparagraph 2. do not apply to coverage provided by the corporation in Monroe County if the office determines that a reasonable degree of competition does not exist for personal lines residential policies. The provisions of subparagraph 3. do not apply to coverage provided by the corporation in Monroe County if the office determines that a reasonable degree of competition does not exist for personal lines residential policies in the area of that county which is eligible for wind-only coverage. In this county, the rates for personal lines residential coverage shall be actuarially sound and not excessive, inadequate, or unfairly discriminatory and are subject to the other provisions of the paragraph and s. [627.062](#). The commission shall adopt rules establishing the criteria for determining whether a reasonable degree of competition exists for personal lines residential policies in Monroe County. By March 1, 2006, the office shall submit a report to the Legislature providing an evaluation of the implementation of the pilot program affecting Monroe County.

This report is provided to the Legislature in response to the requirement and provides a status of the implementation of the project. The key points to the implementation include:

- Citizens has made an actuarial rate filing with the Office that is under review.
- The Office has drafted a proposed rule and held a workshop on the rule on December 27, 2005.
- The Office also held a Town Hall gathering in Key West on February 20, 2006, to solicit input from Monroe County residents regarding the pilot program and the key competitive conditions findings.
- The Office has determined that a reasonable degree of competition does not exist the personal lines residential insurance market.
- Based on this finding, actuarial rates will be implemented by Citizens in Monroe County for personal lines residential policies, and the Office will continue to monitor market developments and the degree of competition that develops in the county as a result.
- The final Rule promulgation is planned to be voted on by the Financial Services Commission at their April 2006 meeting.

Overview of Legislation

During the 2005 Legislative Session, the Florida Legislature passed SB 1486, comprehensive legislation regarding the regulation of the Florida property insurance market. Among the charges mandated in the bill is a requirement for the Office of Insurance Regulation (the Office) to provide a report on implementation of a pilot project involving property rates in Monroe County. Codified into Citizens Property Insurance Corporation (Citizens) statute as Section 627.351(6)(d)4, F.S., the specific mandate requires:

For the purposes of establishing a pilot program to evaluate issues relating to the availability and affordability of insurance in an area where historically there has been little market competition, the provisions of subparagraph 2. do not apply to coverage provided by the corporation in Monroe County if the office determines that a reasonable degree of competition does not exist for personal lines residential policies. The provisions of subparagraph 3. do not apply to coverage provided by the corporation in Monroe County if the office determines that a reasonable degree of competition does not exist for personal lines residential policies in the area of that county which is eligible for wind-only coverage. In this county, the rates for personal lines residential coverage shall be actuarially sound and not excessive, inadequate, or unfairly discriminatory and are subject to the other provisions of the paragraph and s. [627.062](#). The commission shall adopt rules establishing the criteria for determining whether a reasonable degree of competition exists for personal lines residential policies in Monroe County. By March 1, 2006, the office shall submit a report to the Legislature providing an evaluation of the implementation of the pilot program affecting Monroe County.

Monroe County is located in the southernmost tip of the State of Florida, and includes “mainland” Monroe County on the southwest gulf coast as well as the island chain known as the Florida Keys. The vast majority of land in mainland Monroe County is protected by the Everglades National Park and the Big Cypress National Preserve. In practical terms, 99% of the 80,000 residents residing in Monroe County live on the Florida Keys. The U.S. Census Bureau reports that almost 75% of Monroe County’s area is covered by water, and its location near the entrance of the Gulf of Mexico makes Monroe County particularly vulnerable to hurricane damage. Moreover, Monroe County is unique among Florida’s coastal counties in that the entire county is within the Wind-Only eligible area of Citizens.

Monroe County and the 2004/2005 Hurricane Season

While the four hurricanes of 2004 largely bypassed Monroe County (471 total claims resulting in \$2.16 million in insured losses), the 2005 season was quite different. During the 2005 hurricane season, all four major storms hitting Florida, Hurricanes Dennis, Katrina, Rita and Wilma caused damage in Monroe County. These four storms resulted in 23,202 claims and \$111 million in insurable damage to property in Monroe County:

	Storm	Claims	Claims Payments
	Dennis	549	\$0.7 million
	Katrina	1,981	\$15.8 million
	Rita	1,027	\$5.8 million
	Wilma	19,645	\$88.7 million
Total		23,202	\$111.0 million

Source: OIR Disaster Reporting, as of 2/01/06

The Monroe County Pilot Project Initiative

As a result of these losses and concerns about the market, SB 1486 established a pilot project in Monroe County requiring the Office to review the competitiveness of the local insurance market. In the event the Office determines that the market is not competitive, the legislature authorizes the suspension of Section 627.351(6)(d) 2 & 3, F.S.

These subparagraphs pertain to the pricing of policies by Citizens. Currently, the rating methodology in statute for homeowner’s insurance requires Citizens to price their policies no lower than the average rate charged by the insurer that had the highest average rate among the 20 insurers with the greatest market share or the actuarially sound rate, whichever is greater. In the current legislation, if the market is deemed by the Office to be uncompetitive, the rates would instead be determined solely by the principles that the rates should be actuarially sound and not excessive, inadequate, or unfairly discriminatory.

In order to implement the pilot project, Citizens is required to file an actuarially sound rate filing, the Office must determine whether or not the residential property market can be characterized as competitive, and must promulgate a rule to implement the suspension of 627.351(6)(d) 2 & 3, F.S., if the market is determined to be uncompetitive.

Actuarial Rate Filing From Citizens Property Insurance Corporation

On December 29, 2005 Citizens Property Insurance Corporation submitted an actuarial rate filing to the Office. This rate filing contains information for the entire State of Florida, but for this report the focus is only on the information for Monroe County. This filing is extremely complex and an in-depth review of the filing is currently underway to ensure the filing complies with the directives of the Office and the requirements of Chapter 627, F.S. Two of these key requirements are:

- The elements used in the ratemaking process follow accepted actuarial principles, and,
- The rate is neither inadequate, nor excessive, nor unfairly discriminatory.

Citizens writes several types of residential policies within Monroe County. As part of the rate filing process, Citizens has provided rate indications that are calculated from their existing book of business. These indications form the basis for the proposed rate changes within the filing. A brief summary of the indications for Monroe County for two policy types (both ex-wind and wind only) is provided in the table below:

Policy Type	Ex Wind Only Indications	Wind Only Indications
Homeowners		
Monroe excl. Key West	-4%	36.6%
Key West	-6%	36.6%
Mobile Home		
Monroe excl. Key West	N/A	43.9%
Key West	N/A	43.9%

N/A indicates no change

Again these are the calculated indications, and may vary slightly from the proposed rate changes in the current filing. These indications were provided by Citizens and do not reflect any adjustments that may result from the ongoing review and analysis by the Office. There are two important and unique factors included in this filing that have a significant impact on the indications noted above and the ultimate rate impact.

Industry Expense Equalization Factor: In an actuarial rate filing expenses are estimated using various techniques. Once the estimated expenses are determined, an appropriate load is included as part of the proposed rate. Expenses incurred by Citizens are generally around 17% of earned premium. The Citizens filing includes an expense load that reflects estimated expenditures, however the Citizens filing also includes an additional factor which increases the expense load to a level near the industry average for property insurers in Florida. This industry average expense load is 27% of earned premium. The result is an additional factor that ranges from approximately 10% to 15%, based on the different policy accounts Citizens maintains.

Assessment Reduction Provision: This factor is unique to the Citizens filing and has been included to reduce the probability and severity of future assessments. The factor ranges from approximately 11% to 20%, again based on the different policy accounts Citizens maintains.

The aforementioned factors have a significant impact on the proposed changes for Monroe County. As the Office continues its review this filing, amendments or adjustments to the filing may occur and, in fact, are quite common as part of the review process. Upon completion of the review the Office will prepare an addendum to this report that quantifies the exact rate impact that will occur upon implementation of this pilot project in Monroe County.

The Office's Role in Implementation of the Pilot Program

The Office has begun the rule-making process to establish specific rules to determine the methodology used to measure competitiveness in the Monroe County insurance market. A rule workshop was held in Tallahassee on December 27, 2005. Although there may be final revisions to this methodology, the current draft rule is:

690-170.020 Reasonable Degree of Competition Criteria – Monroe County

(1) For purposes of determining whether there is a reasonable degree of competition in the personal residential property market in Monroe County, the Office shall:

(a) Review the respective market share of all insurers, including Citizens Property Insurance Corporation using the number of policies issued for each line of personal residential insurance policies as most recently reported pursuant to s. 624.424(1), F.S.;

(b) Calculate a Herfindahl Index for Monroe County.

1. If the Herfindahl Index exceeds 1000, the Office shall consider the Herfindahl Index to be a significant indication of a noncompetitive market in that county. The formula for this index is: $H = (\%S1)^2 + (\%S2)^2 + (\%S3)^2 + \dots + (\%Sn)^2$. %S stands for the percentages of the market owned by each of the larger companies, so that %S1 is the percentage owned by the largest company, %S2 by the second, and so on. n stands for the total number of companies you are counting.

2. The Herfindahl Index gives added weight to the biggest companies. The higher the index, the more concentration and (within limits) the less open market competition. A monopoly, for example, would have an H index of $S1^2$ or 100^2 , or 10,000. By definition, that's the maximum score. By contrast, an industry with 100 competitors that each has 1% of the market would have a score of $1^2 + 1^2 + 1^2 + \dots + 1^2$ or a total of 100. A 1,000-1,800 value generally indicates moderate concentration. Anything over 1,800 is taken to betoken acute concentration; and

(c) Review any other information related to and associated with evaluating market competition for that county.

(2) Upon finding that Monroe County has a noncompetitive market for any line of personal residential property insurance, the Office shall request Citizens Property Insurance Corporation to make a rate filing that is applicable to that line of business and that is actuarially sound and not excessive, inadequate, or unfairly discriminatory and is in compliance with s. 627.062, F.S., and the applicable provisions of s. 627.351(6), F.S.

Specific Authority 624.308(1), 627.351(6)(d)4., F.S. Law Implemented 627.351(6)(d)4.,

The primary tools that will be utilized to determine the degree of competition are the relevant market share (formulated into a standardized Herfindahl-Hirschman index as described later in this report) observed in Monroe County and other information that is germane in determining competition. For current purposes, this would include an analysis of entry to and exit from the market. This analysis may be a simple calculation of the number of insurance carriers operating in Monroe County, and whether this number is increasing or decreasing, as well as how the number compares to other counties in Florida.

The primary tool of analysis, however, is based on market concentration. Even if the number of insurers active in the Monroe County residential property market is sufficient, the Office needs an additional measurement that determines whether the market share is evenly distributed or if some insurers have only token participation.

In addition to the rule workshop, the Office held a Town Hall gathering in Key West on February 20, 2006 in order to obtain input and feedback from Monroe County residents regarding the general findings on competitive conditions in the Monroe County personal residential market and the implementation of the pilot project. Throughout the public input, concerns and issues were raised regarding:

- General affordability issues regarding property insurance

- Inequities in the ratemaking process (why were rates so much higher in Monroe County)
- The role and operations of Citizens.

Most of the public comments were not directly related to the proposed rule. Representatives of the community requested that state officials return to Key West to further the discussions about the cost of insurance in Monroe County.

Entry and Exit of Insurance Carriers

One broad measure of competitiveness is to determine the number of insurers active in the residential property market in Monroe County. Although it is a very broad generalization, the more insurers in the market, the more competitive the market. A quick look at the number of insurance carriers reporting any type of personal residential insurance in Monroe County shows 85 different companies, including Citizens Property Insurance Company at the end of the 3rd Quarter, 2005. This number continues the decline in the number of voluntary market insurers active in the Monroe County personal residential market as evidenced by the Table below

Quarter/Year:	Total Companies	
	Residential	
3Q/2005	85	
2Q/2005	91	
1Q/2005	94	
4Q/2004	95	
3Q/2004	99	
2Q/2004	101	
1Q/2004	105	
4Q/2003	108	
3Q/2003	106	
2Q/2003	110	
1Q/2003	111	
4Q/2002	112	
3Q/2002	113	
2Q/2002	119	
1Q/2002	117	
4Q/2001	117	
3Q/2001	119	
2Q/2001	124	
1Q/2001	125	
4Q/2000	128	
3Q/2000	132	
2Q/2000	133	
1Q/2000	131	

Data from OIR QUASR

Note: FRPCJUA and the Florida Wind Pool are combined as one entity.

By way of comparison, the Table below shows the same analysis for other selected Florida counties at the end of 3rd Quarter, 2005.

**Number of Insurance Companies with Policies
in Force for 3rd Qtr. 2005**

County	Companies
Brevard	127
Broward	132
Dade	129
Hernando	104
Hillsborough	135
Monroe	90
Orange	138
Palm Beach	136
Pasco	123
Pinellas	137
Sarasota	129

Data from OIR QUASR

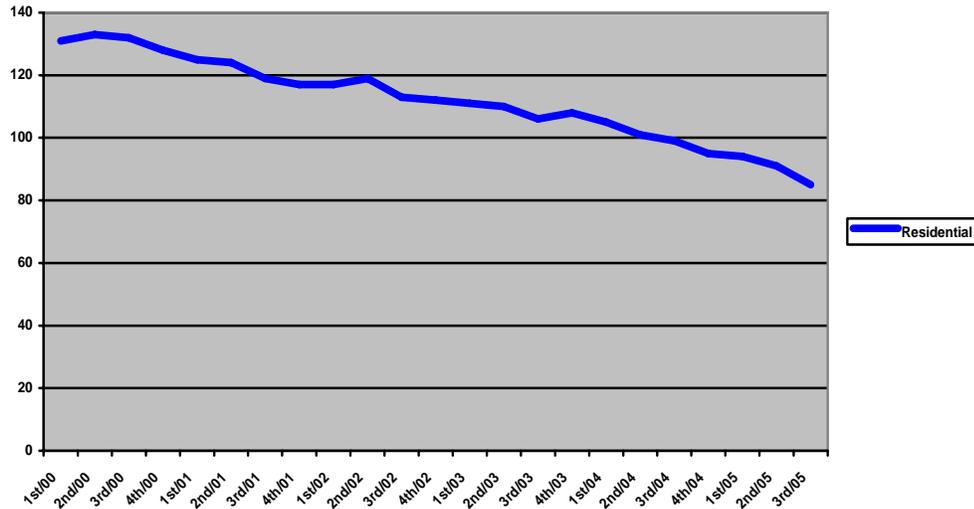
Beyond looking at the static number of how many companies are currently operating in Monroe County, the trend presented in the earlier Table is cause for concern.

A healthy competitive market tends to be relatively stable and increasing numbers of competitors can indicate opportunity within the market. In contrast, a market where companies are consistently exiting suggests concerns, which may include a lack of profitability, or other barriers that discourage competition.

As the data above indicate, the number of voluntary market insurers reporting any activity in the Monroe County residential market has declined over 35% from the 1st Quarter of 2000 through the end of the 3rd Quarter 2005. As a result, the market concentration for the remaining companies should be much higher, and hence, the market less competitive.

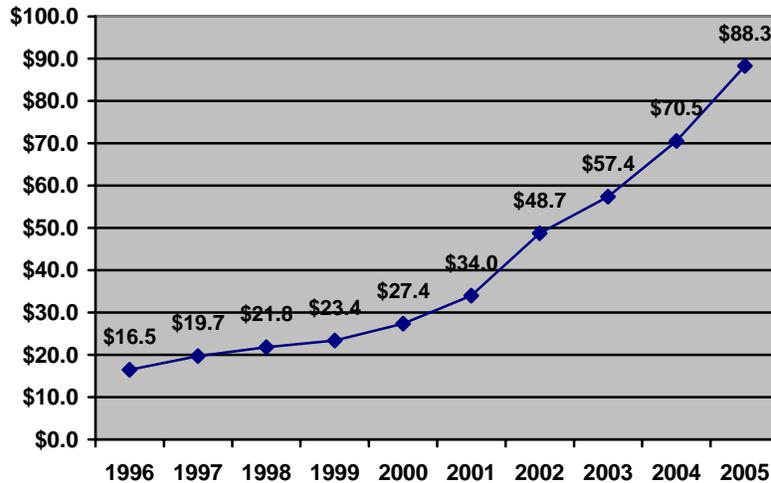
Moreover, it does not appear that this trend is reversing; insurance companies are leaving Monroe County. Graphically, the data from the Table above show the trend clearly.

Number of Insurers with Residential Policies in Force in Monroe County



With the population in Monroe County growing like every other county in Florida, albeit at a slower rate, the issue of market competition and capacity become critical. Based on the data provided to the Office through the Quarterly Supplemental Reporting (QUASR) system, it would appear that much of the market is being absorbed by Citizens. As the chart below shows, Citizens written premium in Monroe County, mirroring the increased volume of policies, has grown substantially in the most recent decade.

Residual Market Coverage in Monroe County -- Written Premium (in millions \$) --

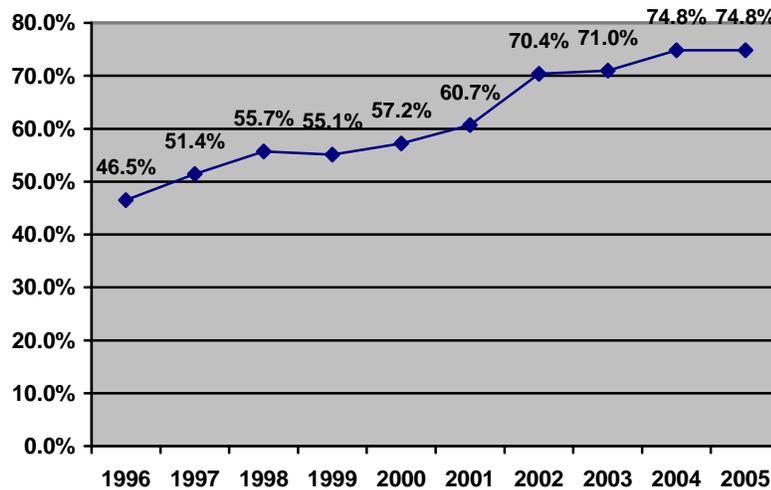


This chart also shows the years 1996-2000, prior to the formal creation of Citizens, but where the policies were held by either the Florida Residential Property & Casualty Joint Underwriting Association or the Florida Wind Joint Underwriting Authority. In the period from 1996-2000,

premium written by those entities grew by approximately 65%. Since 2000, the residual market (e.g. Citizens) written premium in Monroe County has more than tripled.

While the market in Monroe County has grown during this period, explaining at least part of the premium growth, it is also true that Citizens is writing a larger share of the total Monroe County premium for personal residential insurance, as shown below.

-- Residual Market Written Premium by Percentage -



Based on the above analysis, whether comparing the number of carriers in Monroe County to the rest of Florida, the number of insurance companies exiting the county, and the growth of the Citizens Property Insurance Corporations’ market share, the initial analysis indicates that Monroe County is not a competitive insurance market, and that further, the situation has been deteriorating since 2000.

Competitive Conditions Analysis

Apart from measuring the numbers of entities, and the composition of the residual market, to truly determine competitiveness a frequently used economic measure of market competitiveness is market concentration. One of the more frequently used measures of market concentration is the Herfindahl-Hirschman Index (HHI).

The Herfindahl-Hirschman Index

The HHI is the basic tool that measures the overall competitive conditions via market concentration. Market concentration can be calculated generically by the number of units of a good sold, the revenues generated from the sale of a particular good or some other measure of market penetration. For the current purposes, the HHI can be constructed using premiums written, policies in force, or structural exposure to wind in the Monroe County personal residential insurance market.

As a standard for calibration, the analysis uses as a starting point the U.S. Department of Justice’s (DOJ) measurements to enforce U.S. anti-trust laws. For the DOJ, a result of less than 1,000 represents a “competitive” marketplace. Results of 1,000 to 1,800 are considered “moderately concentrated,” meriting further review. Results of greater than 1,800 are considered to be “highly concentrated,” and are likely not openly competitive.

For context and reference, the current analysis begins with a state-by-state comparison based on data submitted to the NAIC through the annual financial statements. There are some limitations to this data as not all entities (surplus lines, residual markets) report to the NAIC. For this purpose, the HHI was calculated for 2004 Direct Premium Written, and included Florida's numbers with and without Citizens. Lines of Business included in this analysis are Fire, Allied Lines, and Homeowners Multi-peril. The Table below summarizes the comparison:

National HHI Comparison (2004 Data)

Rank	State	HH Index	Rank	State	HH Index
# 1	Massachusetts	253.8	# 26	Arizona	712.3
# 2	Connecticut	289.0	# 27	Indiana	716.6
# 3	New Hampshire	330.5	# 28	Utah	722.4
# 4	Vermont	338.7	# 29	California	727.3
# 5	Maine	356.4	# 30	South Carolina	733.1
# 6	New Jersey	361.2	# 31	Tennessee	736.2
# 7	New York	373.3	# 32	Nevada	741.8
# 8	Rhode Island	377.0	# 33	Oregon	768.9
# 9	South Dakota	423.0	# 34	Maryland	784.6
# 10	North Dakota	484.9	# 35	Hawaii	798.5
# 11	Ohio	536.3	# 36	Missouri	798.7
# 12	Iowa	542.5	# 37	Arkansas	816.4
# 13	Florida	548.8	# 38	Oklahoma	832.9
# 14	Montana	564.3	# 39	Texas	842.8
# 15	Pennsylvania	575.3	# 40	New Mexico	866.8
# 16	Washington	594.1	# 41	Colorado	873.9
# 17	Michigan	615.4	# 42	West Virginia	892.2
# 18	Idaho	622.6	# 43	Georgia	908.1
# 19	Virginia	626.1	# 44	Wyoming	918.6
# 20	Wisconsin	632.3	# 45	Delaware	937.0
# 21	North Carolina	635.6	# 46	Mississippi	964.9
# 22	Kentucky	648.3	# 47	Illinois	967.8
# 23	Nebraska	660.6	# 48	Louisiana	1,054.1
# 24	Kansas	668.6	# 49	Alabama	1,080.3
# 25	Minnesota	669.5	# 50	Alaska	1,397.7
-----	Florida—with Citizens	675.1			

The large majority of states are considered to be “competitive” according to the DOJ standards. However, three states (Louisiana, Alabama and Alaska) are in the “moderately concentrated range.”

Although the state of Florida is clearly in the competitive range, and appears to offer a much more competitive market than the average state, there can be pockets of uncompetitive counties within the state. For analytic purposes, QUASR data (wind and ex-wind residential policies) is used to calculate the HHI for specific counties based not only on written premium, but also on policies in force and structural exposure to wind. As a basis for comparison, Monroe County is compared to other counties in the state in the following table:

HHI Indexes for Selected Counties
Based on 3rd Quarter 2005 QUASAR Data Wind and Ex-Wind Residential Policies

County	PIF	Structure Exposure	Written Premium
Brevard	868.4	1,150.4	1,042.6
Broward	897.5	976.3	900.1
Dade	1,365.6	1,626.6	1,485.4
Hernando	1,210.9	1,475.9	1,580.7
Hillsborough	562.1	729.7	625.6
Monroe	2,464.6	7,301.5	5,639.4
Orange	897.5	1,066.3	933.3
Palm Beach	735.6	740.0	756.4
Pasco	1,315.9	1,192.2	1,808.7
Pinellas	890.3	983.1	1,104.6
Sarasota	658.4	993.2	767.0
State of Florida	655.0	831.2	753.6

Regardless of the variable measured (policies in force, structural exposure to wind, or premium written), Monroe County is the one county that not only stands out as not competitive, but **highly** concentrated.

Company Market Share

While the HHI index analysis above considers the market share of all companies writing in a specific market, a more traditional market share analysis is sometimes useful as well. The following table shows the top 10 market share, on a statewide basis, for all personal residential policies reported to the Office through QUASR by both Citizens and the voluntary market as of 3rd Quarter, 2005.

Statewide Market Share all QUASR lines of Business

Company Name	Policies in Force	Mkt Share by PIF	Structural Exposure (wind)	Mkt Share by Exposure	Premium Written	Mkt Share by Premium Written
State Farm Florida Insurance Company	1,047,003	17.70%	\$297,482,730,486	23.44%	\$1,124,484,939	17.44%
Citizens Property Insurance Corporation	779,798	13.18%	\$160,355,177,872	12.64%	\$1,164,072,092	18.06%
Allstate Floridian Insurance Company	507,220	8.57%	\$51,126,204,664	4.03%	\$384,011,108	5.96%
Nationwide Insurance Company Of Florida	277,214	4.69%	\$60,599,055,042	4.78%	\$263,358,371	4.09%
United Services Automobile Association	183,049	3.09%	\$55,943,030,151	4.41%	\$154,008,557	2.39%
Atlantic Preferred Insurance Company, Inc.	142,408	2.41%	\$27,520,911,798	2.17%	\$197,497,273	3.06%
American Strategic Insurance Corp.	141,981	2.40%	\$26,859,761,321	2.12%	\$124,796,978	1.94%
Florida Preferred Property Insurance Company	128,361	2.17%	\$28,128,672,567	2.22%	\$170,828,148	2.65%
Allstate Floridian Indemnity Company	124,173	2.10%	\$18,113,591,498	1.43%	\$102,513,476	1.59%
Liberty Mutual Fire Insurance Company	118,905	2.01%	\$37,938,418,100	2.99%	\$133,069,600	2.06%

For Monroe County, the market share data as of 3rd Quarter 2005 is:

Monroe County Market Share

(all residential policies, including wind and ex-wind from 9/30/05 QUASR)

Company_Name	Policies in Force	Mkt Share by PIF	Structural Exposure (wind)	Mkt Share by Exposure	Premium Written	Mkt Share by Premium Written
Citizens Property Insurance Corporation	29,005	47.7%	\$7,578,358,010	85.2%	\$88,280,204	74.8%
American Strategic Insurance Corp.	4,857	8.0%	\$411,600	0.0%	\$3,925,473	3.3%
First Community Insurance Company	3,321	5.5%	\$0	0.0%	\$2,593,534	2.2%
Florida Peninsula Insurance Company	2,784	4.6%	\$538,942,499	6.1%	\$4,540,152	3.8%
Foremost Insurance Company	2,740	4.5%	\$3,625,714	0.0%	\$877,042	0.7%
Florida Family Insurance Company	2,628	4.3%	\$0	0.0%	\$1,938,641	1.6%
United Services Automobile Association	1,916	3.2%	\$62,410,090	0.7%	\$702,844	0.6%
Liberty American Insurance Company	1,598	2.6%	\$0	0.0%	\$1,384,209	1.2%
Liberty American Select Insurance Company	1,176	1.9%	\$0	0.0%	\$533,350	0.5%
Hartford Insurance Company Of The Southeast	1,158	1.9%	\$2,701,900	0.0%	\$1,094,861	0.9%
Hartford Fire Insurance Company	1,022	1.7%	\$6,984,400	0.1%	\$1,409,613	1.2%
Hartford Casualty Insurance Company	857	1.4%	\$2,714,900	0.0%	\$1,207,216	1.0%
North Pointe Casualty Insurance Company	729	1.2%	\$256,997,951	2.9%	\$582,223	0.5%
Usaa Casualty Insurance Company	648	1.1%	\$15,719,460	0.2%	\$260,347	0.2%
Florida Select Insurance Company	579	1.0%	\$0	0.0%	\$329,990	0.3%
Asi Assurance Corp.	476	0.8%	\$0	0.0%	\$391,814	0.3%

Includes all Residential Policies including wind and ex-wind policies.

These data strongly suggest that Monroe County's personal residential property insurance market is substantially more concentrated than the state as a whole, and that the active writers in Monroe County are not necessarily the large writers across the rest of the state.

Competitive Conditions Conclusions

The results of the analysis are rather clear. Based on the various forms of analysis, as well as by application of the Office's proposed rule, the personal residential property market in Monroe County is not a competitive market.

Program Implementation and Monitoring

Upon approval of the actuarial rates recently filed by Citizens, the pilot program will begin its active phase as those rates will, by statute, be the rates charged for both ex-wind as well as wind only policies written by Citizens Property Insurance Corporation in Monroe County. The Office will monitor the market conditions in Monroe County moving forward using the same analytical tools provided in this report. These findings will be publicly available on the Office's web site (www.floir.com).

The analysis provided in this report does raise an additional issue for legislative consideration. The analysis for Monroe County was possible because all of Monroe County is in Citizens Wind-Only eligible area. That is not true for any other coastal county under current definitions.

In order for the Office to provide competitive conditions analysis in other counties for those areas of counties not eligible for wind only policies as well as those areas of a county that are eligible will require a change to s. 624.424(10),F.S., the statute that created the data reporting that is now QUASR. Currently, the statute mandates that the required information be reported on a county level basis. In order to analyze and monitor the markets as designed in this pilot program, the statute would need to be amended to require wind eligible and non-wind eligible reporting for those counties that have wind only territories.