



**INFORMATIONAL MEMORANDUM**  
**OIR-07-06M**  
**ISSUED**  
**March 07, 2007**  
Florida Office of Insurance Regulation  
**Kevin M. McCarty, Commissioner**

**To All Licensed Residential Property Insurers**  
**Presumed Factors Filings**

The purpose of this memorandum is to provide guidance regarding filing procedures for the “Presumed Factors” filing and the subsequent “True-Up” filing.

During the 2007 Special Session, the Florida Legislature passed House Bill 1A (HB 1A) requiring every residential property insurer to make a filing with the Office of Insurance Regulation (Office) to reflect the savings or reduction in loss exposure to the insurer.

On February 19, 2007, the Office issued an order advising residential insurers to make rate filings to include the new discount factors mandated by HB 1A. The new discount factors required in HB 1A have been calculated by the Office and all residential property insurers must make a rate filing incorporating the new savings on or before March 15, 2007. Information related to the presumed factors can be found at <http://www.flor.com/HotTopics.htm>.

The procedure for submitting the “Presumed Factors” filing as prescribed in Section 3 of HB 1A and the “True-Up” filing as prescribed in the Office’s “Presumed Factors” order can be found in the applicable attachments and are summarized below.

**A filing adopting the Office’s “Presumed Factors” (Short Form).**

This filing shall reflect the effects of the “Presumed Factors” on the rates currently in effect and shall be made on a “file and use” basis. The filing shall be limited to the effects of the “Presumed Factors” on the rates currently in effect, and the elimination of the 25% rapid cash buildup portion of the insurer’s Florida Hurricane Catastrophe Fund premium. The procedures for submitting this type of “Presumed Factors” filing can be found in [Attachment A](#).

**A filing that uses, but does not strictly adopt the “Presumed Factors” (Long Form).**

A “Presumed Factors” filing that uses the factors to reflect a rate decrease to take into account the “Presumed Factors” shall be made on a “use and file” basis and shall provide all the information used in preparing the filing including copies of all reinsurance treaties. Such a filing is subject to credits and refunds if the rate reductions are determined to be inadequate. This type of filing shall also be limited to the effects of the “Presumed Factors” on the rates currently in effect and the elimination of the 25% rapid cash buildup portion of the insurer’s Florida Hurricane Catastrophe Fund premium, and must be accompanied by a sworn statement from the chief executive officer or chief financial officer and actuary responsible for preparing the filing. The procedures for submitting this type of “Presumed Factors” filing can be found in [Attachment B](#).

**A “True-Up” filing as required by the Office’s “Presumed Factors” order.**

After making the “Presumed Factors” filing, insurers shall make a “True-Up” filing pursuant to the “file and use” provisions of s. 627.062(2)(a)1, Florida Statutes, that is a complete rate filing to reflect the savings or reductions in loss exposure to the insurer due to all of the provisions of HB 1A and the anticipated 2007 reinsurance program. The procedure for submitting the “True-Up” filing is identical to the annual rate filing procedure in I-File, except the appropriate selections now read as “Rates Only Including ‘True Up’ Filings Pursuant to the ‘Presumed Factors’ Order” or “Rate & Rule Including ‘True Up’ Filings Pursuant to the ‘Presumed Factors’ Order.”

If you have any questions regarding the filing process, please contact Mike Milnes, Deputy Director, Property and Casualty Product Review, Florida Office of Insurance Regulation at [Michael.Milnes@fldfs.com](mailto:Michael.Milnes@fldfs.com) or (850) 413-5306.