

# **Presentation to the Florida Financial Services Commission**



**Florida Office of Insurance Regulation (Office)**

**Commissioner David Altmaier**

**December 6, 2016**

# Presentation Agenda

## Market Developments

- Hurricanes Hermine & Matthew
- Property & Casualty Market
- Life & Health Market

## OIR Industry Conference

- Attendance
- Industry Feedback

## Performance Measures

- First Quarter of Fiscal Year 2016-2017



# Property & Casualty

## Activities, Accomplishments, and Opportunities

### Selected Activities & Accomplishments

- Hurricane Hermine and Matthew disaster reporting data calls providing claims and exposure data
- Established 2017 personal and commercial rates for Citizens Property Insurance Corporation
- 2016 Pinnacle Report found a 23.2% reduction in total Personal Injury Protection (PIP) costs attributable to HB 119

#### Estimated Statewide Average Change: Repeal of No-Fault

Scenario	Impact on Liability Coverages	Impact on All Major Coverages
Without Purchasing Med Pay	-9.60%	-6.70%
Optional \$2,500 Med Pay	-4.90%	-3.40%
Optional \$5,000 Med Pay	-1.00%	-0.70%

*Note: Changes are representative of an average policyholder that purchases a full coverage policy*

### Opportunities

- Continuing to monitor the statewide impact of third-party claims on homeowners insurance rates
- Fostering a private flood insurance market
- Adapting to new business models (e.g. ridesharing, home-sharing)
- Trade secret protections preventing the public's access to company information available through the Quarterly & Supplemental Reporting (QUASR) system online
- Continued soft reinsurance market

# Property & Casualty

## Hurricane Claims Tracking

### Hurricane Hermine

#### As of November 22:

- 18,275 statewide claims reported
- \$95 million est. insured losses
- 69.3% claims closed
- Final reporting due December 7

### Hurricane Matthew

#### As of October 28:

- 100,589 statewide claims reported
- \$606 million est. insured losses
- 42.7% of claims closed
- Final reporting due January 6

**\*The Office has developed an interactive Excel workbook where Florida consumers and stakeholders can download and view claims on the county level and by various lines of business. Visit [www.floir.com](http://www.floir.com) and select “Hurricane Claims Data”**

# Property & Casualty

## Hurricane Claims Tracking Workbook (e.g. Matthew as of October 28, 2016)

### Reporting from the Matthew Catastrophe Reporting Form

as of October 28, 2016

Lines of Business	Sub-Lines	Number of Claims	Closed Claims (paid)	Closed Claims (not paid)	Number Claims Open	Percent Claims Closed
<b>Residential Property</b>		85,473	19,101	19,588	46,784	45.3%
	Homeowners	69,935	15,125	16,990	37,820	45.9%
	Dwelling	9,313	2,236	1,840	5,237	43.8%
	Mobile Homeowners	5,854	1,732	717	3,405	41.8%
	Commercial Residential	371	8	41	322	13.2%
<b>Commercial Property</b>		4,872	222	551	4,099	15.9%
<b>Flooding</b>		4,245	105	320	3,820	10.0%
	Private Flood	106	63	25	18	83.0%
	Federal Flood	4,139	42	295	3,802	8.1%
<b>Business Interruption</b>		163	19	25	119	27.0%
<b>Other Lines of Business</b>		5,836	2,424	629	2,783	52.3%
<b>TOTALS</b>		100,589	21,871	21,113	57,605	42.7%

The Excel workbooks give current and previous overall market summaries, county summaries and allows users to search any Florida county for individual claim details.

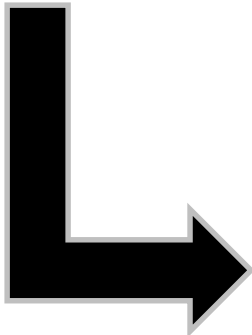
Visit [www.floir.com](http://www.floir.com)

### County Summary Report from the Matthew Catastrophe Reporting Form

as of October 28, 2016

[VOLUSIA - Return to County Overview](#)

Sub-Lines	Number of Claims	Closed Claims (paid)	Closed Claims (not paid)	Number Claims Open	Percent Claims Closed
Homeowners	20,075	4,577	3,876	11,622	42.1%
Dwelling	3,099	857	481	1,761	43.2%
Mobilehome	2,674	620	222	1,832	31.5%
Commercial Residential	156	1	18	137	12.2%
Commercial Property	1,614	78	136	1,400	13.3%
Private Flood	36	23	10	3	91.7%
Federal Flood	215	0	24	191	11.2%
Business Interruption	45	5	7	33	26.7%
Other LOBs	1,180	536	100	544	53.9%
<b>Total</b>	<b>29,094</b>	<b>6,697</b>	<b>4,874</b>	<b>17,523</b>	<b>39.8%</b>



# Life & Health

## Activities, Accomplishments, and Opportunities

### Selected Activities & Accomplishments

- The Office has approved Small Group and Individual PPACA compliant health plans for 2017.
- An ambitious and innovative approach to help reduce the impact of rising Long-Term Care premiums:
  - Extended rate guarantees
  - Multi-year phase-in of rate increases
  - Rate increase alternatives (flexible benefit periods, reduced inflation coverage)
  - Lapse protection
- The Office is preparing to implement SB 1308, effective on 1/1/2017, which modernized Life Insurer solvency regulation

### Opportunities

- Establish proper reserving requirements for CCRC's to improve protections for Florida seniors.
- Working with the health insurance industry to navigate through significant shifts in market and regulatory dynamics
- Assessing consumer protection concerns in the face of a contracting health insurance market.
- Working to create consumer choice in the face of rising Long-Term Care premiums and reduce obstacles to innovation for Long-Term Care insurers.
- Modernization of HMO solvency regulation.

# Life & Health

## ACA Individual Market Average Monthly Premiums

### Individual PPACA Market Monthly Premiums for Plan Year 2017

	Company	Network Type <sup>(1)</sup>	Offering Plans On the Federal Exchange <sup>(2)</sup>	Florida File Log Number	Average 2016 Monthly Premium <sup>(3)</sup> per Person for Actual 2016 Enrollment	Average 2017 Monthly Premium <sup>(3)</sup> per Person for Actual 2016 Enrollment	Average Percentage Change Requested <sup>(4)</sup>	Average Percentage Change Approved <sup>(4)</sup>
<b>On Exchange</b>								
1	Blue Cross and Blue Shield of Florida, Inc.	EPO	On and Off	16-10386	\$457	\$544	14.5%	19.0%
2	Celtic Insurance Company	EPO	On and Off	16-10375	\$337	\$404	4.3%	20.0%
3	FLORIDA HEALTH CARE PLAN, INC.	HMD	On and Off	16-10365	\$525	\$606	12.3%	15.4%
4	Health First Commercial Plans, Inc.	HMD	On and Off	16-10155	\$433	\$484	8.4%	11.7%
5	Health Options, Inc.	HMD	On and Off	16-10387	\$406	\$483	13.8%	18.9%
6	Humana Medical Plan, Inc.	HMD	On and Off	16-10143	\$340	\$465	43.6%	36.8%
7	Molina Healthcare of Florida, Inc.	HMD	On and Off	16-10201	\$340	\$399	10.6%	17.4%
8	Harken Health Insurance Company	HMD	On and Off	16-10241	N/A	N/A	N/A	Withdrawn
<b>Off Exchange Only</b>								
9	Aetna Health Inc. (a FL corp.)	HMD	Off-Exchange	16-09992	\$350	\$427	20.8%	22.0%
10	Aetna Life Insurance Company	PPO	Off-Exchange	16-09799	\$385	\$481	28.9%	25.0%
11	AvMed, Inc.	HMD	Off-Exchange	16-10389	\$389	\$495	27.5%	27.3%
12	Cigna Health and Life Insurance Company	EPO	Off-Exchange	16-10328	\$486	\$479	-0.6%	-1.5%
13	Coventry Health Care of Florida, Inc.	HMD	Off-Exchange	16-10164	\$336	\$376	14.1%	11.8%
14	Freedom Life Insurance Company of America	PPO	Off-Exchange	16-10424	\$543	\$637	17.4%	17.4%
15	Sunshine State Health Plan	HMD	Off-Exchange	16-10361	\$636	\$636	0.0%	0.0%
<b>Weighted Average using Actual Membership<sup>(5)</sup>:</b>					<b>\$385</b>	<b>\$458</b>	<b>17.7%</b>	<b>19.1%</b>

(1) Network types available are Health Maintenance Organization (HMO), Preferred Provider Organization (PPO), and an Exclusive Provider Organization (EPO).

(2) A plan available through the Federally Facilitated Exchange (FFE) may or may not be available outside of the FFE.

(3) Average Monthly Premiums do not include the impact of potential premium subsidies. As of 03/31/2016.

(4) Percent changes are based on actual 2016 enrollment and do not represent the percent difference for a single policyholder.

(5) Weighted averages give more weight to companies with larger membership.

#### General Information

This information has not been reviewed or finalized by the Department of Health & Human Services; therefore, it is subject to change.

Florida file log numbers can be used to search the Office of Insurance Regulation's "I-File Forms & Rates Filing Search" system.



# OIR Industry Conference

October 25-26, 2016

More than 230 insurance industry professionals, stakeholders, and special guests from all over the country attended the 2016 Industry Conference at the Florida State Conference Center.

The Conference spanned two days with 30 members of the Office staff either giving presentations or participating in roundtable discussions.

Attendees this year included forms analysts, compliance officers, product development managers, and attorneys. The attendees had access to general session presentations and multiple break-out sessions.

## Topics Included:

- Applications Process
- I-File Form & Rate Filing System
- Affordable Care Act (ACA)
- Disaster Reporting
- Homeowners Insurance
- Private Passenger Auto Insurance
- Long-Term Care Insurance
- Continuing Care Retirement Communities
- Wall of Wind & Florida Public Loss Model
- Trade Secret Overview
- Legislative Update
- Market Investigations
- Solvency Issues & Updates



# Performance Measures Detail

First Quarter Fiscal Year 2016-2017 (July – September)

## OIR Performance Measures

		1st Quarter FY 2016-2017	
Objective		Result	Score
1	Applications for a new certificate of authority and new types of insurance added to an existing certificate of authority within 90 days	100%	5
2	Life and health form and rate filing reviews completed within 45 days	100%	5
3	Property and casualty form filing reviews completed within 45 days	98.9%	5
4	Property and casualty rate filing reviews completed within 90 days	99.7%	5
5	Market conduct exams with violations in which the Office requires companies to remediate	100%	5
6	Financial exams of domestic insurers completed within 18 months of the "as of" exam date	-	*
7	Life and health priority financial examinations of domestic insurers completed within 18 months of the "as of" exam date	-	*
8	Property and casualty priority financial examinations of domestic insurers completed within 18 months of the "as of" exam date	-	*
9	Priority financial analyses completed within 60 days	99.0%	4
10	Non-priority financial analyses completed within 90 days	99.6%	4
<b>Overall Score</b>			<b>4.71</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.

\* Financial examinations are generally cyclical over long-periods of time and, while several are currently in progress, none were due in the first quarter.

