



Office of Insurance Regulation

Committee Presentation follow up from 3-7 Meeting

3-20-07

- Chairman Posey, thank you for inviting me back to give you an update on the presumed factor filings.
- First, I'd like to follow up on a request made at the March 7th meeting to give a breakdown of the presumed factor savings by county. You should have in your packets a document that lists, by county, the estimated average presumed factor savings. These numbers were calculated based on a rating example of an HO3 policy for a 5-year-old \$150,000 masonry structure with a 2% hurricane deductible and a \$500 non-hurricane deductible.
- I would just like to highlight that the average price a consumer is paying in the voluntary market is \$1,538. The average statewide presumed factor savings is 23.9%. Therefore, the average savings to Florida consumers will be \$367.
- Please keep in mind that these numbers are averages and will vary among individual policies. Additionally, these estimates were calculated based on the OIR presumed factor and the savings may vary depending on the individual company filings.

County	Voluntary Companies \$150,000 Masonry Rate*	Percent OIR Presumed Factor to Total Premium	Presumed Factor Dollar Savings
Alachua	\$855	10.2%	\$87
Baker	\$933	10.2%	\$95
Bay	\$1,825	22.2%	\$405
Bradford	\$888	10.2%	\$91
Brevard	\$1,801	25.4%	\$457

Broward	\$3,587	35.9%	\$1,288
Calhoun	\$1,021	10.2%	\$104
Charlotte	\$2,098	30.7%	\$644
Citrus	\$1,420	18.2%	\$258
Clay	\$829	10.2%	\$85
Collier	\$2,616	35.9%	\$939
Columbia	\$915	10.2%	\$93
Desoto	\$1,207	21.3%	\$257
Dixie	\$1,152	10.2%	\$118
Duval	\$947	10.2%	\$97
Escambia	\$1,928	21.1%	\$407
Flagler	\$1,192	18.2%	\$217
Franklin	\$1,978	18.2%	\$360
Gadsden	\$976	10.2%	\$100
Gilchrist	\$927	10.2%	\$95
Glades	\$1,470	21.3%	\$313
Gulf	\$1,798	18.2%	\$327
Hamilton	\$930	10.2%	\$95
Hardee	\$1,168	22.2%	\$259
Hendry	\$1,474	21.3%	\$314
Hernando	\$1,738	22.2%	\$386
Highlands	\$1,131	22.2%	\$251
Hillsborough	\$1,571	21.3%	\$335
Holmes	\$994	10.2%	\$101
Indian River	\$2,568	32.5%	\$835
Jackson	\$977	10.2%	\$100
Jefferson	\$1,082	10.2%	\$110
Lafayette	\$962	10.2%	\$98
Lake	\$892	11.9%	\$106
Lee	\$2,193	30.2%	\$662
Leon	\$816	10.2%	\$83
Levy	\$1,243	11.9%	\$148
Liberty	\$1,022	10.2%	\$104
Madison	\$952	10.2%	\$97
Manatee	\$2,051	25.4%	\$521
Marion	\$874	11.9%	\$104
Martin	\$2,734	35.9%	\$982
Miami-Dade	\$4,293	39.4%	\$1,691
Monroe	\$5,365	50.9%	\$2,731
Nassau	\$1,024	10.2%	\$104
Okaloosa	\$1,909	25.4%	\$485
Okeechobee	\$1,371	21.3%	\$292
Orange	\$962	11.9%	\$114
Osceola	\$995	18.2%	\$181
Palm Beach	\$3,360	34.5%	\$1,159

Pasco	\$1,803	21.3%	\$384
Pinellas	\$2,059	30.2%	\$622
Polk	\$1,197	18.2%	\$218
Putnam	\$845	10.2%	\$86
Santa Rosa	\$1,949	25.4%	\$495
Sarasota	\$2,007	30.2%	\$606
Seminole	\$979	11.9%	\$117
St Johns	\$1,062	11.9%	\$126
St Lucie	\$2,496	30.2%	\$754
Sumter	\$905	11.9%	\$108
Suwannee	\$962	10.2%	\$98
Taylor	\$1,166	10.2%	\$119
Union	\$902	10.2%	\$92
Volusia	\$1,384	22.2%	\$307
Wakulla	\$1,460	10.2%	\$149
Walton	\$1,798	23.6%	\$424
Washington	\$1,034	10.2%	\$105
Average	\$1,538	23.9%	\$367

- Additionally, I am pleased to announce that most companies have complied with the Office's February 19th order requiring them to make a presumed factor filing in compliance with House Bill 1A. 254 companies, which comprise over 99% of the market, have submitted a presumed factor filing for review.
- As I explained at the March 7th meeting, the companies were given an option of making a short form filing, which simply adopts the Office's recommended presumed factors, or a long form filing, which allows the companies to calculate their own factors and provide appropriate justification.
- Of those 254 companies that have submitted a filing, we estimate that 134 companies, representing 40% of the private admitted market, have submitted short form filings adopting the Office's recommended factors and all others have made long form filings.

- For personal residential insurance, statewide average discounts range from -34.5% to -0.9%. The breakdown by range is:

Range of Discount	% of market share	Cumulative %
25% or more	4.02%	
20-25%	5.71%	9.74
15-20%	10.26%	19.99
10-15%	19.83%	39.83
5-10%	36.86%	76.69
0.9-5%	12.22%	88.91*

* Does not total 100% as new filings are being added to the Web site daily

- With respect to Citizens, a short form filing has been made reflecting a 14.5% overall rate reduction. This is in addition to the 22% rate rollback to December 31, 2006 rates. Accordingly, as a result of House Bill 1A, Citizens customers will see an average decrease of 36.5% and will no longer be subject to the 58% rate increase that was scheduled to go into effect at the beginning of this month.
- Now that most of the companies have submitted their presumed factor filings, each filing must be processed into the system and accepted or rejected based on whether the information provided with the filing is complete. Once processed, the filing will begin the review process. As we process each filing, we are adding the name of that company to a list posted on our website. This list is not comprehensive and is only intended to reflect those companies that have submitted filings and does not necessarily reflect the rates that will ultimately be approved. We update this list every day to reflect the additional filings that have been processed.

- As we process these filings, I can assure you, Chairman Posey, that we will rigorously review all of those long form filings which did not implement the Office's recommended presumed factors.
- There will be administrative action taken against those companies that have not complied with the Office's order. Those companies may be subject to revocation or suspension of their Certificates of Authority or administrative fines for failing to comply with an Order of the Office. The Office also has authority under s. 627.062(2)(g), F.S., to review a company's rate at any time and disapprove the rate currently being charged if it is determined that the rate is excessive.
- Mr. Chairman, I would also like to provide an update on the filings for mitigation credits that were required to be submitted to the Office pursuant to a rule adopted by the Financial Services Commission on October 3, 2006.
- Approximately 97% of the companies in the residential insurance market, have filed their mitigation credits with the Office.
- For those that have not complied with the rule, the Office has statutory authority to review a company's rate at any time and will disapprove a company's current rate for being excessive until the mitigation credits are filed.
- However, the Office is fully aware of some companies that may be having difficulties making these filings due primarily to the companies' books of business. The Office is working with each of these companies on an individual basis to ensure that the company's solvency will not be put in jeopardy by offering these mitigation credits to its policyholders.

- Mr. Chairman, I am happy to take any questions at this time.