



Florida Office of Insurance Regulation

Commissioner David Altmaier

Quarterly Report
Fiscal Year 2016-2017
Second Quarter

Presented to:

The Financial Services Commission

March 14, 2017



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Florida Office of Insurance Regulation

Performance Measures Second Quarter Fiscal Year 2016-2017 (October – December)

Office Performance Measures		2nd Quarter FY 2016-2017		1st Quarter FY 2016-2017	
		Result	Score	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	100%	5
2	Life and health form and rate filing reviews completed within 45 days	100%	5	100%	5
3	Property and casualty form filing reviews completed within 45 days	100%	5	98.9%	5
4	Property and casualty rate filing reviews completed within 90 days	98.7%	5	100%	5
5	Market conduct exams with violations in which the Office requires companies to remediate	100%	5	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	100%	5	99.4%	4
10	Non-priority financial analyses completed within 90 days	99.9%	4	99.6%	4
Overall Score		4.86		4.71	

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 two quarters.



2016 Hurricane Season Update

Hurricane Hermine

Reporting as of March 3, 2017

- 19,699 statewide claims reported
- \$139 million in estimated insured losses
- 92.9% of claims closed

Hurricane Matthew

Reporting as of March 3, 2017

- 119,345 statewide claims reported
- \$1.18 billion in estimated insured losses
- 90.5% of claims closed

*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 and select "Hurricane Claims Data"



Selected Activities & Developments – Property & Casualty

2016 Medical Malpractice Annual Report:

- Florida is the fourth largest U.S. state in terms of medical malpractice premium, with roughly \$530 million in 2015 direct written premium
- Among the top 10 states by premium, Florida's:
 - Combined loss and defense and cost containment ratio of 67.8% ranks fourth highest
 - Non-claims based expense ratio of 21.8% is the highest among the top 10 states
 - Claims-based adjusting and other expense of 4.9% ranks third highest among the top 10 states
 - Combined ratio (total payouts to premium) of 101.1%, up from 96.6% in 2014, is the third largest
- The average rate change for a Florida physician as a result of rate filings resolved in 2015 was a decrease of 1.7%

2016 Workers' Compensation Report:

- Florida's workers' compensation insurance market exhibits a reasonable degree of competition
- No significant barriers for entry and exit exists in the Florida market
- The residual market is small relative to the private market indicating the voluntary market offers reasonable availability
- There may be some small segments of the market which have difficulty obtaining workers' compensation insurance, including small firms and new firms
- Recent **Florida Supreme Court** cases relating to workers' compensation continues to create **uncertainty** in the marketplace going forward.



Selected Activities & Developments – Life & Health

Long-Term Care:

- Developed 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 (e.g. flexible benefit periods and reduced inflation coverage)
 - Lapse protection
- Working towards creating more consumer choice in the long-term care market by reducing obstacles to product innovation

Life Insurer Solvency:

- The Office is working toward smooth implementation of SB 1308, which modernized life insurer solvency regulation and became effective on 1/1/2017

Freedom to Travel Report:

- No consumer complaints were received by either the Office or Consumer Services related to foreign travel
- There were only 3 reported violations and, in all cases, the companies self-corrected the violations prior to the report being issued



Legislative Agenda

- **Assignment of Benefits (AOB)**
 - The bill focuses on holding consumers harmless, allowing them to continue utilizing an assignment of benefits when they need it, and eliminating incentives for filing unnecessary litigation
- **Continuing Care Retirement Communities (CCRC)**
 - Working to protect Florida seniors by strengthening the financial condition of CCRCs and developing tools to prevent inequitable activity
- **Insurer Solvency**
 - Modernizing HMO solvency regulation through the use of Risk Based Capital (RBC)
 - Expand the Guaranty Association assessment base such that when covering a long-term care insolvency liability, companies who wrote long-term care are assessed first.



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Questions?

