



Citizens 2017 Rates

Frequently Asked Questions

1. [Why will most Citizens policyholders see additional rate increases when Florida hasn't had a major storm in 11 years?](#)
2. [Are Floridians more at risk of assessments as a result of Citizens increased rate need?](#)
3. [What is Assignment of Benefits \(AOB\)? How is AOB affecting 2017 rates?](#)
4. [Will all Citizens policyholders see rate increases for 2017?](#)
5. [Are water losses and AOB abuses limited to South Florida? Is it spreading to other parts of the state?](#)
6. [What is Citizens doing to address water losses and AOB abuse?](#)
7. [How can policyholders' actions after a loss affect rates?](#)
8. [Given past indications that sinkhole rates are well below actuarially sound levels, why is Citizens recommending no sinkhole rate increases for 2016?](#)

1. **Why will most Citizens policyholders see additional rate increases when Florida hasn't had a major storm in 11 years?**

Skyrocketing non-weather water losses in Miami-Dade, Broward and Palm Beach Counties have eroded financial progress made following more than a decade without a hurricane. Given the latest data, rates in those counties would have to nearly triple to pay for non-weather related water losses and the litigation expenses that often accompany these claims. Water losses also threaten to increase rates in other regions of the state.

While rates for many policy types and areas have been approaching actuarial soundness over the past few years, this recent surge in claims related to non-weather water losses in South Florida has increased Citizens' net claims payments and litigation expense costs. These losses are significant enough to offset previous progress made toward rate adequacy and the decreased cost of reinsurance and other risk transfer products, resulting in the need for a corresponding rate increase.

Citizens is required by law to recommend actuarially sound rates within the limits of the Legislatively created glide path, which limits rate increases to no more than 10 percent per year. The Office of Insurance Regulation uses these recommendations to set Citizens rates.

[Top ↑](#)

2. Are Floridians more at risk of assessments as a result of Citizens increased rate need?

More affordable reinsurance and the success of Citizens' depopulation efforts over the past several years have allowed Citizens to boost its claims paying ability significantly. For the first time since its creation, Citizens can now handle a 1-in-100 year storm followed by a 1-in-16 year event without having to levy assessments on Florida policyholders.

In order to pay non-weather water claim losses, however, Citizens has been forced to tap into its hurricane surplus funds. In 2015, Citizens incurred nearly \$7 million more in losses than it earned in premiums in the Personal Lines Account (PLA.) Instead of building surplus in a year with no storms, Citizens' surplus for the PLA account actually decreased.

While Citizens' surplus remains significant, Citizens has a duty to its policyholders and all Floridians to protect them from the increased risk of assessments that will arise from continued unchecked non-weather water losses. This includes enacting policy changes aimed at stemming these losses and raising rates in accordance with the statutorily mandated glide path to cover the increased risk of these losses.

Even with actuarially sound rates and a responsible reinsurance strategy, however, a major storm or series of storms that exhausts Citizens' reinsurance and surplus could make assessments necessary.

[Top ↑](#)

3. What is Assignment of Benefits and how is it affecting 2017 rates?

Assignment of benefits (AOB) is a contract between an insurance policyholder and a third party, such as a roofer or a water remediation vendor. An AOB transfers control of the claim benefits and other policy rights and provisions to a third party. This includes all responsibility for dealing with the insurance company to evaluate damages, file a policyholder's claim, settle the claim and receive payment.

Claims submitted with an AOB in South Florida cost an average of 74 percent more than claims without an AOB and are much more frequently litigated, which triples the severity of each claim. AOBs also are ripe for abuse as these claims often are submitted only after repairs have been made. The average non-weather water loss claim is reported more than 33 days after the reported date-of-loss, and often after repairs have been completed. Citizens is not given the opportunity to inspect the damages or approve permanent repairs before they are completed

Instances of AOB abuse are on the rise, particularly in South Florida, and are one of the major factors driving increased non-weather water losses and Citizens' increased rate need. Homeowners frequently are told during an emergency service call that the only way repairs can begin is by signing an AOB. In these situations, the contractor may begin permanent repairs before notifying Citizens of the loss and may even inflate the severity of the loss, with or without the policyholder's consent.

[Top ↑](#)

4. Will all Citizens policyholders see rate increases for 2017?

While most Citizens policyholders will see rate increases in 2017, about 23 percent of personal lines policyholders will see their rates go down. Policyholders who see rate decreases will typically be those who live farther from the coast and outside South Florida.

Due largely to non-weather water-related losses, however, Citizens' policyholders in South Florida can expect to see annual rate hikes approaching 10 percent in 2017, and for years to come. Estimated rates in those counties would have to nearly triple to pay for non-weather related losses. Under the statutory glide path, Miami-Dade policyholders could see average premiums climb from \$3,200 to \$4,500 in just five years.

Many policyholders in other parts of the state, who were expected to see rate decreases in 2017, also may be subjected to higher rates based on higher water claims and increased AOB-related litigation.

[Top ↑](#)

5. Are water losses and AOB abuses limited to South Florida? Is it spreading to other parts of the state?

More than 55 percent of claims submitted in the South Florida tri-county area (Miami-Dade, Broward and Palm Beach) in 2015 had legal or AOB representation before the claim was even reported to Citizens. Although water losses and AOB abuses remain concentrated in South Florida, the trend is spreading to other parts of the state, where AOB representation at first notice of loss has nearly tripled. Increases in AOB representation for hail peril losses are also being seen in multiple regions of Florida.

Claims reported with AOB representation are more than double the cost of non-represented claims to resolve. This cost increases significantly if the case requires litigation.

[Top ↑](#)

6. What is Citizens doing to address water losses and AOB abuse?

The average water loss claim is reported more than 33 days following the loss and often after repairs have been completed. Citizens is not given the opportunity to inspect the damages or approve permanent repairs.

The Florida Office of Insurance Regulation recently approved a set of focused policy changes for Citizens regarding loss reporting, including the establishment of a threshold for non-approved emergency services, and the opportunity to inspect the property prior to permanent repairs being completed. Citizens must respond with 48 hours if contacted by a policyholder requesting approval for additional emergency services over the threshold amount.

Policyholders are required to allow Citizens to inspect the damage within 72 hours of a loss being reported and as often as Citizens reasonably requires. Failure to do so may result in loss of coverage for permanent repairs. If Citizens does not reasonably attempt to conduct an inspection or provide approval within 72 hours of the time the loss is reported, the policyholder can authorize or begin permanent repairs covered under the policy.

Additional information about related [policy contract changes](#) is available on Citizens' website.

[Top ↑](#)

7. How can policyholders' actions after a loss affect rates?

The most important action policyholders can take to remain in the driver's seat on their claim is to [Call Citizens First](#), either by contacting their agent or calling Citizens' 24/7 toll-free claims hotline at **866.411.2742**.

Immediately calling Citizens as soon as they suspect damage to their property will allow Citizens to help policyholders resolve their claim and repair any covered damage in the most efficient and cost effective manner possible.

Policyholders also should be cautious of unsolicited vendors canvassing their neighborhood offering "*something for nothing*," such as a free roof or large insurance payouts, and should never sign a contract they don't fully understand.

[Top ↑](#)

8. Given past indications that sinkhole rates are well below actuarially sound levels, why is Citizens recommending no sinkhole rate increases for 2016?

In 2014, Citizens recommended actuarially sound sinkhole rates for all counties outside "Sinkhole Alley." In that area, which includes Hernando, Hillsborough and Pasco counties, rate increases were phased in to cushion their impact on affected policyholders, per the recommendation of Citizens' Board of Governors.

In 2011, Senate Bill 408 dramatically decreased projected sinkhole losses by clarifying the definition of sinkhole damage and requiring that repairs be completed if a sinkhole claim is paid. When it was passed, an actuarial analysis of SB 408 indicated that these changes could reduce sinkhole claims by approximately 54 percent. Citizens' claims experience since the bill went into effect in 2012 seems to bear this out, with reported claims falling dramatically since the law went into effect. However, some aspects of SB 408 are pending court challenges.

Although it will take several years to definitively determine whether the trend of falling sinkhole-claims costs will continue, Citizens' actuaries believe the most prudent course is to hold off on sinkhole rate increases until the level of uncertainty in rate indications is more acceptable.

[Top ↑](#)

ACTUARIAL & UNDERWRITING COMMITTEE

ANNUAL RECOMMENDED RATE FILINGS – EFFECTIVE

FEBRUARY 1, 2017 EXECUTIVE SUMMARY

ACTUARIAL & UNDERWRITING COMMITTEE, JUNE 21, 2016
BOARD OF GOVERNORS MEETING, JUNE 22, 2016

As required by statute, Citizens has completed the annual analysis of recommended rates for 2017. The Office of Insurance Regulation uses this information as it establishes Citizens rates to be implemented for policy effective dates beginning February 2017. The analysis developed rate indications that:

- Comply with the requirement in Florida law that Citizens recommend actuarially sound rates. The indications developed are designed to generate the premium needed to cover Citizens' projected losses and expenses during the effective period of the rates.
- Are not excessive, inadequate or unfairly discriminatory, and meet the requirements of U.S. Actuarial Standards of Practice except where Florida law supersedes such standards.
- Comply with the statutory "glide path" that limits Citizens annual rate increases to no more than 10% for any single policy issued. This is an exception to the requirement for actuarially sound rates. It applies to non-sinkhole perils, and excludes coverage changes and surcharges.
- Considers the Florida Public Hurricane Model (FPM) results in wind rate recommendations, as required by law. Law changes this year removed the requirement that the FPM results be the "minimum benchmark" for those rates.
- Include an appropriate charge to pass through the Florida Hurricane Catastrophe Fund (FHCF) Rapid Cash Build-Up Factor, as required by law.

Major cost factors in the rate analysis include:

- i) Non-catastrophic losses and loss adjustment expenses (LAE)
- ii) Modeled catastrophic hurricane losses and estimated LAE
- iii) Administrative expenses
- iv) Risk transfer costs
- v) Pre-event liquidity costs

The average statewide indicated rate change over all personal lines of business is +64.7%. The premium impact after the application of the glide path cap is 6.8%. Note that each Citizens policyholder pays a premium for an individual policy line that is based on their risk classification; nobody pays exactly the average. The indications vary greatly by account and by product line. See Exhibit 1 for more detail.

The average statewide indicated rate change over all commercial lines of business is +46.8%. The premium impact after the application of the glide path cap is +9.0%. These results also vary widely by product line. See Exhibit 1 for more detail.

When underlying costs are rising rapidly, the difference between indicated revenue need and actual premium impact may be significant. Due to the glide path, cost trends may outstrip the ability of Citizens to obtain sound premiums, even if base rates are sound.

ACTUARIAL & UNDERWRITING COMMITTEE ANNUAL RECOMMENDED RATE FILINGS – EFFECTIVE FEBRUARY 1, 2017 EXECUTIVE SUMMARY

ACTUARIAL & UNDERWRITING COMMITTEE, JUNE 21, 2016
BOARD OF GOVERNORS MEETING, JUNE 22, 2016

Determination of Overall Rate Indications by Line of Business

Water Peril

Last year Citizens' rate indication for Personal Lines averaged 25.5%. As noted above, this year the Personal Lines rate indication is 64.7%. The spike in the rate need is driven by skyrocketing water damage losses. Statewide, for Homeowners policies (HO-3), the average annual cost of water damage ("loss cost") per policy for water more than doubled from \$551 in 2013 to \$1,156 in 2015. Importantly, the loss cost is averaged over all policies, including the vast majority that did not file claims and therefore contribute zero to the loss costs. In the South East region of the state (Miami-Dade, Broward, and Palm Beach counties), the analogous cost per policy increased from \$1,443 (already almost triple the statewide average) to \$1,955. The result is a water-only rate indication of well over 300%. Said differently, Citizens projects paying out over \$3 for every \$1 earned in premium earmarked for water damage. This severe water rate inadequacy is the driver of the statewide HO-3 rate need of 72.6%.

The water peril indication has been adjusted for the coming policy language changes effective July 1, 2016. Both the historical water losses and prospective water loss trend used in the calculations were tempered to reflect the expected short term savings. Without these adjustments, the water peril indication would be over 400%. The policy language changes are part of a long-term enterprise-wide solution to encourage policyholders to Call Citizens First and avoid losing control of their claims to intermediaries that often inflate costs – costs that, as shown here, drive rate hikes. Citizens hopes that in the longer term, cost trends can be reversed and non-wind rates stabilized or reduced using this strategy.

Hurricane Peril

Hurricane peril rates drive the overall Citizens premium for many policyholders, particularly in coastal territories. As Florida law requires, projected hurricane losses from accepted scientific simulation models were considered. Citizens used four models accepted by the Florida Commission on Hurricane Loss Projection Methodology: AIR (v15.0.1, Touchstone v3.1.0), RMS (Risklink v15.0), EQE (RQE v16.0), and the FPM (v6.1). No model results were modified or adjusted. The four distinct models underpinned a range of rate indications for each line of business. These ranges varied by line of business, as models may disagree widely in some territories and products.

When determining the selected statewide indication, greatest consideration was given to the "middle" two models. This statistically sound approach minimized the effect of outliers while providing a result that captures the overall information from the models for each product line.

Exhibit 1- Summary of Statewide Rate Indications displays results for each product line. The **Uncapped Indication** is the selected statewide indication adjusted for the FHCF pass-through. The **Proposed Change** columns represent the actual premium impact to consumers after the application of the glide path cap to each single policy. At the policy level, all premium changes are limited to +/- 10% (except for HO-4 which is limited to +10%/-15%, in accordance with previous OIR guidance). After the application of the cap, the impact of the FHCF pass-through is added.

Impact of Private Reinsurance Costs

Due to significant depopulation and continued low "rates-on-line" (unit costs) for private reinsurance, Citizens was, once again, able to transfer the majority of its hurricane risk away from Florida policyholders (including non-Citizens policyholders, who would pay emergency assessments if storms caused significant

ACTUARIAL & UNDERWRITING COMMITTEE ANNUAL RECOMMENDED RATE FILINGS – EFFECTIVE FEBRUARY 1, 2017 EXECUTIVE SUMMARY

ACTUARIAL & UNDERWRITING COMMITTEE, JUNE 21, 2016
BOARD OF GOVERNORS MEETING, JUNE 22, 2016

deficits). For the second year in a row, Citizens can sustain a so-called “1-in-100 year” storm, meaning a storm with a 1% chance of occurring in any given year, in the Coastal Account without triggering assessments. Because Citizens is only exposing 60% of its Coastal surplus to such a storm, it can also sustain a 1-in-16 year storm following a 1-in-100 year event.

Last year, Citizens transferred \$3.91 billion of Coastal Account risk to private reinsurers at a net cost of \$200 million. This year, Citizens transferred \$2.46 billion of Coastal Account risk to the private sector at an estimated net cost of \$149 million. “Net cost” refers to the gross expenditure on risk transfer less the expected hurricane losses that would be subject to the agreements. The lower net cost of reinsurance is reflected in the rate indication. Last year’s Homeowners indication included a provision of 15.9% for the cost of private reinsurance. This year the provision is 12.0%, meaning that 12 cents of the premium dollar is devoted to reinsurance.

Private reinsurance covers policies in the Coastal account only, but it does lower the probability that policyholders in the Personal Lines Account (PLA) and Commercial Lines Account (CLA) will face a surcharge due to deficits in the Coastal Account. Consequently, a small portion of private reinsurance costs are allocated to the policies in the PLA and CLA. The rate indications allocate 90% of the private reinsurance costs to the Coastal Account and 10% to the PLA/CLA.

Note that public reinsurance from the mandatory participation in the FHCF is divided into a PLA+CLA contract and a separate Coastal contract, the net costs of which are allocated to policies in the respective accounts.

Due to the severe water peril rate indications, private reinsurance costs for many policyholders, such as Homeowners in the South East region, do not significantly affect the charged rates in 2017 after the glide path is applied. The maximum 10% impact applies prior to consideration of these costs.

Impact of Pre-Event Liquidity

Pre-event liquidity (debt financing) provides a funding bridge to the point in time and loss levels at which the FHCF begins to pay hurricane reimbursements. It also ensures quick claims-paying capacity for subsequent storms in a season and augments other Citizens claims-paying resources that are not readily available in cash after a storm. This allows for timely payment of claims as well as flexibility in the timing and cost of issuance of post-event debt.

Pre-event debt does impact the cost structure of Citizens, and therefore the rate indications. The impact in Homeowners to the statewide uncapped rate indication is around +3.8%. As with private reinsurance costs, the impact is not significant to most customers who would “max out” at a 10% increase due solely to water peril indications and the glide path.

Impact of Policy Level Capping

Due to the interaction of all actuarial considerations, rate indications vary greatly from policy to policy within Citizens. Large increases as well as large decreases are indicated for various consumers. The glide path established in 2010 requires Citizens to ensure no single policyholder shall be subject to a (non-sinkhole) rate increase greater than 10%. In order to balance the statutory requirements of actuarial soundness and the glide path, it is recommended that all rate increases be capped at +10%, and all rate decreases at -10%, except for HO-4 forms as noted above.

ACTUARIAL & UNDERWRITING COMMITTEE ANNUAL RECOMMENDED RATE FILINGS – EFFECTIVE FEBRUARY 1, 2017 EXECUTIVE SUMMARY

ACTUARIAL & UNDERWRITING COMMITTEE, JUNE 21, 2016
BOARD OF GOVERNORS MEETING, JUNE 22, 2016

Impact of FHCF Buildup Premium

The FHCF is required by law to include a “rapid cash buildup factor” of 25% in its premium. Citizens, in turn, is required by law to pass this cost to the policyholder, outside the 10% glide path cap. This results in higher rate indications and affects the statewide premium impacts as well, raising some lines slightly above 10%.

Sinkhole Indications

The number of reported sinkhole claims to Citizens has been steadily declining since the end of 2011. In 2011, over 4,500 claims were reported. By 2013 the number was reduced to around 1,200 and has declined further since then, attributable largely to the impact of Senate Bill 408, the major sinkhole claims reform enacted in 2011. While all signs at this point are that SB408 has successfully addressed sinkhole trends, there does remain uncertainty about the final outcome of many pending claims, some litigated. Staff recommends that for a third straight year, sinkhole rates remain unchanged. As the ultimate effect of law changes emerges in the claims experience, there is no guarantee that future sinkhole rate increases will not be necessary.

Rate Analysis Exhibits

Several Exhibits are included with this item. Note that scale differs on some maps, so review the legends carefully when comparing maps. Also, all premium totals are based on policies in-force as of 12/31/2015.

Exhibit 1: Summary of Statewide Indications

- Columns (1) through (3) display the statewide uncapped indication and the proposed capped rate impact for multi-peril lines of business in the Personal Lines Account.
- Columns (4) through (6) display the statewide uncapped indication and the proposed capped rate impact for multi-peril lines of business in the Coastal Account.
- Columns (7) through (9) display the statewide uncapped indication and the proposed capped rate impact for wind-only lines of business (written only in the Coastal Account).
- Columns (10) through (12) display the statewide uncapped indication and the proposed capped rate impact for combined multi-peril and wind-only lines of business.

Exhibit 2 – Multi-Peril HO-3 (Homeowners) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between -10% and +10% for individual policyholders within each county

ACTUARIAL & UNDERWRITING COMMITTEE ANNUAL RECOMMENDED RATE FILINGS – EFFECTIVE FEBRUARY 1, 2017 EXECUTIVE SUMMARY

ACTUARIAL & UNDERWRITING COMMITTEE, JUNE 21, 2016
BOARD OF GOVERNORS MEETING, JUNE 22, 2016

Exhibit 3 – Wind-Only HW-2 (Homeowners) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between -10% and +10% for individual policyholders within each county

Exhibit 4 – Multi-Peril HO-6 (Condo Unit-Owners) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between -10% and +10% for individual policyholders within each county

Exhibit 5 – Wind-Only HW-6 (Condo Unit-Owners) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between -10% and +10% for individual policyholders within each county

Exhibit 6 – Multi-Peril DP-1 and DP-3 (Dwelling Fire) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between -10% and +10% for individual policyholders within each county

Exhibit 7 – Wind-Only DW-2 (Dwelling Fire) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between -10% and +10% for individual policyholders within each county

Exhibit 8 – Multi-Peril MHO-3 and MDP-1 (Mobile Homeowners and Dwelling Fire) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county

ACTUARIAL & UNDERWRITING COMMITTEE ANNUAL RECOMMENDED RATE FILINGS – EFFECTIVE FEBRUARY 1, 2017 EXECUTIVE SUMMARY

ACTUARIAL & UNDERWRITING COMMITTEE, JUNE 21, 2016
BOARD OF GOVERNORS MEETING, JUNE 22, 2016

- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between -10% and +10% for individual policyholders within each county

Exhibit 9 – Wind-Only MW-2 and MD-1 (Mobile Homeowners and Dwelling Fire) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between -10% and +10% for individual policyholders within each county

Exhibit 10 - Multi-Peril Commercial Residential County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each of the “Group 2” perils territories (some of which cross several counties)
- Note that the numbers in this exhibit show the average premium impact for the territory.
- The actual premium impact can vary between -10% and +10% for individual policyholders within each county

Exhibit 11 - Wind-Only Commercial Residential County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Essentially all policyholders in each territory will receive a +9% increase
- The reason why it is not a +10% increase is due to the FHCF pass through. The FHCF actually has a negative allocated cost in this line.
- The territory showing 0% impact has no policies

Exhibit 12 - Multi-Peril Commercial Non-Residential County Average Premium Impacts Map

- Displays the proposed premium impact after capping for each Group 2 territory
- The numbers display the expected premium impact for each policyholder within a territory.

Exhibit 13 - Wind-Only Commercial Non-Residential County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Every policyholder will receive a +10% increase

ACTUARIAL & UNDERWRITING COMMITTEE ANNUAL RECOMMENDED RATE FILINGS – EFFECTIVE FEBRUARY 1, 2017 EXECUTIVE SUMMARY

ACTUARIAL & UNDERWRITING COMMITTEE, JUNE 21, 2016
BOARD OF GOVERNORS MEETING, JUNE 22, 2016

Exhibit 14 - Distribution of Recommended Rate Impacts by Policy in PLA

- Tabulates the proposed capped premium impacts for personal lines into a histogram showing number and proportion of policyholders in each impact range
- Includes all personal lines combined
- Range exceeds +/- 10% slightly, due to the impact of the FHCF pass through

Exhibit 15 - Distribution of Recommended Rate Impacts by Policy in Coastal Account

- Tabulates the proposed capped premium impact for personal lines into a histogram showing number and proportion of policyholders in each impact range
- Includes all personal lines combined
- Range exceeds +/- 10% slightly, due to the impact of the FHCF pass through

Exhibit 16 – Average Premium by County – HO-3

- Current and proposed average premium by county for multi-peril Homeowners policies
- Based on in-force policies as of 12-31-2015

Exhibit 17 – Average Premium by County – HW-2

- Current and proposed average premium by county for wind-only Homeowners policies
- Based on in-force policies as of 12-31-2015

Exhibit 18 – Average Premium by County – HO-6

- Current and proposed average premium by county for multi-peril Condo Unit policies
- Based on in-force policies as of 12-31-2015

Exhibit 19 – Average Premium by County – HW-6

- Current and proposed average premium by county for multi-peril Condo Unit policies
- Based on in-force policies as of 12-31-2015

ALL PERSONAL LINES COMBINED
Recommended Change by County

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Alachua	1,024	457	462	0.7%	465
Baker	186	34	347	2.2%	354
Bay	3,494	545	952	8.0%	1,028
Bradford	169	53	383	1.2%	387
Brevard	6,360	2,774	1,203	2.9%	1,237
Broward	73,220	14,020	1,783	8.0%	1,925
Calhoun	79	4	415	7.7%	447
Charlotte	3,426	2,242	1,076	-1.2%	1,063
Citrus	1,890	599	505	-2.1%	494
Clay	643	113	396	3.6%	410
Collier	5,958	2,451	1,459	5.8%	1,543
Columbia	349	78	376	3.7%	390
Dade	107,547	13,884	2,543	8.0%	2,745
De Soto	160	65	622	-0.4%	620
Dixie	319	172	566	-2.3%	553
Duval	2,225	789	646	2.6%	663
Escambia	5,103	797	1,406	8.9%	1,530
Flagler	1,012	279	781	5.8%	826
Franklin	783	126	2,206	8.9%	2,402
Gadsden	298	97	494	-1.4%	487
Gilchrist	378	95	361	1.8%	367
Glades	83	49	816	-0.1%	816
Gulf	527	36	1,587	9.4%	1,737
Hamilton	55	9	381	3.8%	396
Hardee	94	81	456	-5.7%	430
Hendry	241	157	839	2.5%	860
Hernando	14,281	1,877	1,198	4.0%	1,246
Highlands	351	203	563	-0.1%	562
Hillsborough	17,070	5,630	1,215	2.1%	1,240
Holmes	82	15	452	3.9%	470
Indian River	1,640	410	1,400	7.7%	1,508
Jackson	254	37	544	4.4%	568
Jefferson	131	41	445	1.4%	452
Lafayette	53	13	356	2.6%	365
Total	464,725	108,126	1,707	6.8%	1,823

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lake	1,277	182	473	4.1%	492
Lee	12,008	5,900	1,222	4.6%	1,278
Leon	754	346	407	-0.8%	404
Levy	929	392	607	1.7%	617
Liberty	68	5	315	7.4%	339
Madison	137	25	432	3.7%	448
Manatee	6,380	3,539	1,047	2.0%	1,067
Marion	1,645	1,174	444	-3.6%	428
Martin	1,559	447	1,272	5.2%	1,338
Monroe	18,467	1,161	3,187	8.9%	3,470
Nassau	849	223	629	2.8%	646
Okaloosa	1,601	429	1,259	5.8%	1,332
Okeechobee	192	19	740	7.4%	794
Orange	1,991	1,245	547	-0.6%	544
Osceola	763	405	532	0.0%	532
Palm Beach	47,162	6,833	1,743	8.4%	1,890
Pasco	21,447	2,087	1,118	6.7%	1,193
Pinellas	57,446	21,084	1,308	2.1%	1,336
Polk	1,767	1,721	576	-9.1%	524
Putnam	684	94	400	1.5%	406
Saint Johns	1,494	626	781	2.3%	799
Saint Lucie	2,837	709	1,034	6.3%	1,099
Santa Rosa	2,013	167	1,158	8.7%	1,259
Sarasota	20,261	6,680	1,058	5.8%	1,119
Seminole	629	459	631	-4.7%	601
Sumter	304	236	451	-3.5%	435
Suwannee	309	36	329	6.1%	349
Taylor	354	136	689	1.7%	701
Union	43	14	369	2.7%	379
Volusia	6,267	3,139	831	1.0%	839
Wakulla	370	66	683	5.7%	722
Walton	3,079	301	1,618	9.4%	1,770
Washington	154	14	447	6.7%	477

Exhibit 16

**MULTIPERIL HO3
Recommended Change by County**

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Alachua	81	59	1,343	-4.9%	1,278
Baker	4	2	1,089	-0.9%	1,079
Bay	147	124	1,625	-3.9%	1,562
Bradford	4	3	1,142	-3.8%	1,099
Brevard	1,515	1,091	1,953	-2.1%	1,913
Broward	20,250	0	2,661	8.9%	2,897
Calhoun	0	0	0	N/A	N/A
Charlotte	601	545	1,586	-6.1%	1,489
Citrus	176	166	1,371	-7.0%	1,276
Clay	28	25	1,210	-5.3%	1,146
Collier	206	113	2,004	1.2%	2,029
Columbia	12	12	1,593	-5.7%	1,502
Dade	48,196	0	3,200	9.1%	3,493
De Soto	11	8	1,641	-4.0%	1,575
Dixie	20	15	1,571	-4.9%	1,493
Duval	251	25	1,261	4.4%	1,317
Escambia	277	72	1,993	6.1%	2,114
Flagler	38	37	1,542	-5.8%	1,453
Franklin	21	9	2,151	-0.4%	2,142
Gadsden	57	50	1,037	-8.5%	948
Gilchrist	18	18	1,431	-7.1%	1,329
Glades	4	3	1,409	-3.5%	1,360
Gulf	12	5	1,916	4.3%	1,998
Hamilton	3	3	1,677	-2.7%	1,632
Hardee	1	1	1,083	-2.1%	1,061
Hendry	27	1	1,529	7.2%	1,638
Hernando	9,738	838	1,392	4.3%	1,452
Highlands	19	10	1,092	-1.7%	1,074
Hillsborough	8,212	1,628	1,635	3.1%	1,685
Holmes	7	7	861	-6.2%	808
Indian River	141	3	1,682	9.2%	1,837
Jackson	29	29	1,123	-6.6%	1,048
Jefferson	9	9	1,142	-4.9%	1,086
Lafayette	1	1	1,557	-4.5%	1,487
Total	141,844	22,410	2,386	6.8%	2,548

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lake	53	53	1,178	-7.5%	1,090
Lee	553	122	1,759	4.3%	1,834
Leon	75	63	1,025	-6.3%	960
Levy	47	27	1,583	0.9%	1,597
Liberty	1	1	921	-3.6%	888
Madison	6	5	1,108	-5.2%	1,050
Manatee	926	714	1,764	-3.4%	1,704
Marion	125	101	1,171	-5.7%	1,104
Martin	155	94	2,685	-1.1%	2,656
Monroe	250	35	3,957	6.4%	4,209
Nassau	60	12	1,579	1.2%	1,599
Okaloosa	125	83	2,305	-1.5%	2,271
Okeechobee	14	13	1,625	-4.5%	1,552
Orange	149	59	1,452	1.6%	1,475
Osceola	63	0	1,215	9.4%	1,329
Palm Beach	10,287	0	2,448	9.0%	2,668
Pasco	9,943	108	1,500	7.1%	1,607
Pinellas	25,848	14,339	1,803	-0.3%	1,798
Polk	92	92	1,435	-10.1%	1,289
Putnam	25	24	1,298	-7.5%	1,200
Saint Johns	188	87	1,506	0.0%	1,507
Saint Lucie	223	147	1,754	-2.5%	1,710
Santa Rosa	93	31	2,728	4.2%	2,842
Sarasota	1,665	716	1,736	1.4%	1,760
Seminole	68	66	1,615	-6.8%	1,505
Sumter	19	19	1,451	-9.3%	1,315
Suwannee	2	1	1,588	-1.0%	1,572
Taylor	37	7	1,719	2.1%	1,755
Union	0	0	0	N/A	N/A
Volusia	575	448	1,337	-4.1%	1,283
Wakulla	23	8	1,531	1.6%	1,555
Walton	32	17	2,395	1.2%	2,424
Washington	6	6	1,183	-3.7%	1,139

Exhibit 17

WIND-ONLY HW2
Recommended Change by County

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Alachua	0	0	0	N/A	N/A
Baker	0	0	0	N/A	N/A
Bay	436	27	1,689	10.4%	1,865
Bradford	0	0	0	N/A	N/A
Brevard	356	86	2,233	8.3%	2,418
Broward	10,688	1,185	2,744	9.4%	3,001
Calhoun	0	0	0	N/A	N/A
Charlotte	140	9	2,060	9.2%	2,250
Citrus	0	0	0	N/A	N/A
Clay	0	0	0	N/A	N/A
Collier	1,172	93	2,647	9.8%	2,906
Columbia	0	0	0	N/A	N/A
Dade	10,764	2,561	3,480	6.5%	3,707
De Soto	0	0	0	N/A	N/A
Dixie	0	0	0	N/A	N/A
Duval	246	33	1,045	8.8%	1,136
Escambia	2,224	271	1,889	9.7%	2,072
Flagler	431	59	977	8.7%	1,061
Franklin	199	21	2,406	9.2%	2,628
Gadsden	0	0	0	N/A	N/A
Gilchrist	0	0	0	N/A	N/A
Glades	0	0	0	N/A	N/A
Gulf	126	9	2,060	9.5%	2,257
Hamilton	0	0	0	N/A	N/A
Hardee	0	0	0	N/A	N/A
Hendry	0	0	0	N/A	N/A
Hernando	78	18	1,179	8.1%	1,274
Highlands	0	0	0	N/A	N/A
Hillsborough	0	0	0	N/A	N/A
Holmes	0	0	0	N/A	N/A
Indian River	191	28	3,618	8.2%	3,915
Jackson	0	0	0	N/A	N/A
Jefferson	0	0	0	N/A	N/A
Lafayette	0	0	0	N/A	N/A
Total	60,553	8,733	2,678	8.5%	2,904

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lake	0	0	0	N/A	N/A
Lee	1,882	344	2,201	8.6%	2,390
Leon	0	0	0	N/A	N/A
Levy	108	16	968	9.4%	1,058
Liberty	0	0	0	N/A	N/A
Madison	0	0	0	N/A	N/A
Manatee	187	17	2,130	9.8%	2,338
Marion	0	0	0	N/A	N/A
Martin	0	0	0	N/A	N/A
Monroe	10,273	743	3,706	8.8%	4,033
Nassau	127	12	855	9.9%	939
Okaloosa	90	12	3,011	9.5%	3,296
Okeechobee	0	0	0	N/A	N/A
Orange	0	0	0	N/A	N/A
Osceola	0	0	0	N/A	N/A
Palm Beach	8,239	709	2,701	9.5%	2,958
Pasco	253	65	1,568	-0.1%	1,566
Pinellas	2,076	153	2,154	10.1%	2,372
Polk	0	0	0	N/A	N/A
Putnam	0	0	0	N/A	N/A
Saint Johns	255	48	1,089	9.0%	1,187
Saint Lucie	63	13	1,704	7.4%	1,830
Santa Rosa	398	19	2,314	10.2%	2,551
Sarasota	7,292	1,485	1,279	8.2%	1,384
Seminole	0	0	0	N/A	N/A
Sumter	0	0	0	N/A	N/A
Suwannee	0	0	0	N/A	N/A
Taylor	0	0	0	N/A	N/A
Union	0	0	0	N/A	N/A
Volusia	1,628	628	1,124	3.5%	1,163
Wakulla	87	18	1,078	8.1%	1,166
Walton	544	51	2,312	9.9%	2,542
Washington	0	0	0	N/A	N/A

Exhibit 18

**MULTIPERIL HO6
Recommended Change by County**

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Alachua	95	0	375	9.5%	411
Baker	0	0	0	N/A	N/A
Bay	100	8	824	6.3%	876
Bradford	0	0	0	N/A	N/A
Brevard	637	0	748	9.3%	817
Broward	13,589	354	798	8.4%	865
Calhoun	0	0	0	N/A	N/A
Charlotte	259	0	649	9.2%	709
Citrus	15	4	771	7.1%	826
Clay	13	0	419	9.6%	459
Collier	518	17	1,106	8.0%	1,194
Columbia	0	0	0	N/A	N/A
Dade	8,918	444	958	7.4%	1,029
De Soto	10	0	473	9.3%	517
Dixie	2	0	504	9.5%	552
Duval	108	0	577	9.6%	632
Escambia	112	28	998	4.5%	1,043
Flagler	15	1	794	6.3%	844
Franklin	1	0	657	9.6%	720
Gadsden	0	0	0	N/A	N/A
Gilchrist	0	0	0	N/A	N/A
Glades	0	0	0	N/A	N/A
Gulf	2	0	1,487	9.4%	1,628
Hamilton	0	0	0	N/A	N/A
Hardee	0	0	0	N/A	N/A
Hendry	3	0	819	8.5%	888
Hernando	37	0	539	9.2%	589
Highlands	6	0	447	9.3%	488
Hillsborough	837	0	640	9.0%	698
Holmes	1	0	1,053	9.5%	1,153
Indian River	124	0	1,167	9.5%	1,278
Jackson	0	0	0	N/A	N/A
Jefferson	0	0	0	N/A	N/A
Lafayette	0	0	0	N/A	N/A
Total	42,421	1,371	826	8.1%	893

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lake	8	0	551	9.2%	602
Lee	893	68	680	7.2%	729
Leon	70	0	277	9.6%	304
Levy	1	0	526	9.4%	576
Liberty	0	0	0	N/A	N/A
Madison	0	0	0	N/A	N/A
Manatee	505	0	806	9.4%	882
Marion	51	0	646	9.3%	706
Martin	227	14	905	8.0%	978
Monroe	107	0	1,471	9.9%	1,617
Nassau	17	0	739	9.2%	807
Okaloosa	108	13	815	6.4%	867
Okeechobee	0	0	0	N/A	N/A
Orange	182	0	531	9.3%	581
Osceola	47	0	429	9.3%	469
Palm Beach	6,934	134	944	8.4%	1,024
Pasco	758	0	465	9.4%	509
Pinellas	5,580	139	625	8.3%	677
Polk	30	0	544	9.0%	593
Putnam	1	0	303	9.4%	331
Saint Johns	81	0	680	9.2%	742
Saint Lucie	237	0	904	9.3%	988
Santa Rosa	21	3	747	5.1%	785
Sarasota	646	17	1,094	7.7%	1,178
Seminole	68	0	710	9.1%	775
Sumter	0	0	0	N/A	N/A
Suwannee	0	0	0	N/A	N/A
Taylor	0	0	0	N/A	N/A
Union	0	0	0	N/A	N/A
Volusia	406	124	572	1.7%	581
Wakulla	0	0	0	N/A	N/A
Walton	41	3	1,170	7.3%	1,255
Washington	0	0	0	N/A	N/A

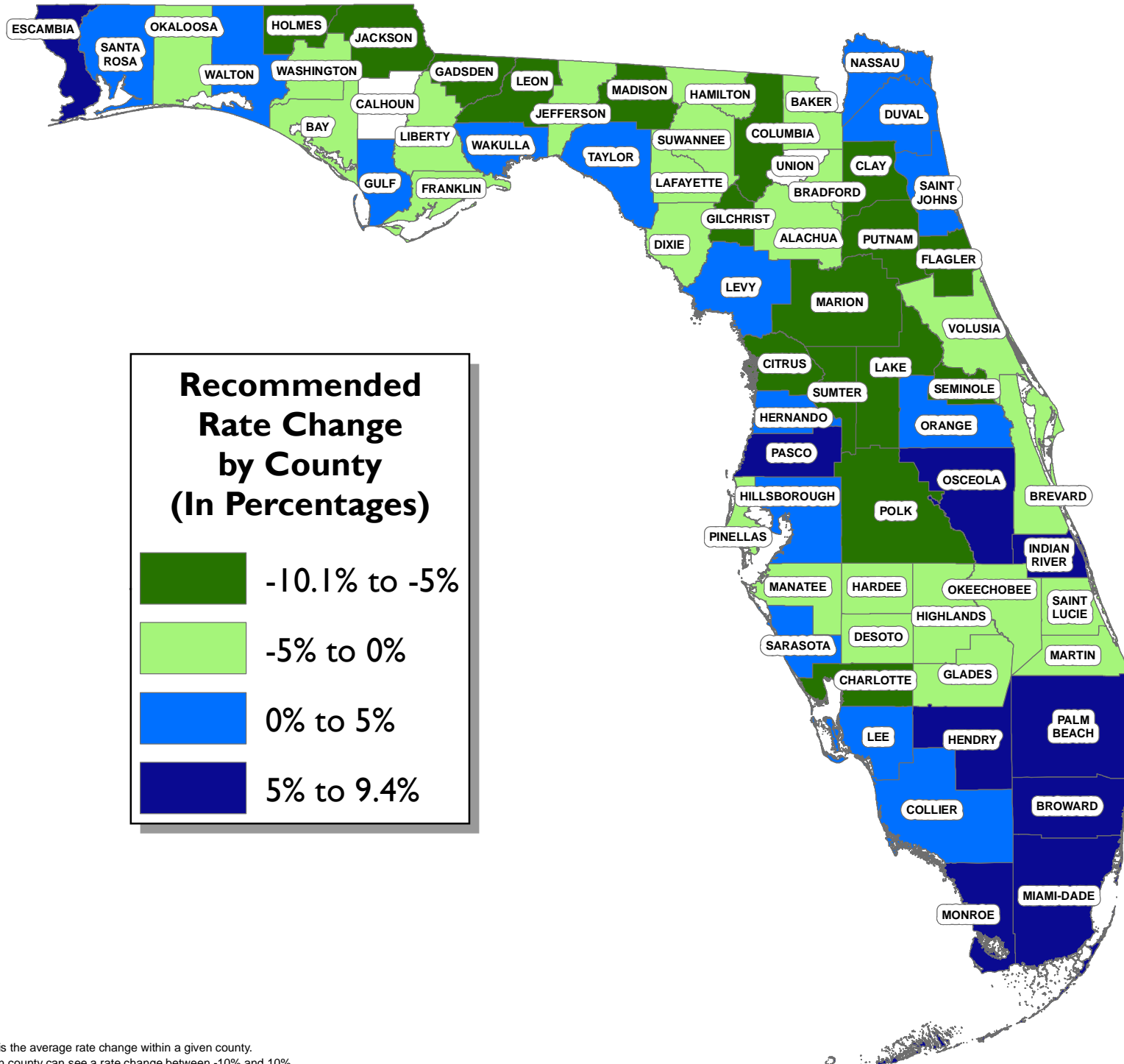
Exhibit 19

**WIND-ONLY HW6
Recommended Change by County**

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Alachua	0	0	0	N/A	N/A
Baker	0	0	0	N/A	N/A
Bay	415	57	551	8.6%	598
Bradford	0	0	0	N/A	N/A
Brevard	302	99	744	5.9%	787
Broward	3,053	639	715	5.5%	755
Calhoun	0	0	0	N/A	N/A
Charlotte	155	31	882	8.1%	954
Citrus	0	0	0	N/A	N/A
Clay	0	0	0	N/A	N/A
Collier	1,267	373	902	5.0%	947
Columbia	0	0	0	N/A	N/A
Dade	3,053	953	1,358	3.3%	1,403
De Soto	0	0	0	N/A	N/A
Dixie	0	0	0	N/A	N/A
Duval	48	47	456	-9.1%	414
Escambia	528	128	651	7.3%	698
Flagler	39	38	534	-8.8%	487
Franklin	6	6	710	-9.3%	644
Gadsden	0	0	0	N/A	N/A
Gilchrist	0	0	0	N/A	N/A
Glades	0	0	0	N/A	N/A
Gulf	4	0	1,042	10.9%	1,155
Hamilton	0	0	0	N/A	N/A
Hardee	0	0	0	N/A	N/A
Hendry	0	0	0	N/A	N/A
Hernando	0	0	0	N/A	N/A
Highlands	0	0	0	N/A	N/A
Hillsborough	0	0	0	N/A	N/A
Holmes	0	0	0	N/A	N/A
Indian River	235	47	1,219	7.3%	1,307
Jackson	0	0	0	N/A	N/A
Jefferson	0	0	0	N/A	N/A
Lafayette	0	0	0	N/A	N/A
Total	20,119	5,282	906	5.1%	953

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lake	0	0	0	N/A	N/A
Lee	1,151	346	909	5.5%	958
Leon	0	0	0	N/A	N/A
Levy	7	3	269	5.8%	285
Liberty	0	0	0	N/A	N/A
Madison	0	0	0	N/A	N/A
Manatee	319	59	760	7.8%	819
Marion	0	0	0	N/A	N/A
Martin	0	0	0	N/A	N/A
Monroe	1,743	41	1,024	9.6%	1,122
Nassau	43	43	972	-9.3%	881
Okaloosa	366	82	653	7.9%	704
Okeechobee	0	0	0	N/A	N/A
Orange	0	0	0	N/A	N/A
Osceola	0	0	0	N/A	N/A
Palm Beach	3,268	662	976	4.9%	1,024
Pasco	37	3	415	3.3%	428
Pinellas	1,039	255	661	6.3%	702
Polk	0	0	0	N/A	N/A
Putnam	0	0	0	N/A	N/A
Saint Johns	92	92	714	-9.3%	648
Saint Lucie	132	55	650	3.8%	674
Santa Rosa	93	17	657	8.8%	715
Sarasota	1,792	765	790	3.5%	818
Seminole	0	0	0	N/A	N/A
Sumter	0	0	0	N/A	N/A
Suwannee	0	0	0	N/A	N/A
Taylor	0	0	0	N/A	N/A
Union	0	0	0	N/A	N/A
Volusia	398	325	542	-4.2%	519
Wakulla	0	0	0	N/A	N/A
Walton	534	116	748	7.9%	807
Washington	0	0	0	N/A	N/A

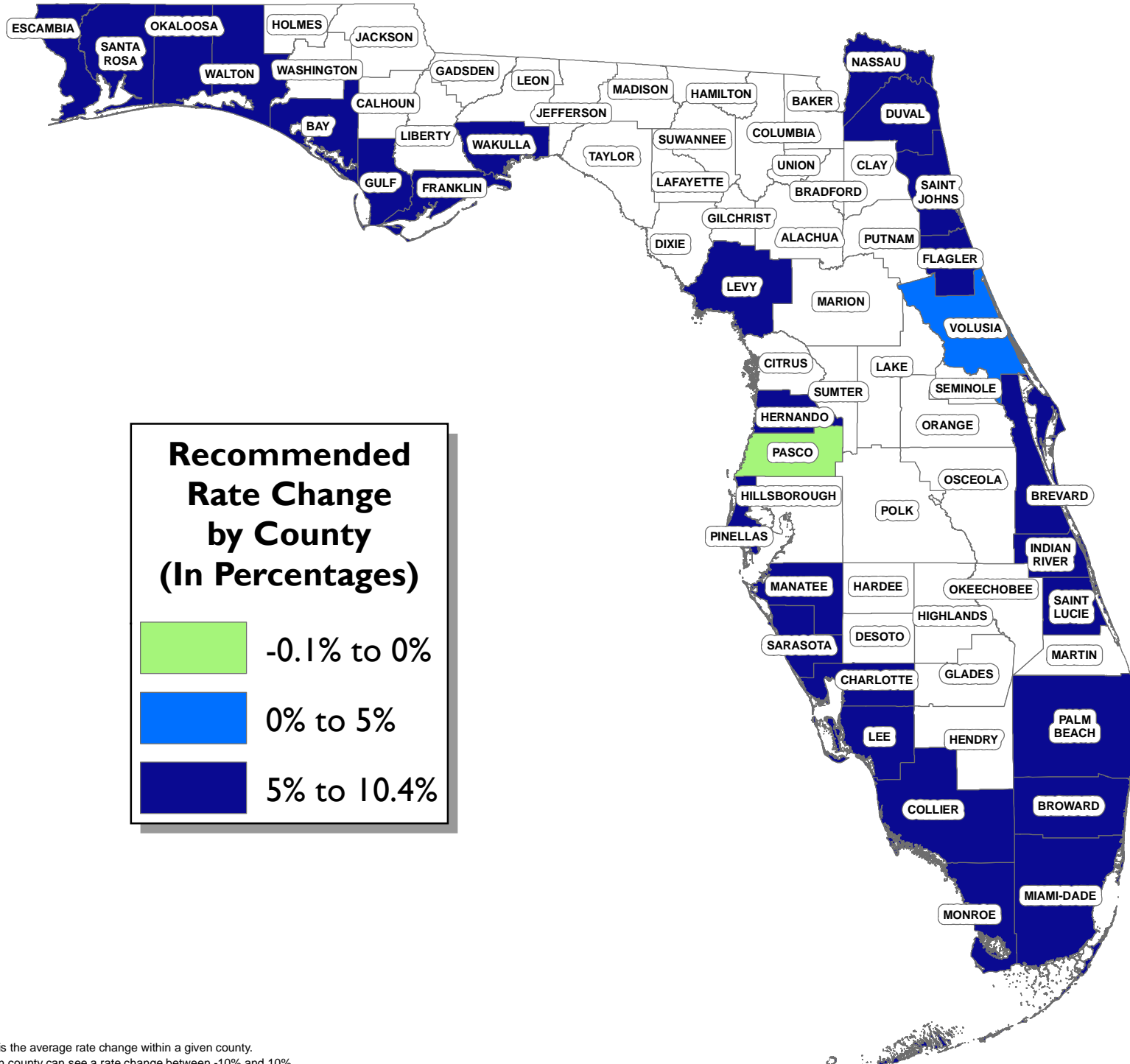
Exhibit 2 - Multi-Peril HO3 County Average Rate Changes



Notes:

1. Percentage of rate change is the average rate change within a given county.
2. Policy holders within a given county can see a rate change between -10% and 10% excluding effects of the FHCF build-up pass through.

Exhibit 3 - Wind-Only HW2 County Average Rate Changes



Notes:

1. Percentage of rate change is the average rate change within a given county.
2. Policy holders within a given county can see a rate change between -10% and 10% excluding effects of the FHCF build-up pass through.

Exhibit 14
Distribution of Recommended Rate Changes by Policy
for the Personal Lines Account

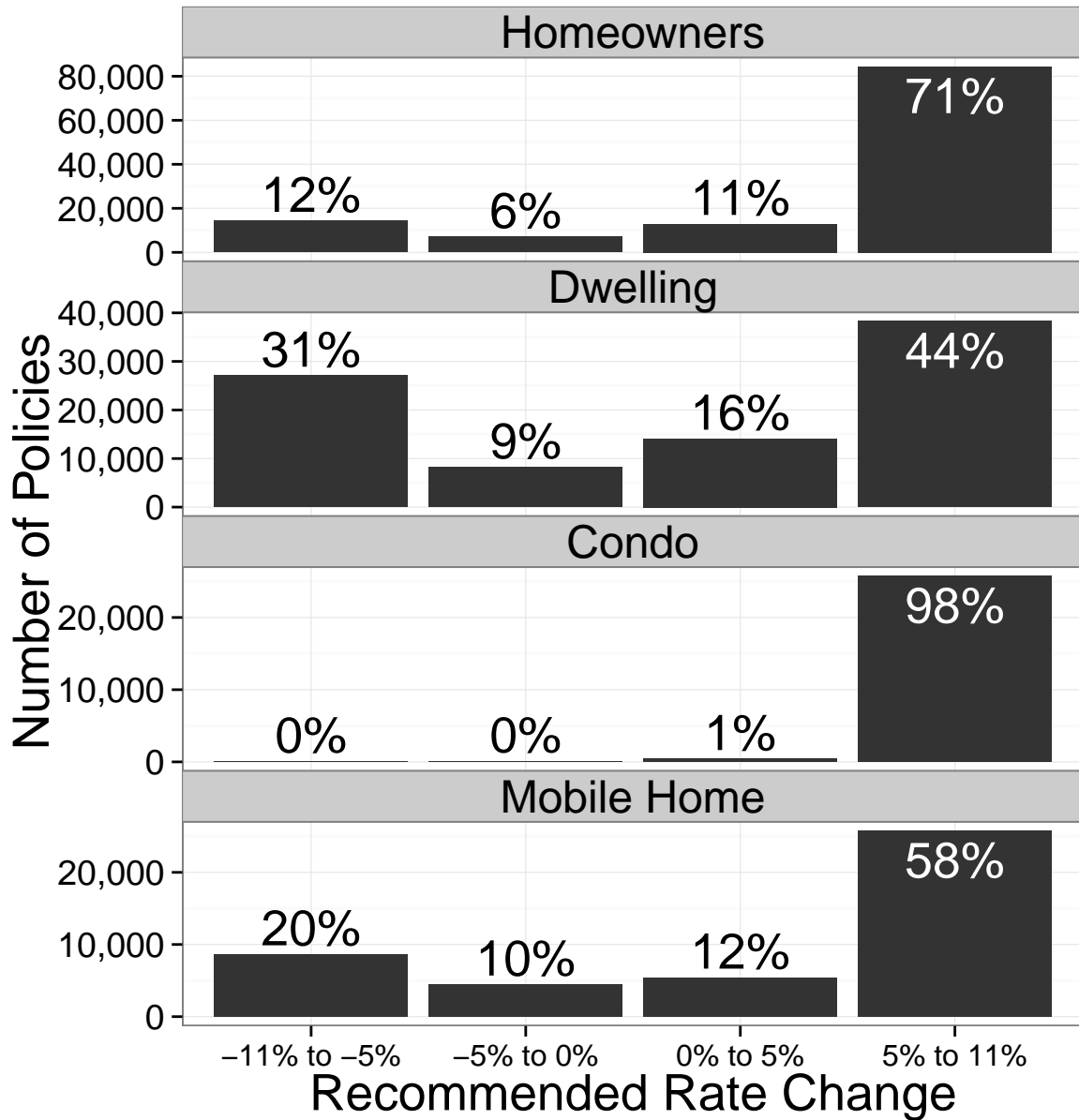
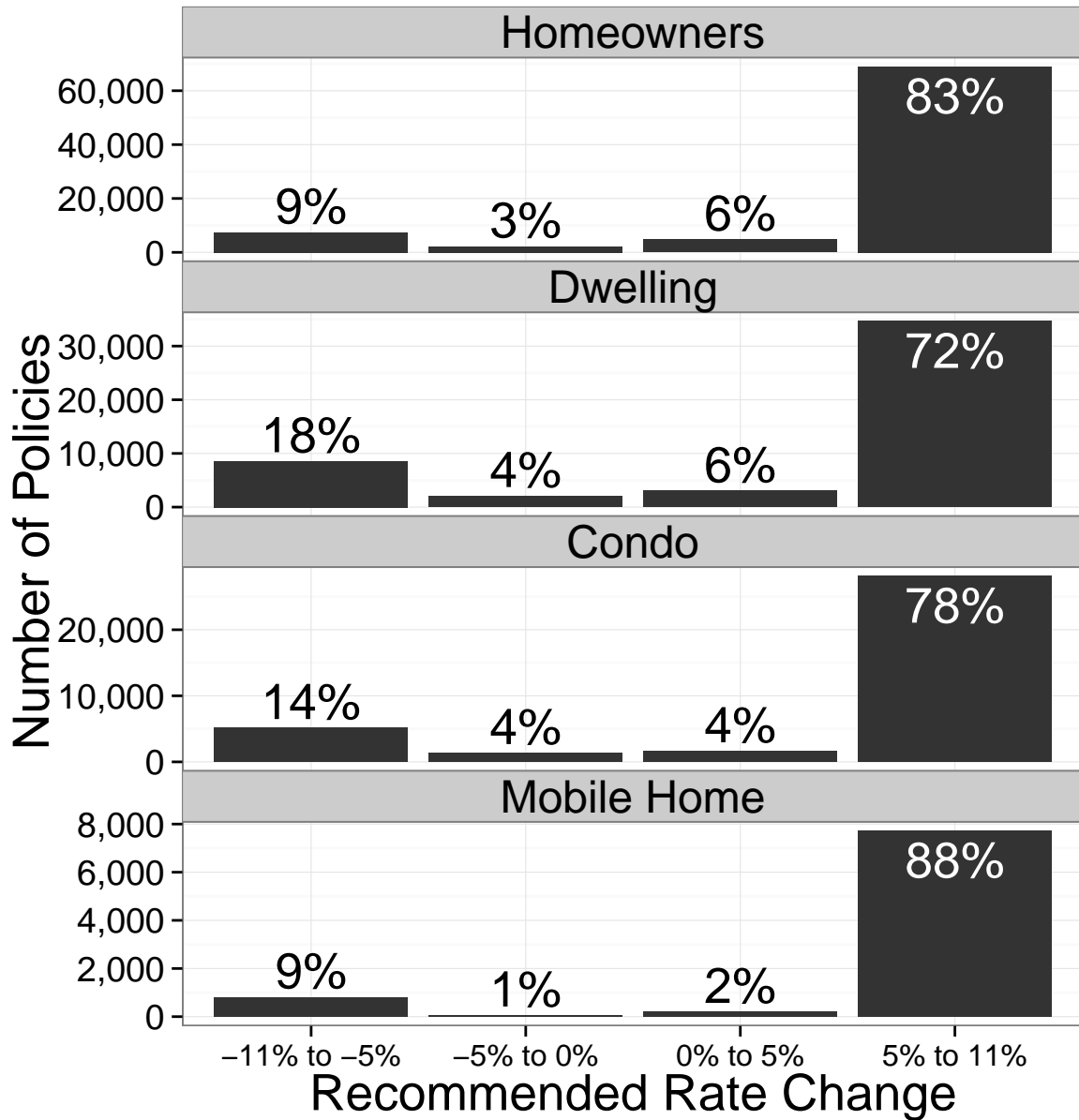
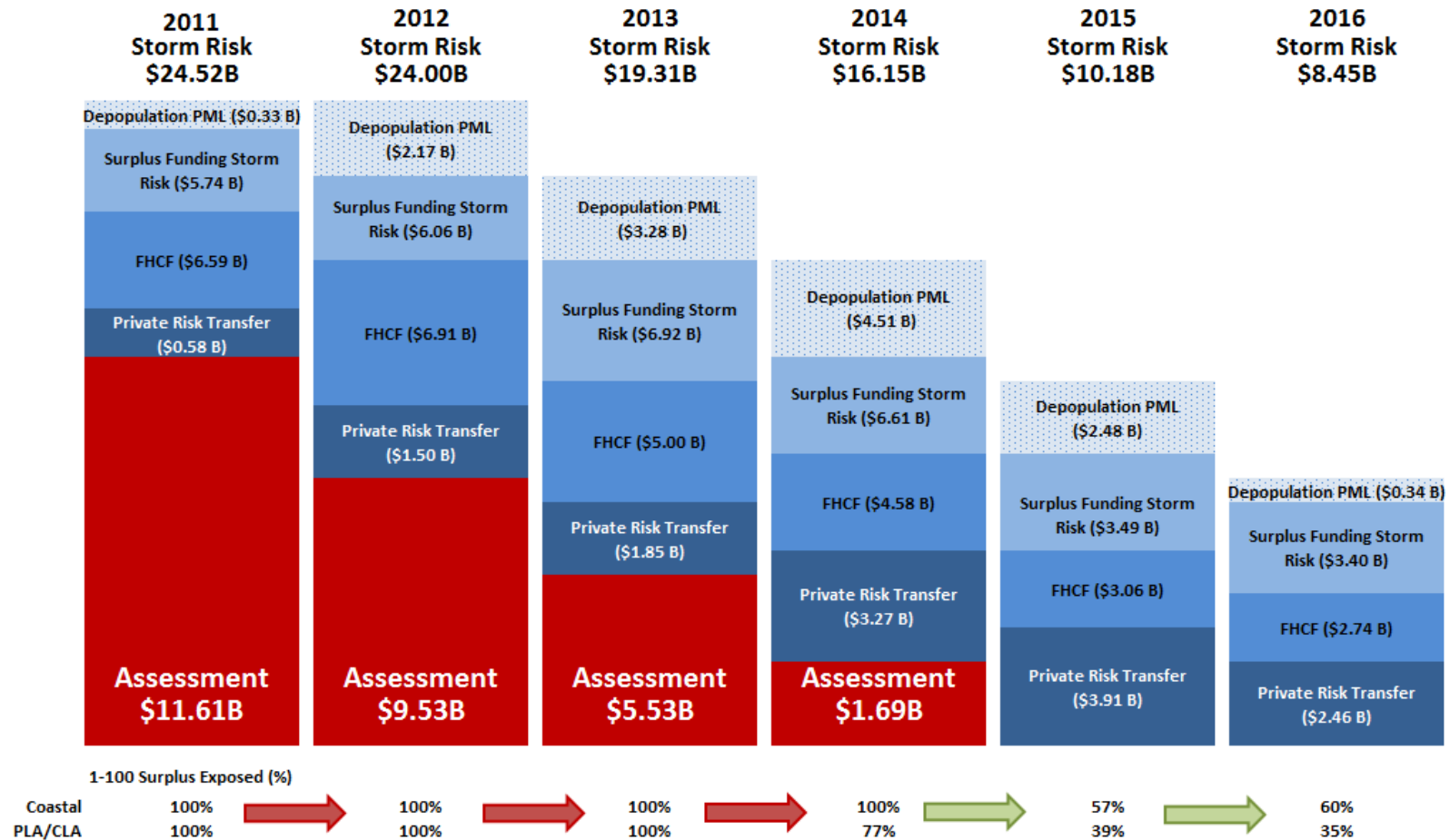


Exhibit 15
Distribution of Recommended Rate Changes by Policy
for the Coastal Account



Risk and Assessment Reductions



NOTES:

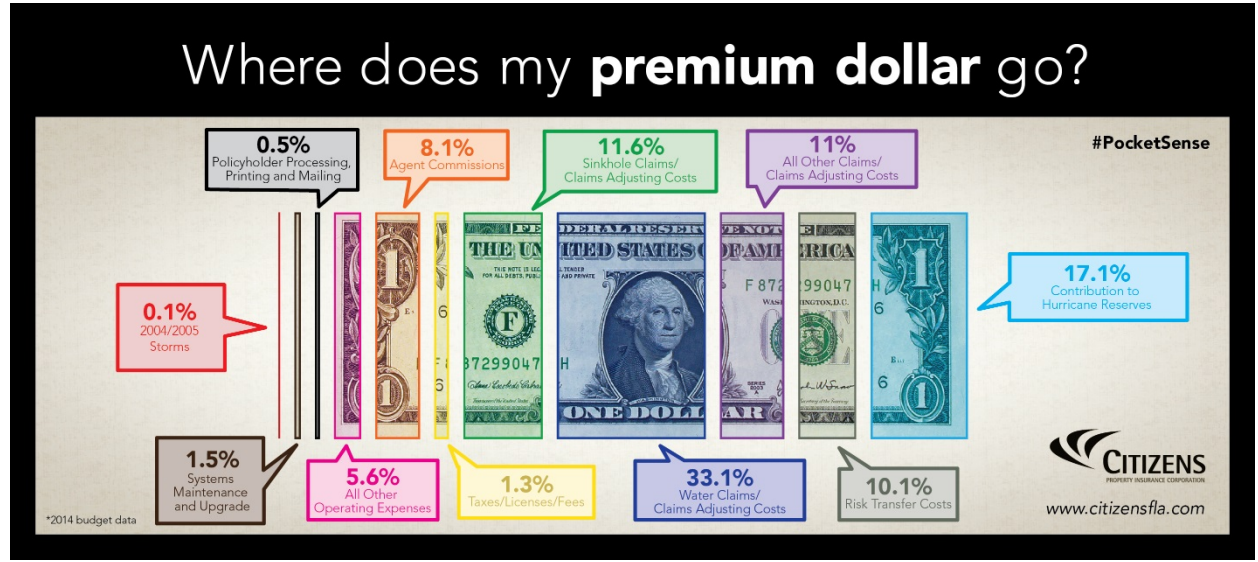
- Storm Risk is as measured by 100-year probable maximum loss (PML) plus estimated loss adjustment expenses using the Florida Hurricane Catastrophe Fund (FHCF) account allocation where PLA and CLA are combined. PLA/CLA combined PMLs are added to the Coastal PMLs to be consistent for surplus distribution.
- Surplus, Florida Hurricane Catastrophe Fund (FHCF), and Assessments are as projected at beginning of storm season. Not all PLA/CLA surplus is needed to fund storm risk in 2014. In 2015 and 2016, not all surplus in PLA/CLA and the Coastal Account is needed to fund a 1-100 year event and is available to fund a second event.
- Not all Private Risk Transfer is needed to fund a 1-100 year event in 2015 and 2016 and is available to fund a second event.
- Depopulation PMLs are not included in storm risk totals. 2016 Depopulation PML includes January – April depopulation.
- PMLs from 2011-2014 use a weighted average of 1/3rd Standard Sea Surface Temperature (SSST) and 2/3rd Warm Sea Surface Temperature (WSST). 2015 and 2016 PMLs reflect only SSST event catalog. 2016 storm risk is based on 12/31/15 exposures for PLA/CLA and 12/31/15 exposures reduced by 5% for the Coastal Account.

(not to scale)

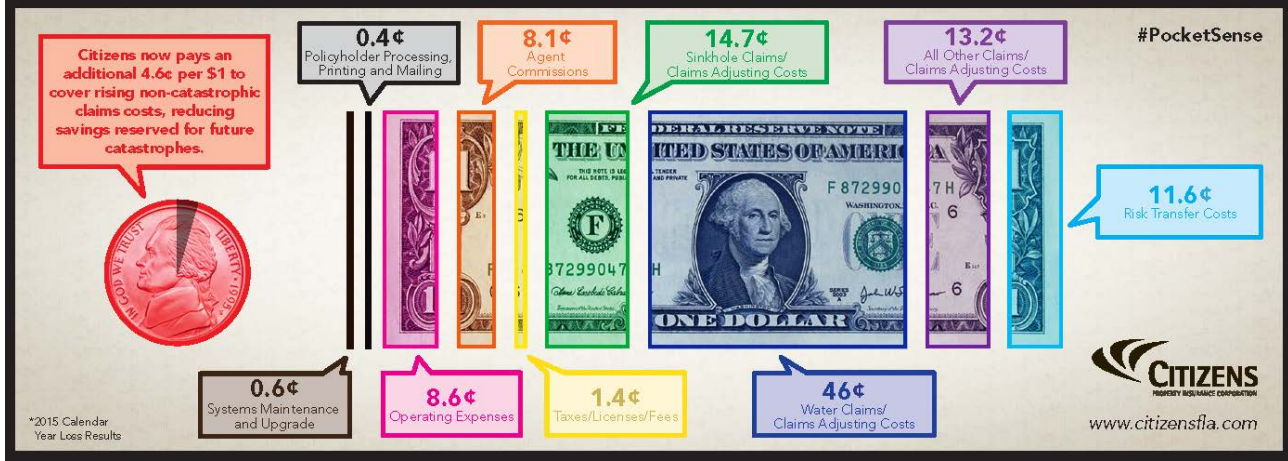


Threats to Financial Strength - Statewide

2014



Where does my premium dollar go?



2015

Threats to Financial Strength – Miami-Dade

2014

Miami-Dade: Where does my premium dollar go?



Miami-Dade: Where does my premium dollar go?



2015