



Citizens 2018 Rates

Frequently Asked Questions

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1. **Why will most Citizens policyholders see additional rate increases when Florida hasn't had a major storm in 12 years?**

Skyrocketing nonweather 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 nonweather 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.

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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. Citizens can now handle a 1-in-100 year storm followed by a 1-in-28 year event without having to levy assessments on Florida policyholders.

In order to pay nonweather water claim losses, however, Citizens has been forced to tap into its hurricane surplus funds. In 2016, Citizens incurred a net loss of \$35.0 million 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.

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3. What is Assignment of Benefits and how is it affecting 2018 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.

Nonweather water loss claims submitted with an AOB cost on average up to three times more than claims without an AOB and are much more frequently litigated. AOB claims also are ripe for abuse as Citizens often 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 nonweather 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.

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4. Will all Citizens policyholders see rate increases for 2018?

While most Citizens policyholders will see rate increases in 2018, about 31.9 percent of homeowners multiperil customers will see their rates go down. Customers who see rate decreases will typically be those who live farther from the coast and outside South Florida.

Due largely to nonweather water-related losses, however, Citizens' policyholders in South Florida can expect to see annual rate hikes approaching 10 percent in 2018, 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 homeowners' policyholders could see average premiums climb from \$3,400 to \$4,500 in just four years.

Many policyholders in other parts of the state, who were expected to see rate decreases in 2018, also may be subjected to higher rates based on higher water claims and increased AOB-related litigation.

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

As of June 2017, 83 percent of claims submitted to Citizens had legal or AOB representation before the claim was even reported to Citizens. Nearly 93 percent of those cases originate in Miami-Dade, Broward and Palm Beach counties. 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.

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

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.

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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 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.

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ACTION ITEM

CONTRACT ID:	Annual Recommended Rate Filings – Effective February 1, 2018
BUDGETED ITEM	N/A
CONTRACT AMOUNT	N/A
PURPOSE / SCOPE	<p>Purpose:</p> <p>As required by statute, Citizens has completed the annual analysis of recommended rates for 2018. The purpose of this item is to receive approval from the Board to file these recommended rates with the Florida Office of Insurance Regulation.</p> <p>Scope:</p> <p>The presented recommended rate changes include all policy types for manually rated personal and commercial lines of business. These recommended rate changes:</p> <ul style="list-style-type: none">• Comply with the requirement in Florida law that Citizens recommend actuarially sound 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”• Considers the Florida Public Hurricane Model, as required by law• Include an appropriate charge to pass through the Florida Hurricane Catastrophe Fund Rapid Cash build-up <p>For personal lines, the overall statewide indicated rate change is 24.1%. After the application of the glide-path capping, the recommended rate impact is 5.3%.</p> <p>For commercial lines, the overall statewide indicated rate change is 46.2%. After the application of the glide-path capping, the recommended rate impact is 8.4%</p>
CONTRACT TERM(S)	N/A
PROCUREMENT METHOD	N/A
RECOMMENDATION	<p>Citizens’ Actuarial and Underwriting Committee recommends that Citizens’ Board of Governors:</p> <ol style="list-style-type: none">a) Approve the 2018 Annual Recommended Rate Filings and;b) Upon approval, the presented rate changes will be filed with the Office of Insurance Regulation.
CONTACTS	Brian Donovan, Sr Director, Chief Actuary

ACTUARIAL & UNDERWRITING COMMITTEE

RECOMMENDED RATE FILING EXECUTIVE SUMMARY

ACTUARIAL & UNDERWRITING COMMITTEE, JUNE 19, 2017
BOARD OF GOVERNORS MEETING, JUNE 20, 2017

As required by statute, Citizens has completed the annual analysis of recommended rates for 2018. The Office of Insurance Regulation uses this information as it establishes Citizens rates to be implemented for policy effective dates beginning February 2018. 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 in 2016 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 +24.1%. The premium impact after the application of the glide path cap is 5.3%. 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 +46.2%. The premium impact after the application of the glide path cap is +8.4%. These results also vary widely by product line. See Exhibit 1 for more detail.

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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.

Determination of Overall Rate Indications by Line of Business

Water Peril

The peril of water continues to be the primary driver of Citizens' increased rate need. In particular, litigated water claims in South East Florida (Miami-Dade, Broward, and Palm Beach counties) are driving the water indication. The percentage of water claims entering litigation for policies in force during 2016 is expected to exceed 50%. Litigated claims cost are roughly five times as more expensive to settle than non-litigated claims (\$6K to \$7K versus \$30K to \$35K). In 2016, South East Florida, while accounting for 56% of HO-3 exposure, accounted for 95% of all litigated claims.

Changes to Citizens' policies are being proposed to address the costs of this additional litigation, and the rate increases that they create for policyholders. At the time of a water loss, a policyholder would have the option to enter Citizens' Managed Repair Program. Policyholders who do not use the program would have their water losses subjected to an additional \$10,000 sublimit. Policyholders who do use Citizens' Managed Repair Program would not be subject to any additional sublimit. (More detail is in the Product portion of these documents.) The rate indication explicitly contemplates the effect of this new program. It is expected to reduce litigation, which lowers the water rate need by 37%. Without the new program, the statewide water indication would be 43.6%. Instead, the proposed rates include an adjusted water indication of only 27.5%.

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 4.0), 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 statewide indication must then be allocated to each

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territory. We selected an allocation based on the median of the four models. This is a change from last year, when we relied strictly on Citizens' in-house AIR hurricane model results to allocate the rate need. This new method is an improvement because it provides a statistically sound method for recognizing the range of model results in every territory while also minimizing the effect of outliers.

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 deficits). For the third 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 50% (down from 60% from 2016) of its Coastal surplus to such a storm, it can also sustain a 1-in-28 year storm following a 1-in-100 year event.

Last year, Citizens transferred \$2.46 billion of Coastal Account risk to private reinsurers at a net cost of \$149 million. This year, Citizens transferred \$1.33 billion of Coastal Account risk to the private sector at an estimated net cost of \$59 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 12% for the cost of private reinsurance. This year the provision is 5.5%, meaning that 5.5 cents of the premium dollar is devoted to private 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

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to policies in the respective accounts.

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 +3.2%.

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.

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 fourth straight year, sinkhole rates remain unchanged. As the ultimate effect of law changes emerges in the claims experience, there is no guarantee

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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 12/31/2016.

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

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

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- 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
- 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

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- 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

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

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

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- 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 12-31-2016

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 12-31-2016

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 12-31-2016

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 12-31-2016

RATE INDICATION EXHIBITS

Exhibit 1 - Summary of Statewide Indications using the OIR Promulgated Contingency Provisions

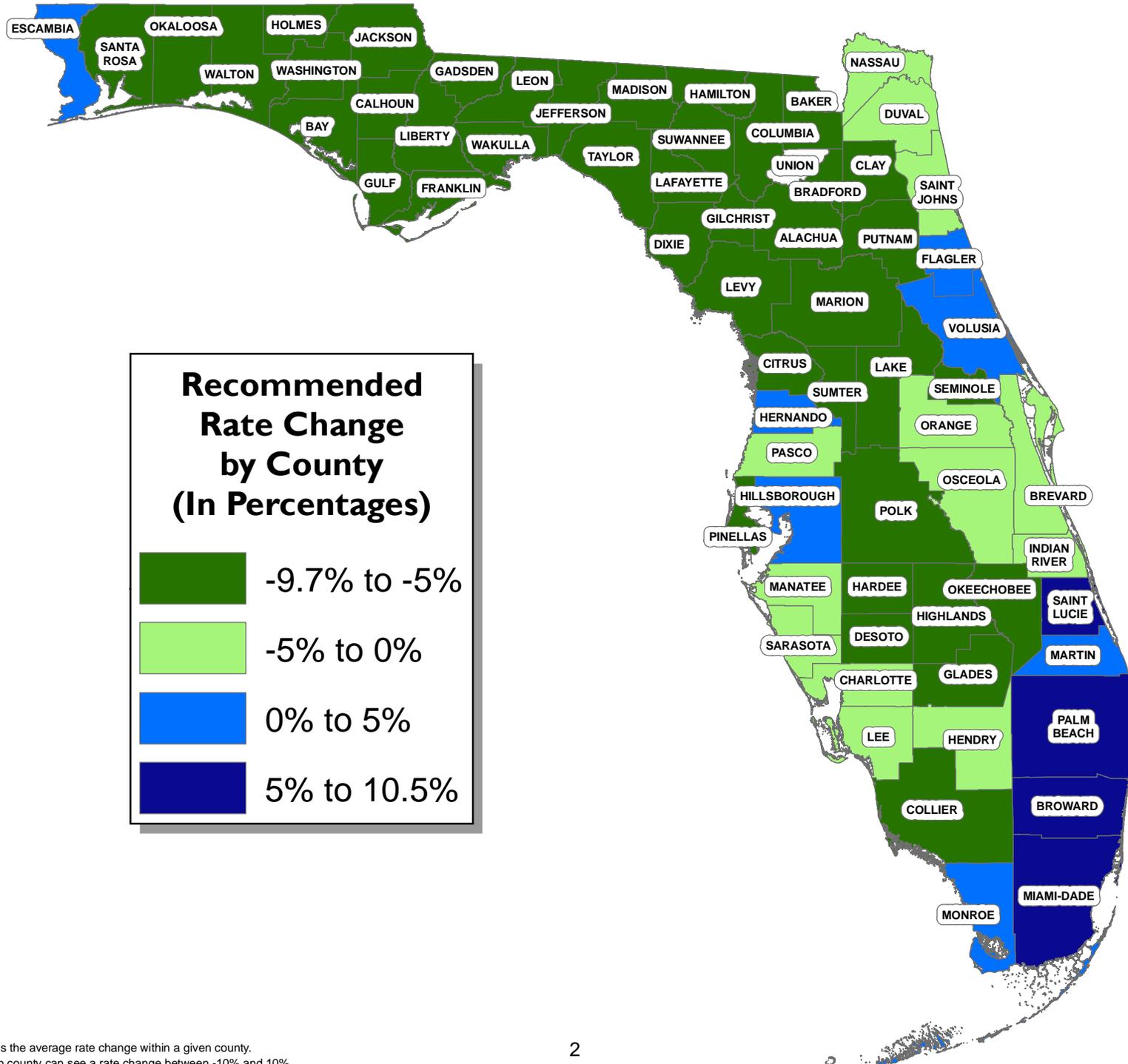
	(1) Personal Lines Multi-Peril			(4) Coastal Multiperil			(7)	(8) Wind-Only			(9)	(10) Total		
	In-Force	Uncapped	Proposed	In-Force	Uncapped	Proposed		In-Force	Uncapped	Proposed		In-Force	Uncapped	Proposed
	<u>Premium</u>	<u>Indication</u>	<u>Change</u>	<u>Premium</u>	<u>Indication</u>	<u>Change</u>		<u>Premium</u>	<u>Indication</u>	<u>Change</u>		<u>Premium</u>	<u>Indication</u>	<u>Change</u>
<u>Product Line - Personal</u>														
Homeowners	294,580,135	28.8%	6.3%	70,577,035	35.1%	8.6%	125,009,724	8.6%	1.2%	490,166,894	24.3%	5.3%		
Renters	842,092	-28.1%	-14.4%	779,612	-16.0%	-11.8%	247,672	-6.7%	-4.8%	1,869,377	-20.1%	-12.0%		
Condo Units	14,689,809	28.6%	9.4%	15,245,036	22.9%	5.5%	14,613,192	29.8%	5.4%	44,548,037	27.1%	6.7%		
Dwelling - DP3	88,060,312	27.8%	4.6%	34,699,185	32.2%	6.3%	28,381,925	24.1%	5.9%	151,141,423	28.1%	5.3%		
Dwelling - DP1	17,976,928	4.4%	3.1%	7,818,955	19.4%	6.5%	n/a	n/a	n/a	25,795,884	9.0%	4.2%		
Mobile Homeowners	16,683,230	6.9%	4.0%	2,482,785	21.1%	5.8%	3,361,352	33.6%	9.7%	22,527,366	12.5%	5.0%		
<u>Dwelling Mobile Home</u>	<u>12,123,101</u>	<u>10.3%</u>	<u>6.9%</u>	<u>1,322,734</u>	<u>29.3%</u>	<u>9.2%</u>	<u>345,436</u>	<u>32.0%</u>	<u>10.0%</u>	<u>13,791,272</u>	<u>12.7%</u>	<u>7.2%</u>		
Total Personal Lines	444,955,609	26.2%	5.8%	132,925,342	31.4%	7.4%	171,959,301	13.4%	2.5%	749,840,252	24.1%	5.3%		
	(1)	(2)	(3)				(7)	(8)	(9)	(10)	(11)	(12)		
		Multi-Peril						Wind-Only			Total			
	In-Force	Uncapped	Proposed				In-Force	Uncapped	Proposed	In-Force	Uncapped	Proposed		
<u>Product Line - Commercial</u>	<u>Premium</u>	<u>Indication</u>	<u>Change</u>				<u>Premium</u>	<u>Indication</u>	<u>Change</u>	<u>Premium</u>	<u>Indication</u>	<u>Change</u>		
Commercial Residential	37,075,878	31.9%	4.7%				53,160,891	77.2%	10.1%	90,236,768	58.6%	7.9%		
Commercial Non-Residential	5,800,167	10.0%	8.0%				55,978,622	30.1%	9.4%	61,778,789	28.2%	9.3%		
Total Commercial Lines	42,876,045	29.0%	5.1%				109,139,512	53.0%	9.8%	152,015,557	46.2%	8.4%		
	(1)	(2)	(3)				(7)	(8)	(9)	(10)	(11)	(12)		
		Multi-Peril						Wind-Only			Total			
	In-Force	Uncapped	Proposed				In-Force	Uncapped	Proposed	In-Force	Uncapped	Proposed		
<u>Product Line</u>	<u>Premium</u>	<u>Indication</u>	<u>Change</u>				<u>Premium</u>	<u>Indication</u>	<u>Change</u>	<u>Premium</u>	<u>Indication</u>	<u>Change</u>		
Personal	577,880,951	27.4%	6.2%				171,959,301	13.4%	2.5%	749,840,252	24.1%	5.3%		
Commercial	42,876,045	29.0%	5.1%				109,139,512	53.0%	9.8%	152,015,557	46.2%	8.4%		
Total	620,756,996	27.5%	6.1%				281,098,813	28.8%	5.3%	901,855,809	27.8%	5.8%		

Notes:

- (1), (4), (7) In-Force Premium at Current Rate Level
- (2), (5), (8) Uncapped Rate Indications (includes FHCF Build Up Premium).
- (3), (6), (9) Premium Impact after Capping (includes FHCF Build Up Premium).
- (10) = (1) + (4) + (7)
- (11) = [(1)*(2) + (4)*(5) + (7)*(8)] / (10)
- (12) = [(1)*(3) + (4)*(6) + (7)*(9)] / (10)

Exhibit 2 - Percent of Recommended Rate Change by County

Multi-Peril HO3 Policies

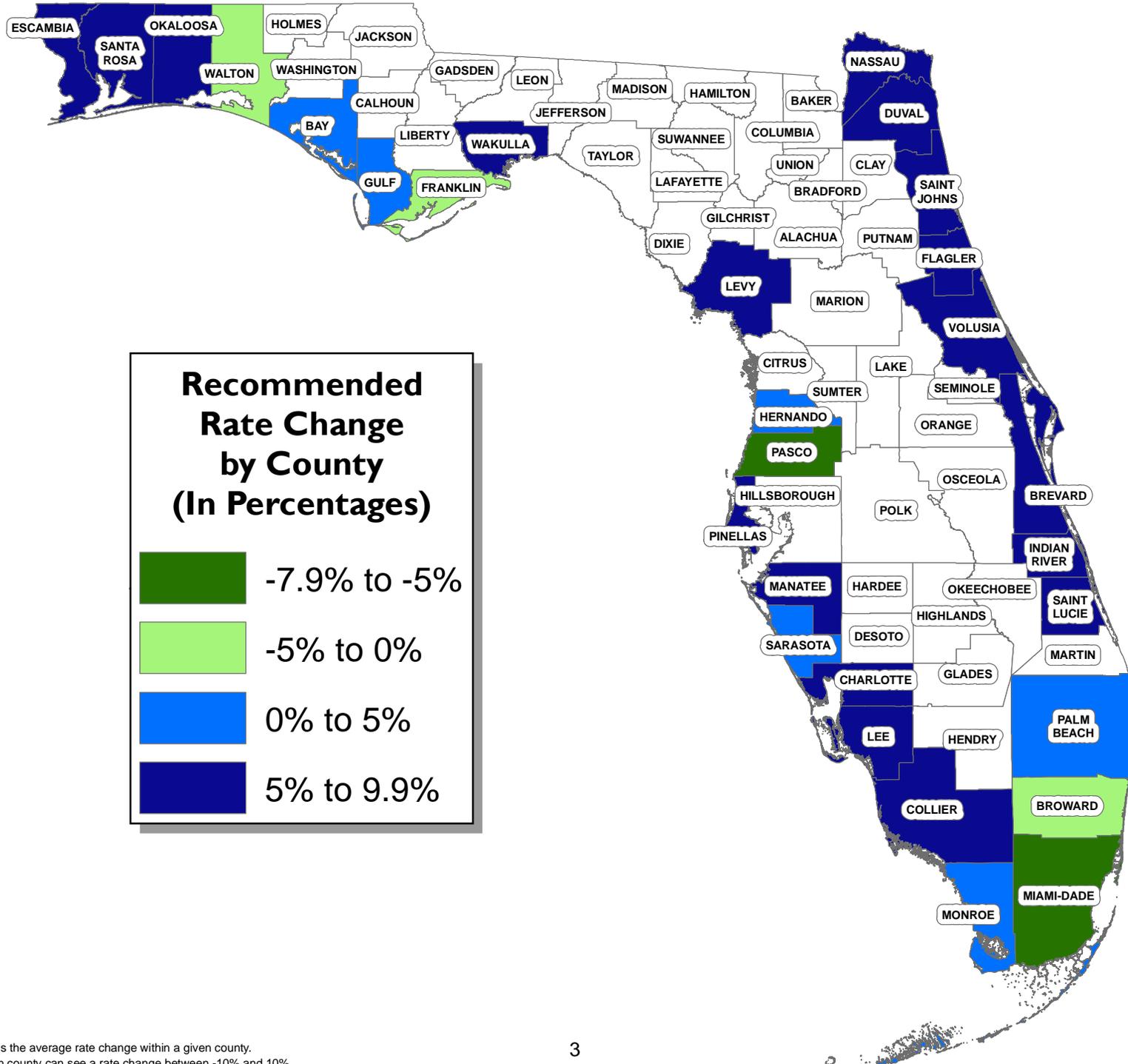


Notes:

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 - Percent of Recommended Rate Change by County

Wind-Only HW2 Policies

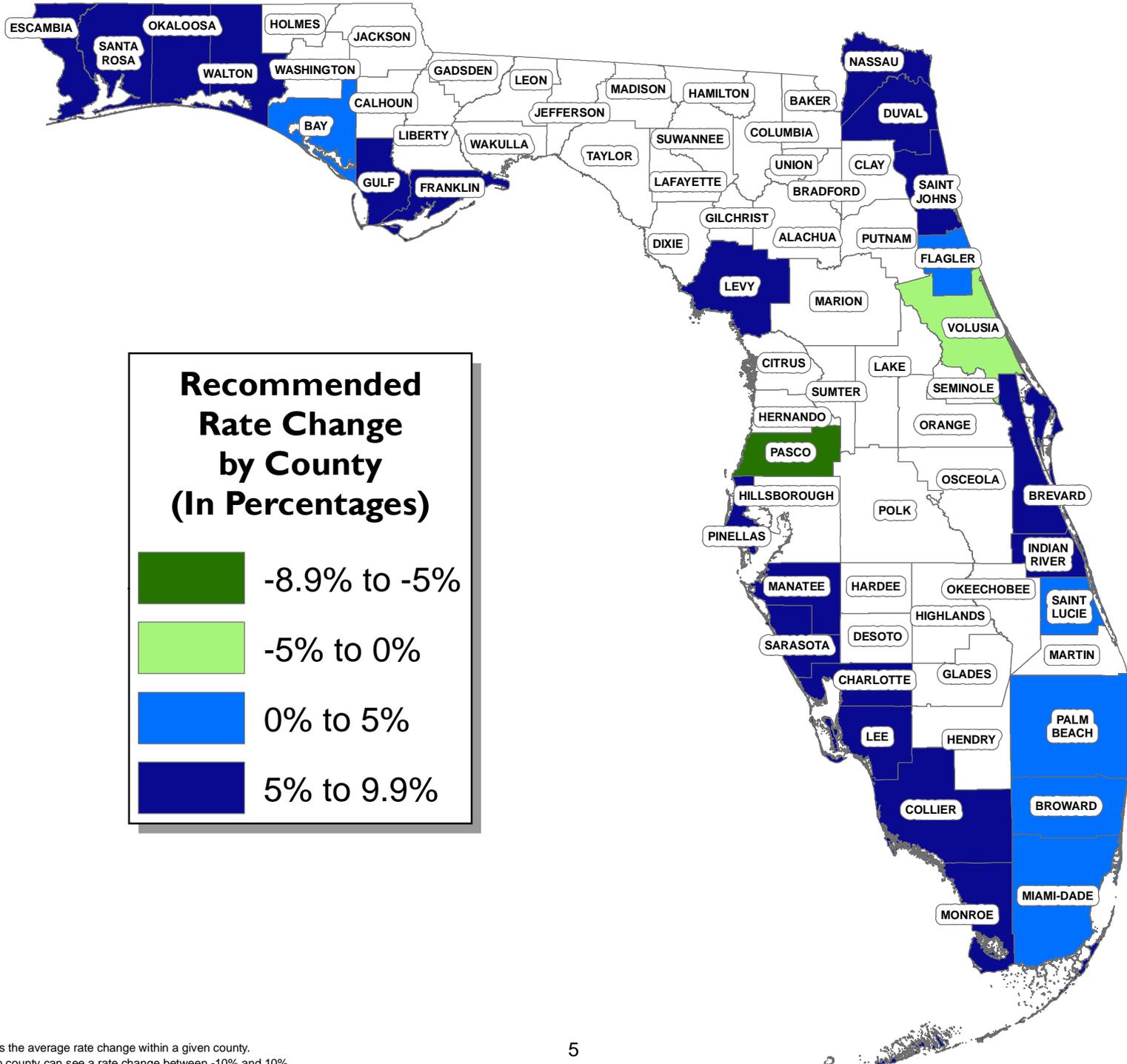


Notes:

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 5 - Percent of Recommended Rate Change by County

Wind-Only HW6 Policies

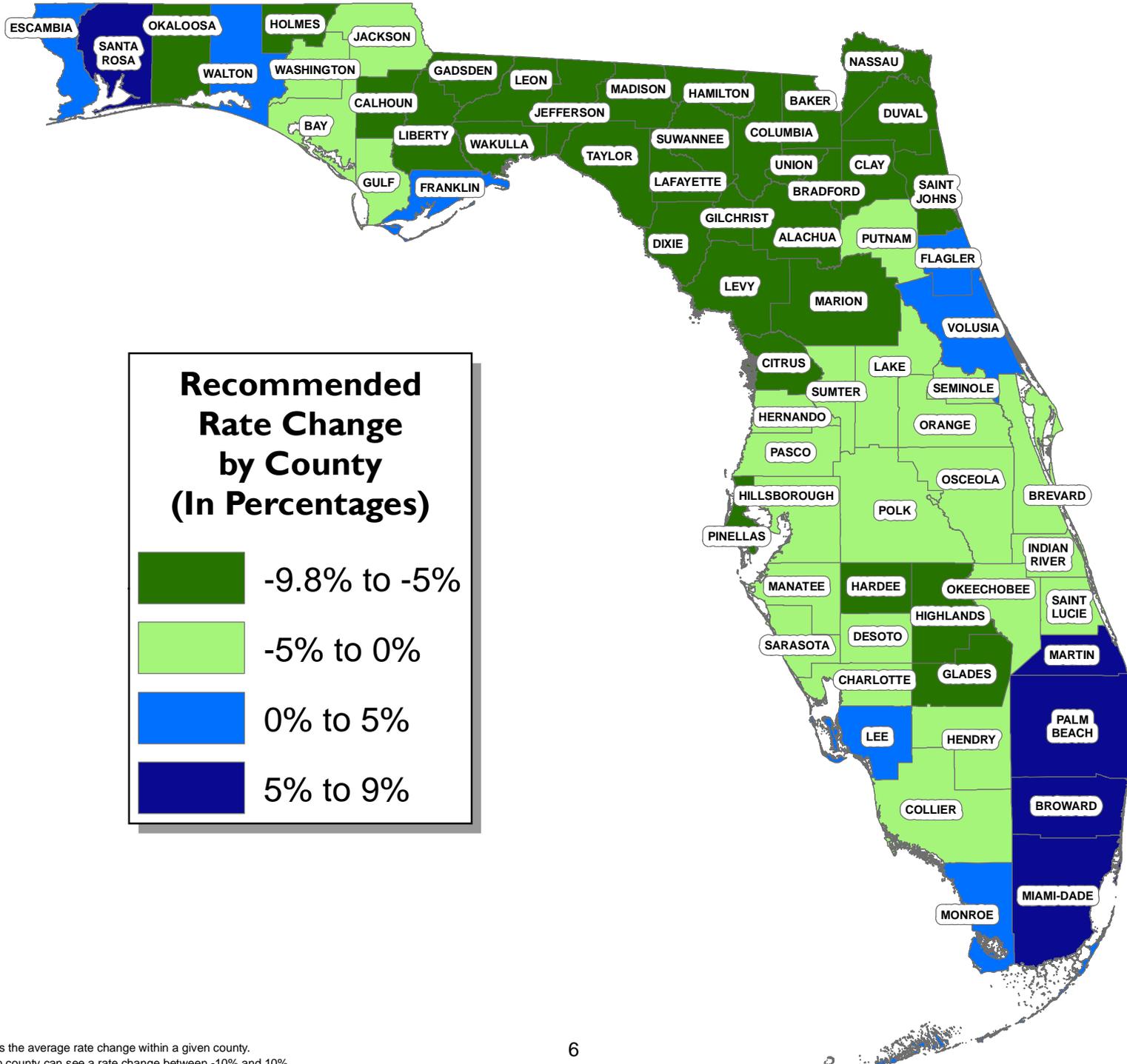


Notes:

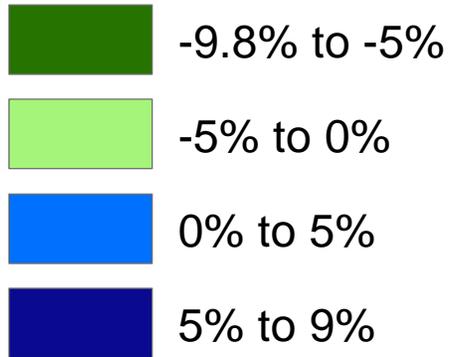
1. Percentage of rate change is the average rate change within a given county.
2. Policy holders within a given county can see a rate change between -10% and 10% excluding effects of the FHCF build-up pass through.

Exhibit 6 - Percent of Recommended Rate Change by County

Multi-Peril DPI and DP3 Policies



Recommended Rate Change by County (In Percentages)

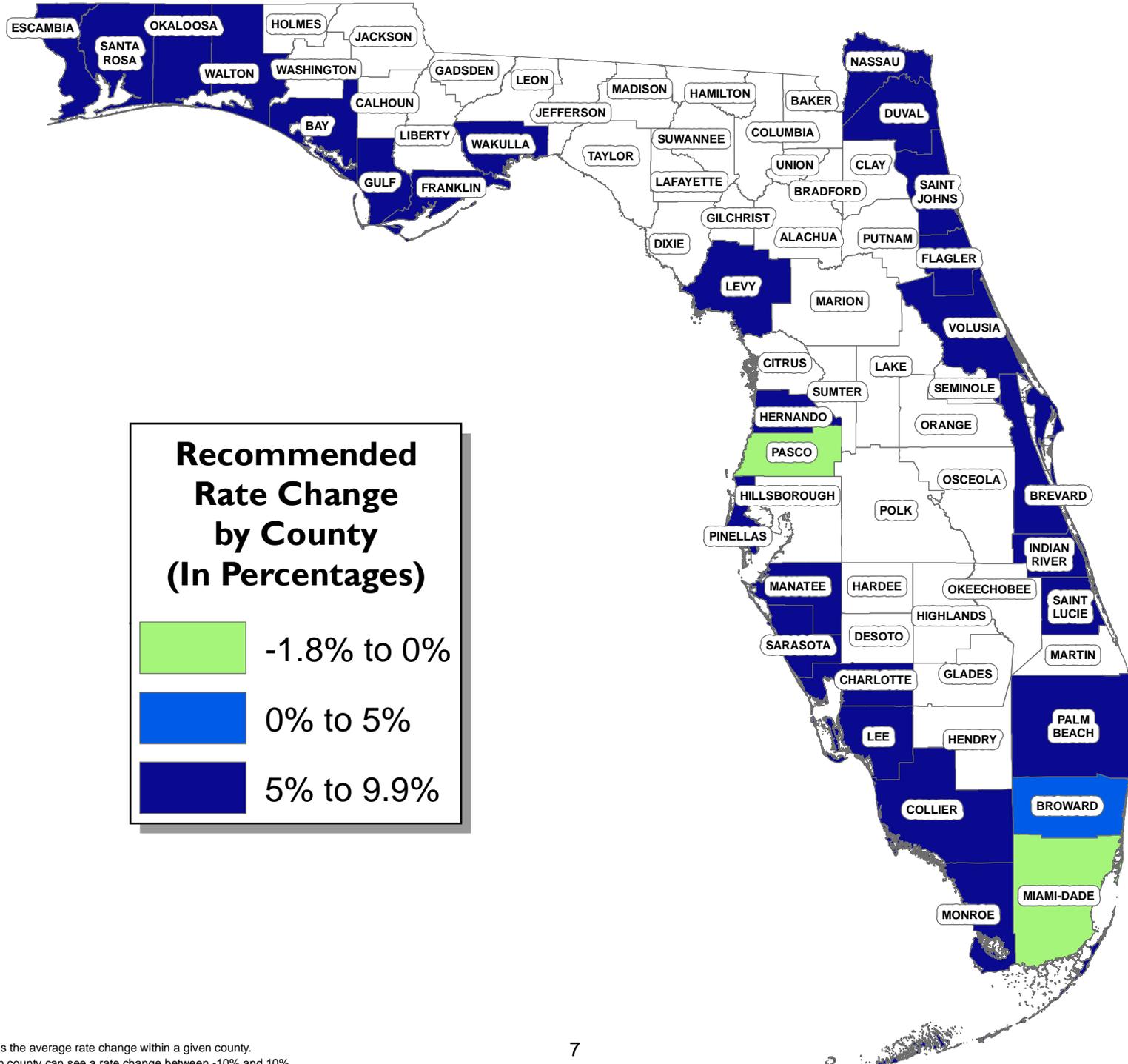


Notes:

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 7 - Percent of Recommended Rate Change by County

Wind-Only DW2 Policies

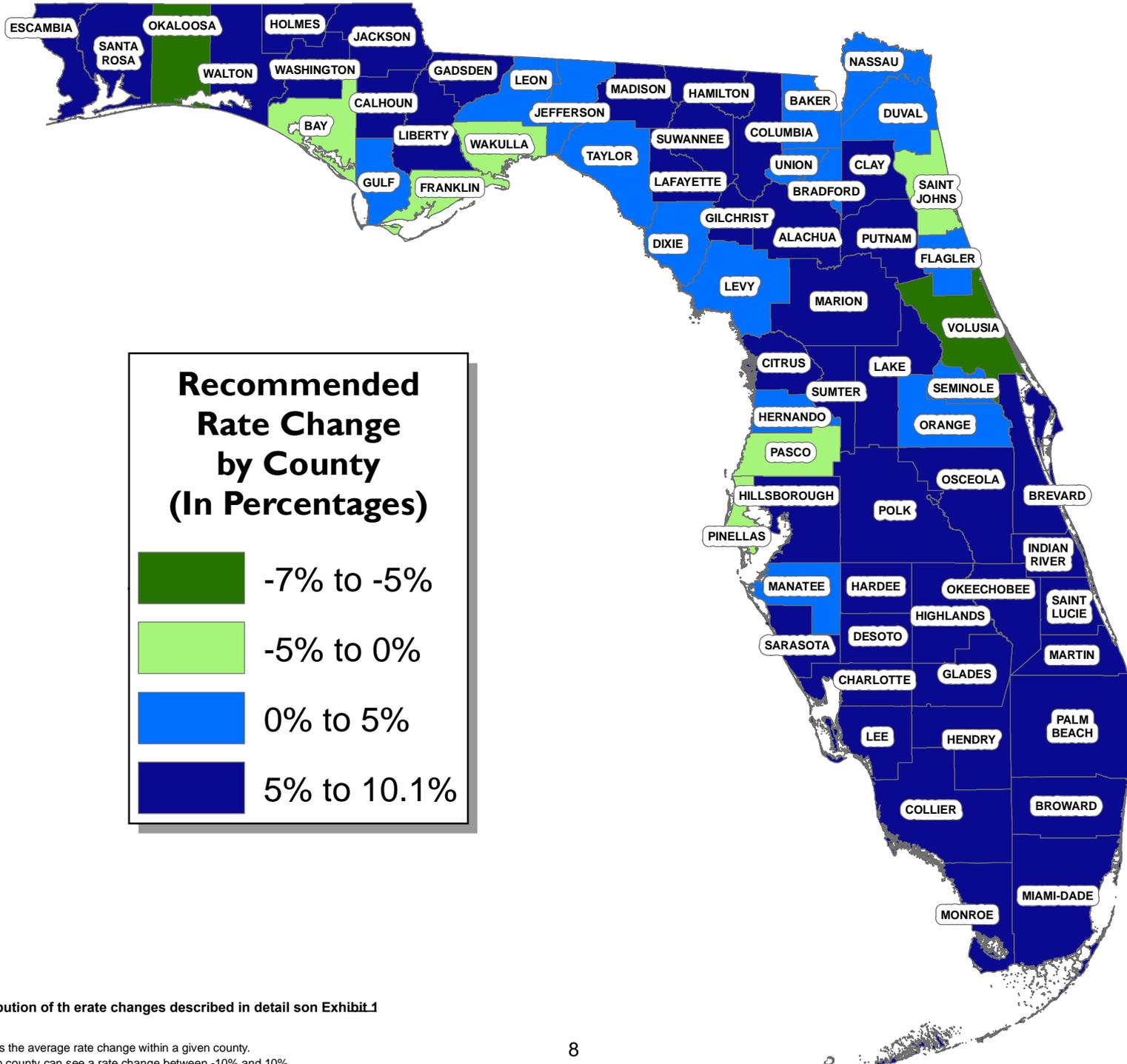


Notes:

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 8 - Percent of Recommended Rate Change by County

Multi-Peril MHO3 and MDP1 Policies



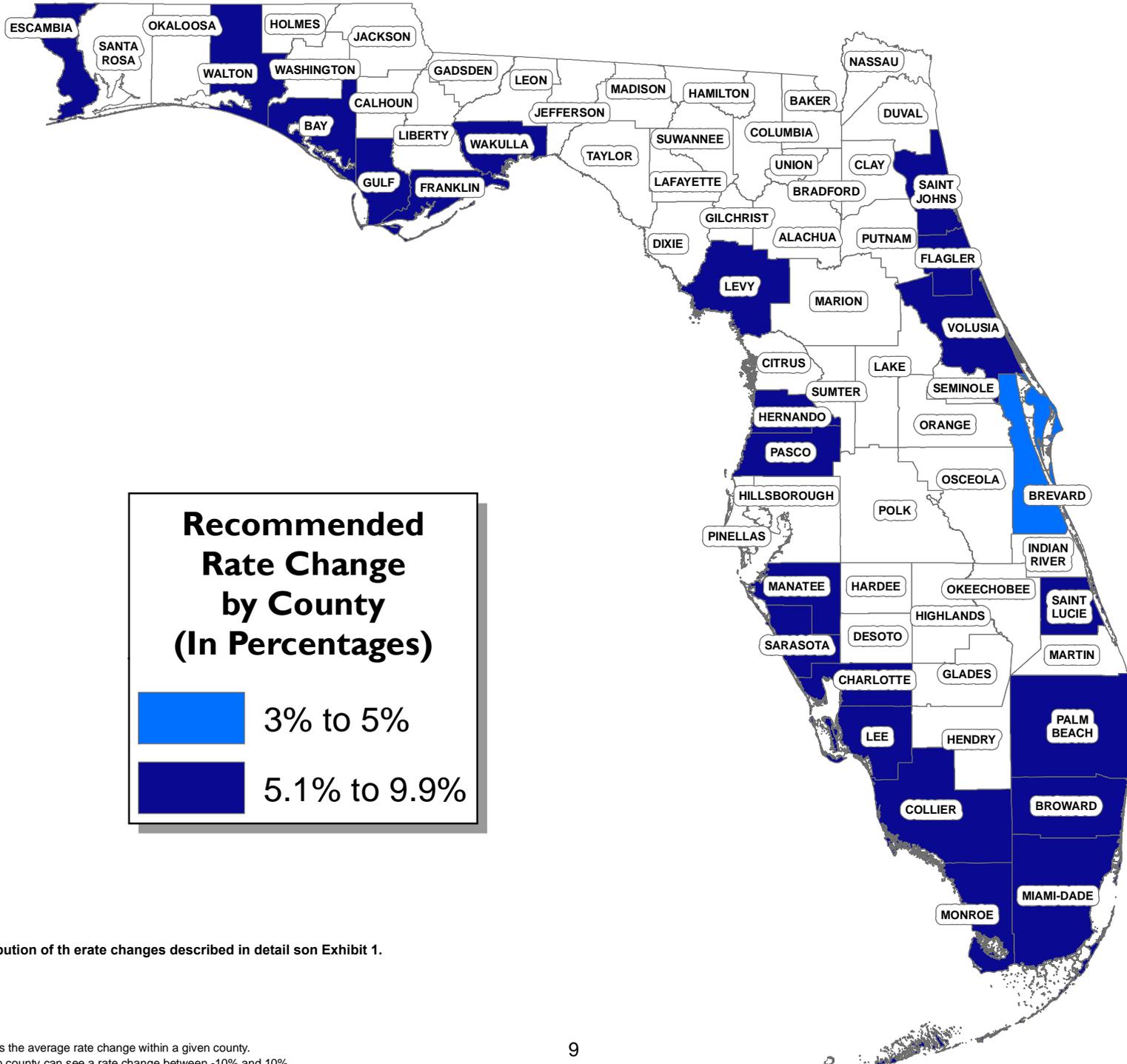
Notes:

*This is a pictorial distribution of the rate changes described in detail on Exhibit 1

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 9 - Percent of Recommended Rate Change by County

Wind-Only MW2 and MDI Policies



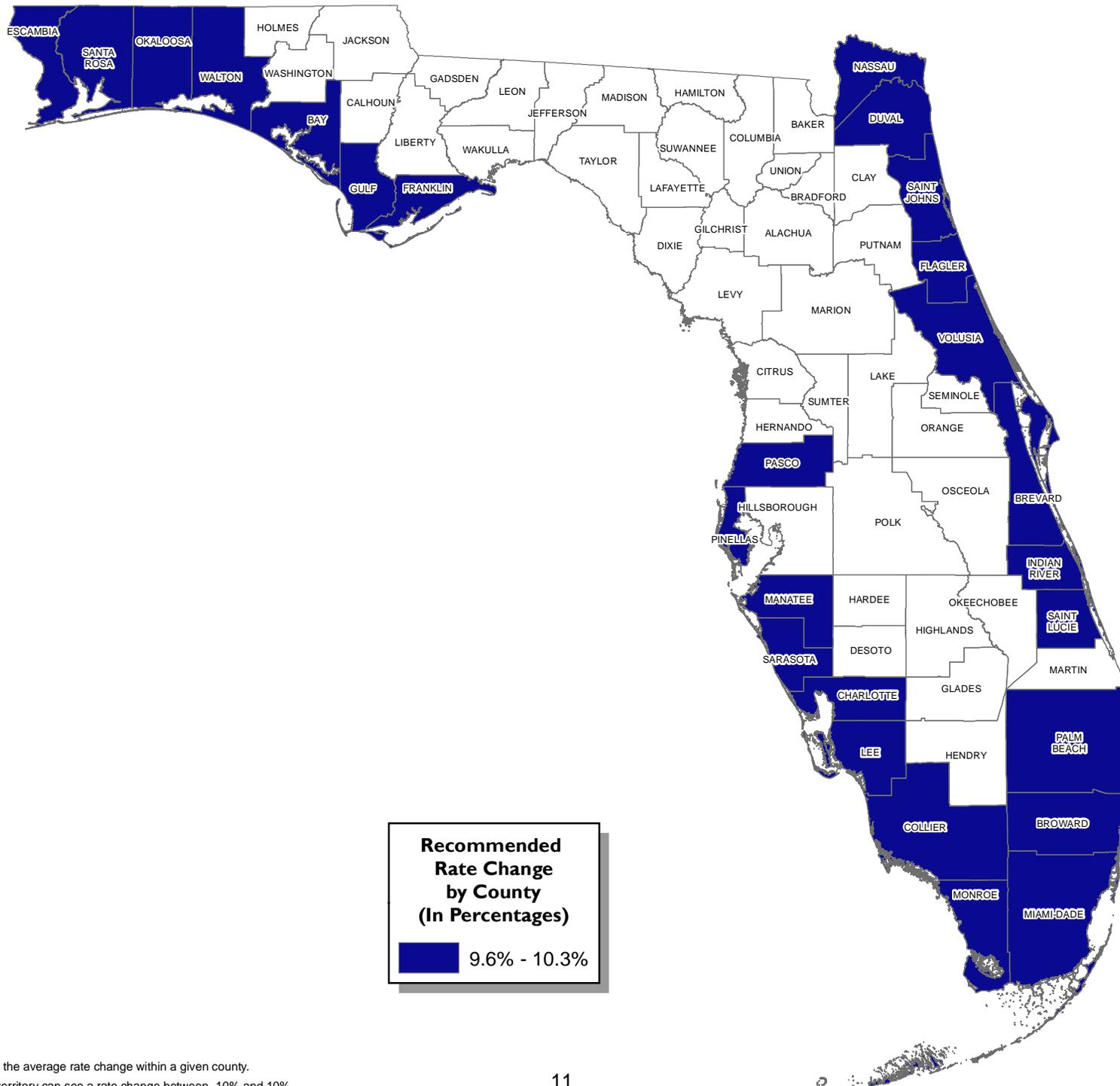
Notes:Notes:

*This is a pictorial distribution of th erate changes described in detail son Exhibit 1.

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 II - Percent of Recommended Rate Change by County

Wind-Only Commercial Residential Policies

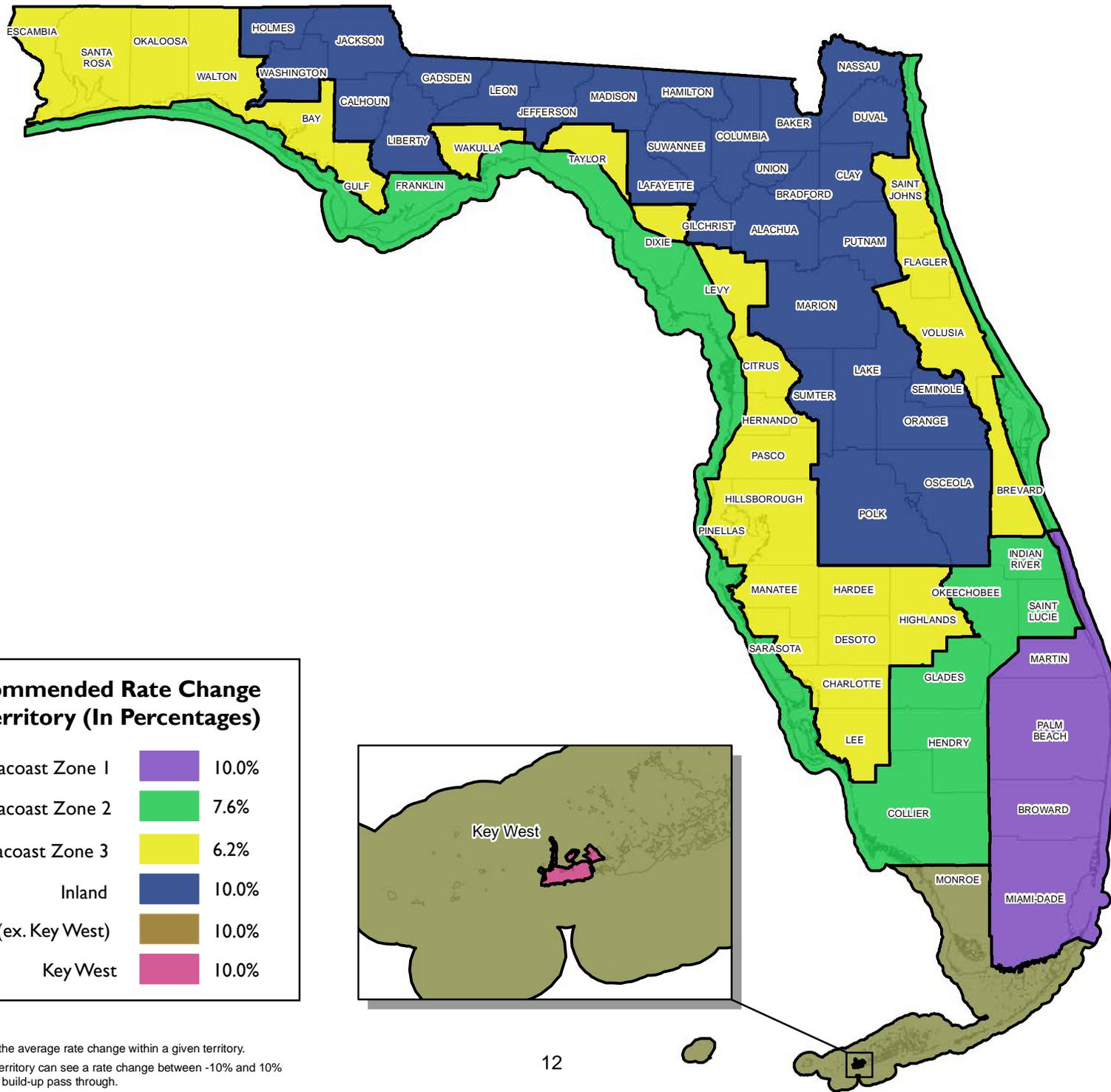


Notes:

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

Exhibit 12 - Percent of Recommended Rate Change by Territory

Commercial Non-Residential Multi-Peril Policies



Recommended Rate Change by Territory (In Percentages)

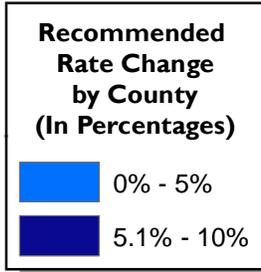
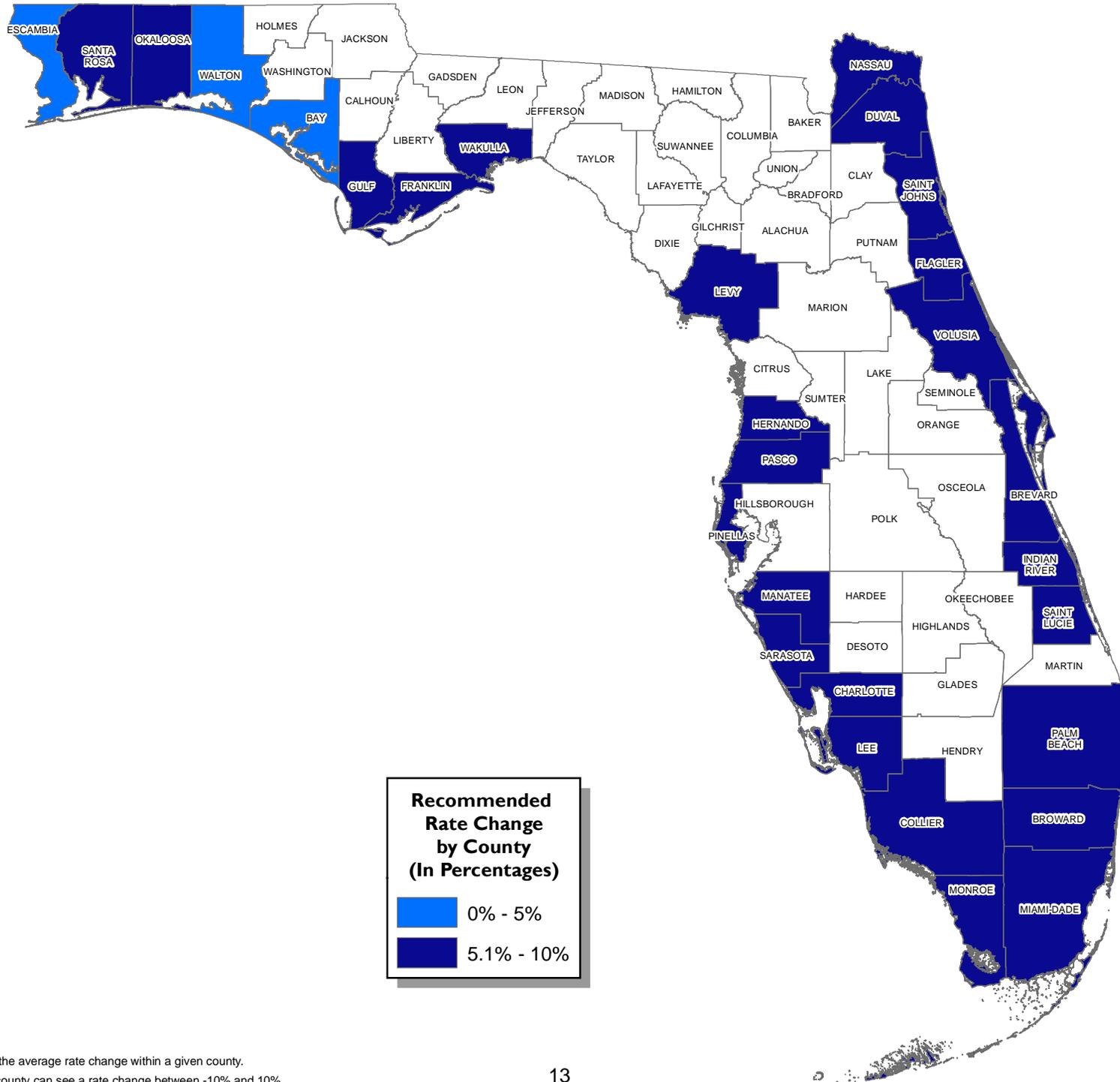
Seacoast Zone 1		10.0%
Seacoast Zone 2		7.6%
Seacoast Zone 3		6.2%
Inland		10.0%
Monroe (ex. Key West)		10.0%
Key West		10.0%

Notes:

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

Exhibit 13 - Percent of Recommended Rate Change by County

Wind-Only Commercial Non-Residential Policies



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

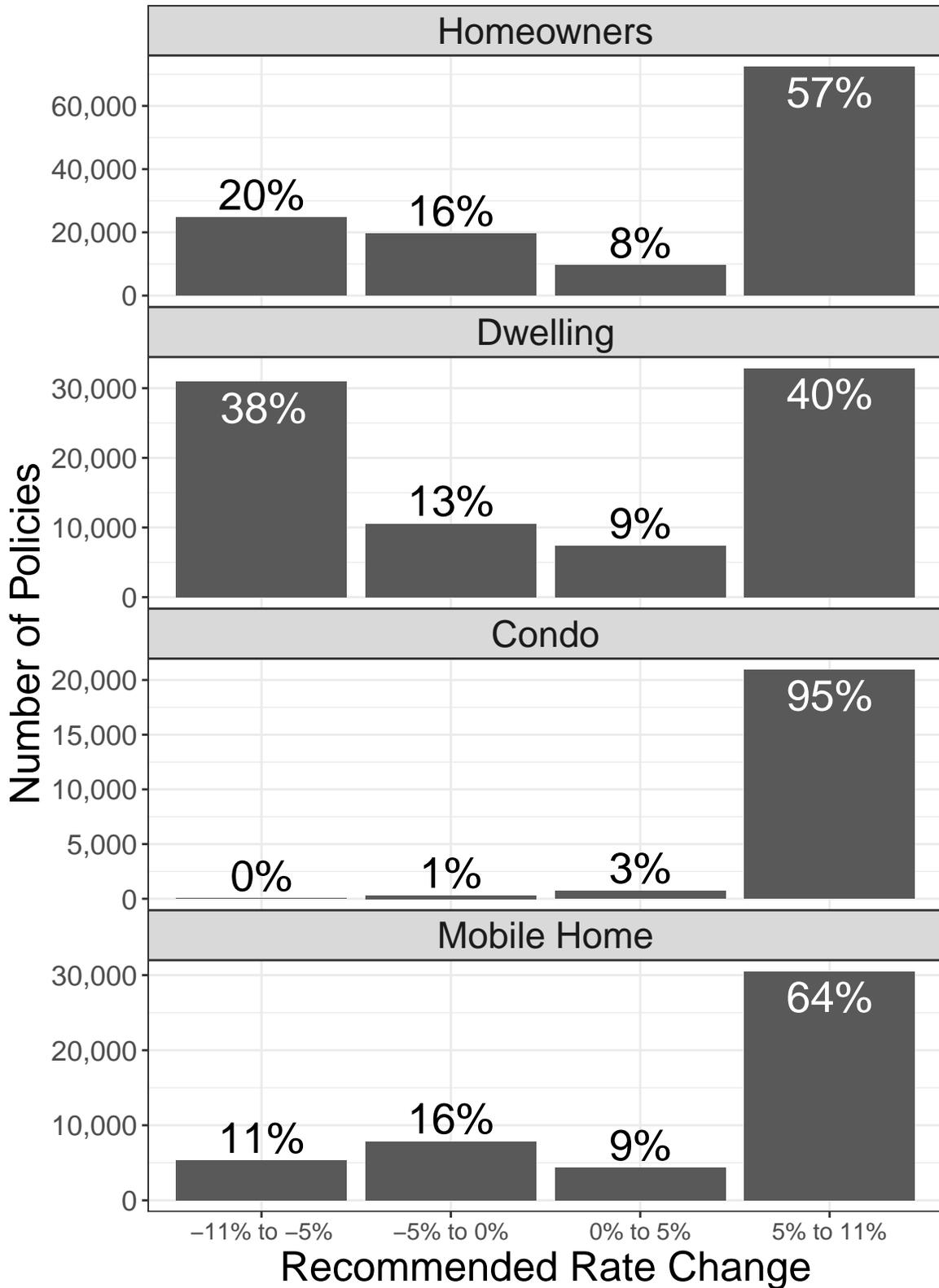
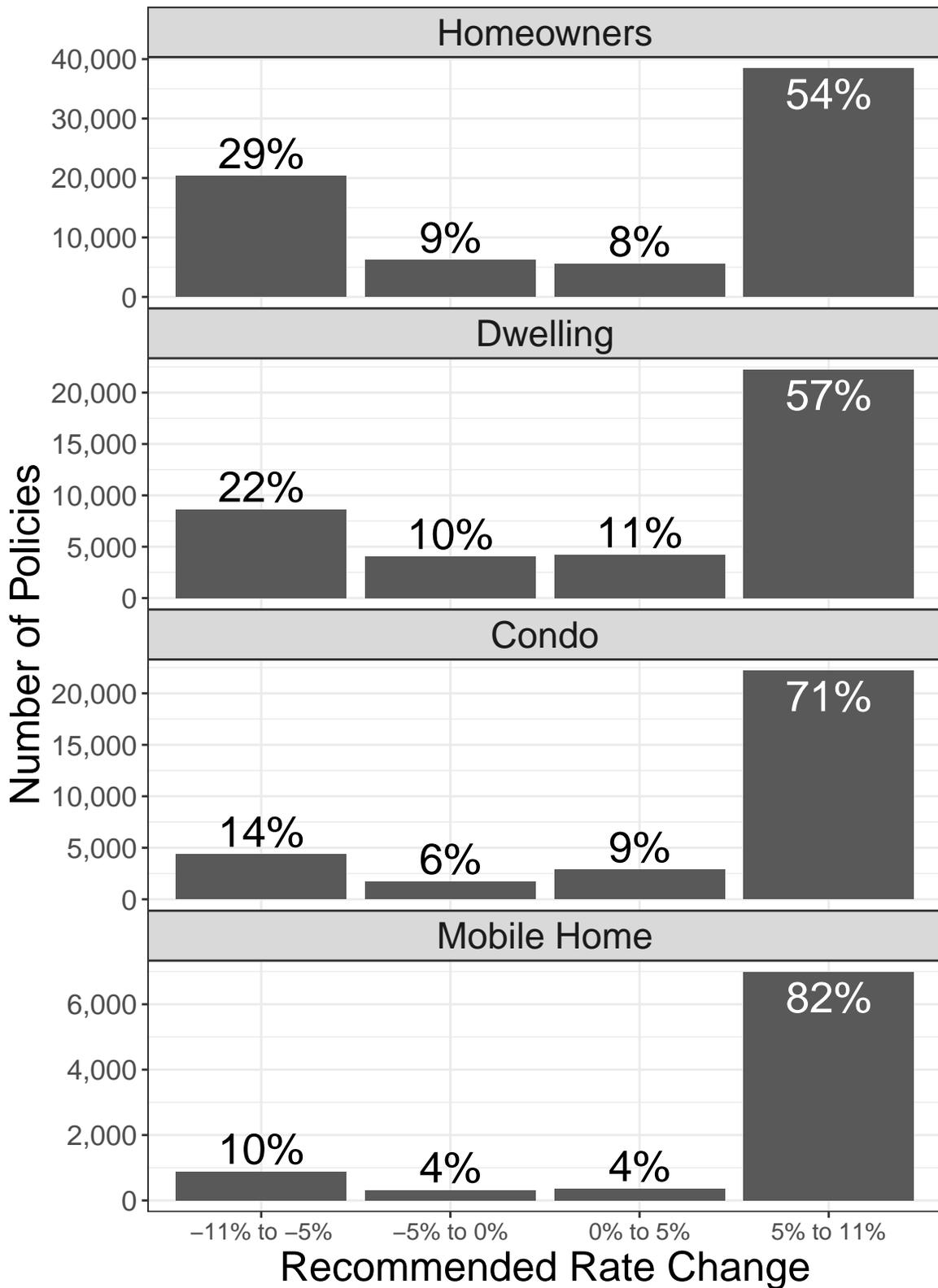


Exhibit 15
Distribution of Recommended Rate Changes by Policy
for the Coastal Account



MULTIPERIL HO3
Recommended Change by County

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Alachua	65	65	1,261	-9.3%	1,144
Baker	3	3	1,182	-9.0%	1,075
Bay	152	152	1,579	-6.3%	1,479
Bradford	4	4	1,253	-9.6%	1,133
Brevard	1,480	1,126	1,834	-2.3%	1,793
Broward	23,683	111	2,842	10.4%	3,136
Calhoun	3	3	2,023	-8.5%	1,851
Charlotte	648	495	1,460	-4.3%	1,397
Citrus	177	177	1,263	-7.3%	1,171
Clay	36	36	969	-8.3%	888
Collier	225	204	1,902	-5.3%	1,801
Columbia	10	10	1,491	-9.6%	1,348
Dade	51,500	81	3,421	10.5%	3,780
De Soto	7	7	1,419	-9.1%	1,290
Dixie	19	19	1,524	-9.2%	1,384
Duval	271	271	1,235	-3.6%	1,191
Escambia	289	117	1,900	0.8%	1,915
Flagler	33	6	1,358	2.9%	1,398
Franklin	29	28	1,743	-8.7%	1,591
Gadsden	56	56	971	-9.6%	878
Gilchrist	11	11	1,213	-9.6%	1,097
Glades	6	6	1,361	-7.3%	1,262
Gulf	9	9	1,882	-9.4%	1,705
Hamilton	2	2	1,080	-9.7%	975
Hardee	2	2	905	-9.7%	817
Hendry	30	25	1,682	-1.7%	1,653
Hernando	9,267	2,985	1,360	2.2%	1,390
Highlands	20	20	1,310	-7.2%	1,216
Hillsborough	8,800	4,466	1,550	0.8%	1,561
Holmes	7	7	1,030	-8.5%	942
Indian River	183	144	1,771	-2.6%	1,724
Jackson	27	27	1,196	-9.6%	1,081
Jefferson	9	9	1,132	-9.6%	1,023
Lafayette	1	1	2,387	-9.7%	2,155
Total	148,315	47,249	2,512	6.7%	2,681

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lake	60	60	1,178	-6.1%	1,107
Lee	627	499	1,721	-0.4%	1,714
Leon	85	85	929	-9.6%	840
Levy	37	37	1,657	-9.2%	1,505
Liberty	1	1	863	-5.4%	816
Madison	7	7	1,285	-9.6%	1,161
Manatee	943	849	1,634	-2.2%	1,598
Marion	103	103	1,117	-8.3%	1,024
Martin	164	42	2,637	2.2%	2,694
Monroe	323	99	3,875	3.8%	4,024
Nassau	57	56	1,517	-4.1%	1,455
Okaloosa	102	102	2,135	-8.4%	1,956
Okeechobee	15	15	1,554	-8.6%	1,419
Orange	201	162	1,405	-3.2%	1,360
Osceola	77	50	1,250	-0.8%	1,240
Palm Beach	10,307	143	2,631	9.3%	2,877
Pasco	8,867	6,990	1,490	-2.7%	1,450
Pinellas	26,086	25,482	1,755	-5.7%	1,656
Polk	91	91	1,350	-9.4%	1,223
Putnam	23	23	1,218	-9.4%	1,103
Saint Johns	194	170	1,444	-0.8%	1,432
Saint Lucie	287	11	1,648	8.9%	1,794
Santa Rosa	77	73	2,701	-6.7%	2,520
Sarasota	1,699	880	1,692	-2.0%	1,658
Seminole	87	87	1,414	-7.7%	1,306
Sumter	8	8	1,086	-8.1%	998
Suwannee	2	2	1,737	-8.6%	1,587
Taylor	34	34	1,777	-9.3%	1,611
Union	0	0	0	N/A	N/A
Volusia	622	339	1,232	0.8%	1,241
Wakulla	21	21	1,527	-8.4%	1,398
Walton	39	38	2,550	-8.4%	2,335
Washington	5	5	1,296	-9.2%	1,176

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	359	105	1,817	1.6%	1,847
Bradford	0	0	0	N/A	N/A
Brevard	299	31	2,406	7.9%	2,597
Broward	8,045	5,659	2,952	-0.8%	2,929
Calhoun	0	0	0	N/A	N/A
Charlotte	132	3	2,161	9.8%	2,373
Citrus	0	0	0	N/A	N/A
Clay	0	0	0	N/A	N/A
Collier	900	241	2,746	6.3%	2,919
Columbia	0	0	0	N/A	N/A
Dade	9,327	8,282	3,496	-5.3%	3,312
De Soto	0	0	0	N/A	N/A
Dixie	0	0	0	N/A	N/A
Duval	195	24	1,155	8.0%	1,248
Escambia	1,983	143	2,042	9.4%	2,233
Flagler	329	7	1,030	9.9%	1,132
Franklin	171	132	2,525	-2.3%	2,465
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	110	36	2,175	3.3%	2,246
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	69	12	1,259	4.7%	1,318
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	175	18	3,817	8.2%	4,129
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	48,566	23,711	2,769	1.2%	2,802

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lake	0	0	0	N/A	N/A
Lee	1,608	130	2,251	8.6%	2,445
Leon	0	0	0	N/A	N/A
Levy	87	20	1,068	7.8%	1,152
Liberty	0	0	0	N/A	N/A
Madison	0	0	0	N/A	N/A
Manatee	171	7	2,257	9.4%	2,470
Marion	0	0	0	N/A	N/A
Martin	0	0	0	N/A	N/A
Monroe	8,098	2,831	3,614	3.9%	3,753
Nassau	114	5	938	9.3%	1,025
Okaloosa	71	14	3,506	7.7%	3,777
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	6,308	3,001	2,889	2.6%	2,964
Pasco	206	204	1,507	-7.9%	1,387
Pinellas	1,795	70	2,344	8.8%	2,552
Polk	0	0	0	N/A	N/A
Putnam	0	0	0	N/A	N/A
Saint Johns	191	10	1,123	9.5%	1,230
Saint Lucie	63	5	1,725	6.6%	1,838
Santa Rosa	327	57	2,524	8.1%	2,729
Sarasota	5,592	2,201	1,367	2.9%	1,406
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	1,325	198	1,160	8.0%	1,253
Wakulla	69	23	1,104	7.4%	1,185
Walton	447	242	2,439	-1.8%	2,394
Washington	0	0	0	N/A	N/A

MULTIPERIL HO6
Recommended Change by County

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Alachua	71	0	343	10.0%	377
Baker	0	0	0	N/A	N/A
Bay	74	54	832	-2.5%	811
Bradford	0	0	0	N/A	N/A
Brevard	530	1	787	9.1%	859
Broward	12,141	1,090	799	7.8%	861
Calhoun	0	0	0	N/A	N/A
Charlotte	200	0	640	10.0%	704
Citrus	5	0	680	8.5%	738
Clay	7	0	487	10.0%	536
Collier	383	3	1,126	8.3%	1,219
Columbia	0	0	0	N/A	N/A
Dade	8,214	464	932	8.0%	1,007
De Soto	8	0	393	9.2%	429
Dixie	2	0	552	10.0%	607
Duval	56	0	582	9.6%	638
Escambia	97	3	1,059	7.8%	1,141
Flagler	9	0	822	10.1%	905
Franklin	1	0	720	10.0%	792
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	1	0	1,883	10.2%	2,074
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	26	0	625	9.7%	686
Highlands	3	0	507	10.0%	558
Hillsborough	591	15	624	7.6%	671
Holmes	1	0	1,154	10.0%	1,269
Indian River	102	3	1,145	7.2%	1,227
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	36,551	2,800	830	7.4%	891

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lake	5	0	459	10.0%	505
Lee	664	7	703	9.1%	767
Leon	42	0	286	7.5%	308
Levy	1	0	576	10.4%	635
Liberty	0	0	0	N/A	N/A
Madison	0	0	0	N/A	N/A
Manatee	367	1	846	10.0%	931
Marion	18	0	563	10.0%	619
Martin	187	0	927	9.9%	1,020
Monroe	117	5	1,348	8.4%	1,462
Nassau	10	0	1,126	10.2%	1,241
Okaloosa	78	17	703	4.6%	736
Okeechobee	1	0	1,675	10.1%	1,844
Orange	131	0	473	9.8%	519
Osceola	32	0	430	9.9%	473
Palm Beach	5,883	1,039	971	4.9%	1,019
Pasco	663	7	465	8.1%	503
Pinellas	4,675	50	628	8.1%	678
Polk	15	0	497	9.5%	544
Putnam	1	0	331	10.0%	364
Saint Johns	53	0	709	9.8%	778
Saint Lucie	178	0	942	9.8%	1,035
Santa Rosa	10	0	888	9.9%	976
Sarasota	462	31	1,152	7.6%	1,240
Seminole	50	0	558	10.0%	614
Sumter	2	0	567	10.0%	623
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	347	3	539	4.2%	562
Wakulla	0	0	0	N/A	N/A
Walton	37	7	1,234	4.4%	1,288
Washington	0	0	0	N/A	N/A

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	306	118	594	0.9%	599
Bradford	0	0	0	N/A	N/A
Brevard	292	68	730	6.0%	774
Broward	2,521	681	725	4.4%	757
Calhoun	0	0	0	N/A	N/A
Charlotte	132	2	946	9.8%	1,039
Citrus	0	0	0	N/A	N/A
Clay	0	0	0	N/A	N/A
Collier	959	190	904	6.1%	960
Columbia	0	0	0	N/A	N/A
Dade	2,461	741	1,384	2.9%	1,423
De Soto	0	0	0	N/A	N/A
Dixie	0	0	0	N/A	N/A
Duval	37	12	443	5.1%	465
Escambia	394	34	724	8.5%	786
Flagler	32	7	476	4.9%	499
Franklin	5	0	360	8.1%	389
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	6	0	946	9.9%	1,039
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	207	33	1,323	7.1%	1,418
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	16,528	3,590	924	5.4%	975

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lake	0	0	0	N/A	N/A
Lee	1,019	50	917	9.4%	1,003
Leon	0	0	0	N/A	N/A
Levy	8	1	235	7.9%	253
Liberty	0	0	0	N/A	N/A
Madison	0	0	0	N/A	N/A
Manatee	268	5	829	9.7%	909
Marion	0	0	0	N/A	N/A
Martin	0	0	0	N/A	N/A
Monroe	1,528	16	1,051	9.4%	1,150
Nassau	35	11	833	5.3%	877
Okaloosa	286	82	684	5.8%	724
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	2,619	721	973	3.8%	1,010
Pasco	28	28	409	-8.9%	373
Pinellas	980	102	662	8.3%	717
Polk	0	0	0	N/A	N/A
Putnam	0	0	0	N/A	N/A
Saint Johns	64	14	611	8.1%	661
Saint Lucie	122	54	678	4.1%	705
Santa Rosa	70	8	675	9.0%	735
Sarasota	1,412	391	846	6.4%	900
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	357	127	523	-1.9%	513
Wakulla	0	0	0	N/A	N/A
Walton	380	94	822	7.0%	879
Washington	0	0	0	N/A	N/A