Citizens 2015 Rates

Frequently Asked Questions

1. Why will many Citizens policyholders receive rate decreases in 2015?

A combination of factors over the past few years has made it possible for Citizens to reduce its 2015 rates for nearly 70 percent of its policyholders.

Citizens is required by law to recommend actuarially sound rates within the limits of the 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.

While rates for many policy types and areas have been inadequate in the past, the gradual phasing in of sound rates beginning in 2010 has helped Citizens to attain actuarial soundness in many areas. Pockets of inadequacy persist, mostly near the coast and for older homes, condos and mobile homes, but the majority of Citizens policyholders will see an actuarially sound rate that is similar to last year's indications or even a bit lower. The following additional factors also have helped make lower rates feasible:

- The cost of capital needed to pay claims in the event of a hurricane is one factor in calculating actuarially sound rates. Citizens' exposed insured values and probable maximum loss (PML), which are used to determine Citizens' financial exposure, have decreased substantially Over the past few years, this decreased exposure, coupled with Citizens' $7.3 billion surplus built up by the Florida's unprecedented eight major hurricane-free seasons, has helped to reduce the cost of capital for many product lines.

  Complementing this trend, recent global market conditions have made it possible for Citizens to purchase additional reinsurance at increasingly reasonable rates. As a result, not only is the required capital needed to pay claims lower, the price to access that capital in a crisis has declined somewhat. Those savings result in lower rate recommendations.

- Legislation passed in 2011 to help rein in sinkhole losses has resulted in a significant decrease in sinkhole-related claims, indicating that there may be a reduced need for rate increases in that area as well. Although some aspects of the reforms are being challenged in court, Citizens believes the prudent course is to hold off on additional sinkhole rate increases in most areas until the full effect of these changes is better known.

Top ↑

2. Should all Citizens policyholders expect to see a rate decrease?

Although Citizens has recommended rate decreases for approximately 70 percent of its policyholders, approximately 30 percent will see a recommended rate increase, within the limits of the glide path. However, even for policy types and areas that traditionally have seen the largest increases, Citizens' rate indications are less severe than in years past. It is worth noting that some areas are experiencing a significant number of water claims, which drives rate indications higher for those areas.

Top ↑

3. Why will some Citizens policyholders see additional rate increases when Florida hasn't had a major storm in eight years?

Rates must be based on expected future losses, not past losses, both by law and according to actuarial principles. The lack of major storms in Florida since 2005 has helped Citizens to build reserves and lower its cost of capital, but has not decreased the risk of future hurricanes. Predicted non-catastrophic loss experience is a factor as well. Some policyholders still are paying rates that do not fully reflect the expected future risk, and Citizens must work toward sound rates using the glide path.

Top ↑

4. Why will some policyholders who qualify for a rate decrease still experience an overall premium increase?

The terms *rate* and *premium* do not mean the same thing, even though they often are used interchangeably by many people outside the insurance industry. This can lead to confusion. To understand how rate changes affect premiums, it is important to understand the difference between the two terms:

- **Rate** – For personal residential policies, the rate is the base charge per $1,000 of insurance coverage. Other rating factors or modifiers based on geographic area and home construction and age also apply. The rate is *only one factor* in determining a policyholder's total policy premium. The quantity and type of coverage purchased is the other major factor.

  Citizens' rates are set by the Office of Insurance Regulation (OIR), based on the recommendations of Citizens' actuaries and Board of Governors. By law, Citizens' rates may not increase by more than 10 percent per year for all perils other than sinkhole.

- **Premium** – The premium is the total amount that a policyholder pays for the coverage provided under their policy. In addition to the base rate and risk-rating factors, premiums can be affected by:

    - Coverage limits. An increase in the cost of replacing a home due to local reconstruction costs or home additions or updates can affect a home's insured value. In order to be fully protected, homeowners must insure their homes for the cost of replacing their home in the event of a total loss. Increasing a home's insured value and other coverage limits can increase premium.
    - Coverage options. A policyholder may choose to add optional coverage to their basic policy. Policyholders also may elect higher or lower deductibles; choosing lower deductibles will raise premiums.
    - Mandatory additional surcharges, such as the Florida Hurricane Catastrophe Fund pass-through factors and guaranty-fund assessments.

  A policyholder who adds optional coverages or elects to lower a deductible at renewal could have a total premium that is higher than in years past, even if the rates used to set their premium have decreased.

Top ↑

5. Does the fact that Citizens is seeking rate decreases for a majority of its customers indicate that it has achieved actuarially sound rates or eliminated the risk of assessments?

Actuarially sound rates are an important factor in decreasing the risk and severity of future assessments but do not remove the potential for assessments. Actuarially sound rates generate funds to allow Citizens to pay non-catastrophic claims and transfer risk in order to reduce assessment potential.

Actuarially sound rates presume that Citizens will collect enough premium dollars over an extended period of time to cover its projected losses. No one can predict when a major storm will occur. This is why Citizens is committed to transferring risk to global reinsurers, as it reduces assessment risk nearly dollar-for-dollar to the amount of reinsurance purchased. Even with actuarially sound rates and a responsible reinsurance strategy, however, a major storm that exhausts Citizens' reinsurance and surplus could make assessments necessary.

Top ↑

6. Given past indications that sinkhole rates are well below actuarially sound levels, why is Citizens recommending sinkhole rate increases only in Hernando County for 2015?

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 by more than 60 percent. However, some aspects of SB 408 are pending court challenges. Additionally, more than 2,000 sinkhole claims remain in litigation, the outcome of which may affect sinkhole rates going forward.

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

The one exception to this is Hernando county, where sinkhole rates remain significantly below acturarially sound levels. Citizens is recommending a 10-percent sinkhole rate increase in Hernando County.

Top ↑

ACTUARIAL & UNDERWRITING COMMITTEE
RECOMMENDED RATE FILING EXECUTIVE SUMMARY

ACTUARIAL & UNDERWRITING COMMITTEE, JUNE 24, 2014
BOARD OF GOVERNORS MEETING, JUNE 25, 2014

As required by statute, Citizens has completed the annual analysis of recommended rates for 2015. The Office of Insurance Regulation uses this information as it exercises its authority to establish Citizens rates to be implemented for policy effective dates in 2015. 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 time in which the rates are in effect;
- 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” requirement that Citizens limit annual rate increases to no more than 10% for any single policy for non-sinkhole perils, excluding coverage changes, and surcharges;
- Use the Florida Public Hurricane Model results as the minimum benchmarks in wind rate recommendations, as required by law;
- Include an appropriate additional charge to pass through the Florida Hurricane Catastrophe Fund (FHCF) Rapid Cash Build-Up Factor as required by law.

Major cost factors in the 2015 rate analysis include:

i) Non-catastrophic Losses other than Sinkhole
ii) Sinkhole Losses
iii) Modeled Catastrophic Hurricane Losses
iv) Administrative Expenses
v) Risk Transfer Costs

The total statewide indication for all personal lines of business is 1.6%. The premium impact after the application of the policy level glide-path cap is -2.9%. These results vary by product line. See exhibit 1 for more detail.

The total statewide indication for all commercial lines of business is 27.8%. The premium impact after the application of the policy level glide-path cap is 6.3%. These results vary by product line. See exhibit 1 for more detail.

Determination of Overall Rate Indications by Line of Business

In determining the rate indications for the Personal and Commercial Residential lines of business, the results of four hurricane models were considered. The models considered were AIR v15.0, RMS v13.0, EQE v14.02, and the Florida Public Model (FPM) v5.0. All four models have been accepted for use in Florida ratemaking by the Florida Commission on Hurricane Loss Projection Methodology. No model results were modified or adjusted.

The four different models provided a range of indications for each line of business. The ranges varied by line of business. For some lines of business, all four indications were positive (e.g. an average increase in rate level). For other lines of business, all four indications were negative. However, for most lines of business, some models resulted in a positive indication while others resulted in a negative indication.

Generally speaking, if all four models resulted in a positive indication for a line of business, a positive indication was selected that fell within that range of outcomes. If all four models resulted in a negative indication for a line of business, a negative indication was selected was selected that fell within that range of outcomes. When negative and positive indications emerged for a line of business, a 0% indication (no average change in rate level) was selected for that line of business. All of the initial overall selections were made excluding the impact of the FHCF pass-through. Also, all selections are subject to the Public Model as the minimum benchmark for the selection. The selected indication is always equal to or greater than that developed by the Public Model for that line of business. This law resulted in significant increases in some selections.

Exhibit 1- **Summary of Statewide Rate Indications** displays results for each line of business. The **Uncapped Indication** is the selected overall indication adjusted for the impact of 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%. After the application of the cap, the impact of the FHCF pass-through is added. The majority of policyholders (over 600,000) see a recommended decrease in premium in 2015.

Impact of Policy Level Capping

Throughout Citizens book of business, the rate indications vary greatly from policy to policy. There are both large increases as well as large decreases indicated. By statute **§627.351(6)(n)6**, a “glide path” to actuarial soundness was established beginning in 2010; it requires Citizens to ensure no single policyholder shall be subject to a (non-sinkhole) rate increase greater than 10%. In order to balance the requirements of actuarial soundness with the glide path, it is recommended that, in addition to capping all rate increases at +10%, that Citizens cap all rate decreases at -10%.

Sinkhole Indications

The number of reported sinkhole claims has been steadily declining since the end of 2011. In 2011, over 4,500 claims were reported. In 2012, that number decreased to around 3,100 and in 2013, the number was further reduced to around 1,200. This declining trend has continued into 2014, attributable largely to the impact of SB 408, the major sinkhole claims law reform of 2011. In addition, over the same three years Citizens has increased sinkhole rates by close to 90% in the most sinkhole prone areas of the state (Hernando, Pasco, and Hillsborough counties). The combined effect has led to an overall statewide sinkhole indicated change of +87% for 2015, an all time low.

The sinkhole indications for Hernando, Hillsborough, and Pasco are +289%, +30%, and +54% respectively. However, there is a high level of uncertainty involved with these indications. It generally takes five or six years for a sinkhole accident year to fully mature and thus to know the true costs. Given the high level of uncertainty of the ultimate outcome, staff is recommending that Hernando sinkhole rates be increased by 10% in 2015, and all other sinkhole rates remain unchanged. All sinkhole rate increases for 2015 would thus fall under the glide path limit, and no specific action by the Board would be required to phase-in sinkhole rate increases. However, as the effect of recent law changes emerges in the claims experience, there is no guarantee that future rate increases will not be necessary, and phase-ins may once again become appropriate.

Impact of Private Reinsurance Costs

Due to lower rates for traditional private reinsurance and catastrophe bonds, Citizens was able to transfer substantially more risk away from Florida policyholders (including non-Citizens policyholders, who would pay emergency assessments if storms caused significant deficits) without a significant impact to the rate indications. Last year, Citizens transferred $1.851B of Coastal Account risk to private investors and reinsurers at a net cost of $253M. This year, Citizens transferred $3.269B of Coastal Account risk to the private sector at a net cost of $191M. “Net cost” refers to the gross expenditure on risk transfer less the expected hurricane losses that would be subject to the agreement. The 2014 net cost represented around 9.8% of the total premium from the 2014 indication. The 2015 net cost represents 9.0% of the total premium from the 2015 indication. So while the amount of private reinsurance purchased has increased from last year to this year, the net costs, and thus the impact to the 2015 indication, actually decreased slightly.

Impact of FHCF Buildup Premium

Starting in 2010, the Florida Hurricane Catastrophe Fund included a risk factor in its premium of an additional 5% per year, for five years. This is known as the FHCF Rapid Cash Build-Up Factor. Citizens, by statute, is required to pass this increase in cost to the policyholder, irrespective of the 10% glide-path cap. This results in 2015 indicated premium changes of slightly more than 10% for some policyholders.

Impact of the Florida Public Model (FPM)

The overall rate indications were determined by selecting an indication that was within the range determined by the four hurricane models. There was one exception to this selection process. By statute **§627.351(6)(n)3,** the FPM serves as the minimum benchmark for determining the windstorm portion of the corporation's rates. For personal lines condo unit-owners (HO6/HW6) in particular, the indication based on the FPM was considerably higher than that of the other three models. For the non-FPM models, the indications ranged from -10% to 10%. The FPM indication was 36.5%. This was selected as the overall indication for this line of business.

Note that the FPM only evaluates the personal and commercial residential lines of business. It does not apply to the commercial non-residential lines of business.

Hypothetical Rate Indications if Citizens Reinsured to the 100-year Hurricane Event

For informational purposes only, the statewide indications and capped proposed rate changes are calculated using a hypothetical reinsurance provision. The scenario assumes that Citizens funds losses below the retention of the FHCF from surplus, but reinsures all losses in excess of the FHCF retention up to the internally modeled 100-year Probable Maximum Loss (PML). The intent is to simulate the outcome if Citizens were required by the Office of Insurance Regulation, as are Florida's private insurers, to fund its hurricane risk without resorting to assessments and without subjecting an excessive amount of its policyholders' surplus to a severe storm season. In this scenario, Citizens would expose about 30% of its expected 2014 year-end surplus to storm losses before reinsurance would respond. Note that no private insurer would voluntarily accept a concentrated book of coastal business; this exercise reflects Citizens' unique mission and does not represent benchmark reinsurance costs for a typical private insurer.

Information on market-clearing unit costs (rates-on-line) for reinsurance layers actually funded by surplus – including the entire potential losses of the Personal Lines Account and Commercial Lines Account, plus unfunded layers in the Coastal Account - was provided by Citizens' reinsurance broker. Citizens actuaries included the implied net costs of surplus-funded layers, along with the actual costs of risk transfer for reinsured layers, in the hypothetical rate indications, and kept all other actuarial assumptions equal. In particular, no consideration was made of the effect on the market of a hypothetical demand by Citizens for additional reinsurance capacity of approximately $7 billion, beyond the actual 2014 risk transfer of approximately $3.3 billion.

Comparing Exhibits 1 and 15, a full 100-year reinsurance program would increase personal lines uncapped indications by +10% to +40% depending on the product line and level of windstorm exposure in the book of business. However, under the glide path, the revenue effect would only increase by about +3% across personal lines.

This exhibit is strictly for informational purposes and has no bearing on the recommended rates.

What follows on the next pages are an explanation of the provide exhibits.

Exhibits – Note that scale differs on some maps, so review the legends carefully when comparing maps. Also, all premiums are based on policies in-force as of 12/31/13.

Exhibit 1: Summary of Statewide Indications

- Columns (1) through (3) display the overall uncapped indication and the proposed capped rate change for multi-peril lines of business.
- Columns (4) through (6) display the overall uncapped indication and the proposed capped rate change for wind-only lines of business.
- Columns (7) through (9) display the overall uncapped indication and the proposed capped rate change for combined multi-peril and wind-only lines of business

Exhibit 2 – Multi-Peril HO3 County Average Premium Impacts

- 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 HW2 County Average Premium Impacts

- 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 HO6 County Average Premium Impacts

- 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 HW6 County Average Premium Impacts

- 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 DP1 and DP3 County Average Premium Impacts

- 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 DW2 County Average Premium Impacts

- 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 MHO3 and MDP1 County Average Premium Impacts

- 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 MW2 and MD1 County Average Premium Impacts

- 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

- Displays the average proposed premium impact after capping for each of the Group 2 territories
- 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

- Displays the average proposed premium impact after capping for each county
- Essentially everyone in each of the territories 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 impact for 2015 in this line.
- The territory showing 0% impact has no policies

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

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

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

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the actual premium impact for the county
- Every policyholder will receive a 10% increase

Exhibit 14 Distribution of Recommended Rate Changes by Policy

- Tabulates the proposed capped premium impact for personal lines into a histogram showing number 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 Summary of Statewide Indications –With Hypothetical 100-year Reinsurance

- Comparable to Exhibit 1, except that it includes a hypothetical reinsurance provision for all losses in a 1-in-100 year storm excess of the FHCF retention.
- This exhibit is for informational purposes only. Recommended rates are based on Exhibit 1 only. This exhibit has no bearing on Citizens' recommended rates.
- Includes Personal Lines only

<u>Commercial Residential Deductible Change</u>

Effective 1/1/2014, Citizens subdivided the Commercial Residential Building Group 2 base rate into separate hurricane, other wind, sinkhole, and all-other components. At that the time, Citizens did not have a policy level capping mechanism in place. In order to ensure that no single policyholder would experience a rate change greater than 10%, all existing rating factors were left unchanged. This included applying the hurricane deductible to the newly introduced other wind, sinkhole, and all-other base rates. Citizens currently has a filing pending with the OIR introducing policy level capping for the Commercial Residential Multi-peril. With the implementation of the policy level capping, Citizens will be able to apply the hurricane deductible rating factors to the hurricane premium only. The policy level capping procedure will limit all rate changes to +/- 10%.

Exhibit 1 - Summary of Statewide Indications

using the OIR Promulgated Contingency Provisions

Product Line - Personal	(1) In-Force Premium	(2) Multi-Peril Uncapped Indication	(3) Proposed Change	(4) In-Force Premium	(5) Wind-Only Uncapped Indication	(6) Proposed Change	(7) In-Force Premium	(8) Total Uncapped Indication	(9) Proposed Change
Homeowners	709,588,164	-6.2%	-6.3%	335,595,087	12.4%	3.1%	1,045,183,251	-0.3%	-3.2%
Renters	3,485,946	-21.6%	-7.4%	508,104	19.4%	4.8%	3,994,050	-16.4%	-5.9%
Condo Units	59,183,042	9.3%	1.9%	39,172,819	73.8%	6.7%	98,355,861	35.0%	3.8%
Dwelling -DP3	351,161,473	-3.9%	-4.7%	46,450,775	30.8%	6.3%	397,612,248	0.2%	-3.4%
Dwelling - DP1	42,096,878	0.2%	-1.6%	n/a	n/a	n/a	42,096,878	0.2%	-1.6%
Mobile Homeowners	55,315,748	-6.5%	-5.1%	5,580,773	14.3%	8.9%	60,896,520	-4.6%	-3.9%
Dwelling Mobile Home	31,853,122	-5.9%	-5.1%	502,733	11.6%	9.1%	32,355,855	-5.6%	-4.9%
Total Personal Lines	1,252,684,373	-4.7%	-5.2%	427,810,290	20.0%	3.9%	1,680,494,664	1.6%	-2.9%

Product Line - Commercial	(1) In-Force Premium	(2) Multi-Peril Uncapped Indication	(3) Proposed Change	(4) In-Force Premium	(5) Wind-Only Uncapped Indication	(6) Proposed Change	(7) In-Force Premium	(8) Total Uncapped Indication	(9) Proposed Change
Commercial Residential	199,722,634	0.0%	0.0%	143,734,838	50.4%	9.0%	343,457,472	21.1%	3.8%
Commercial Non-Residential	10,092,050	8.1%	5.3%	86,308,002	39.6%	10.0%	96,400,052	36.3%	9.5%
Total Commerical Lines	209,814,684	0.4%	0.3%	230,042,840	39.6%	10.0%	439,857,524	27.8%	6.3%

Product Line	(1) In-Force Premium	(2) Multi-Peril Uncapped Indication	(3) Proposed Change	(4) In-Force Premium	(5) Wind-Only Uncapped Indication	(6) Proposed Change	(7) In-Force Premium	(8) Total Uncapped Indication	(9) Proposed Change
Personal	1,252,684,373	-4.7%	-5.2%	427,810,290	20.0%	3.9%	1,680,494,664	1.6%	-2.9%
Commercial	209,814,684	0.4%	0.3%	230,042,840	39.6%	10.0%	439,857,524	27.8%	6.3%
Total	1,462,499,057	-4.0%	-4.4%	657,853,130	26.9%	6.0%	2,120,352,187	7.0%	-1.0%

Notes:

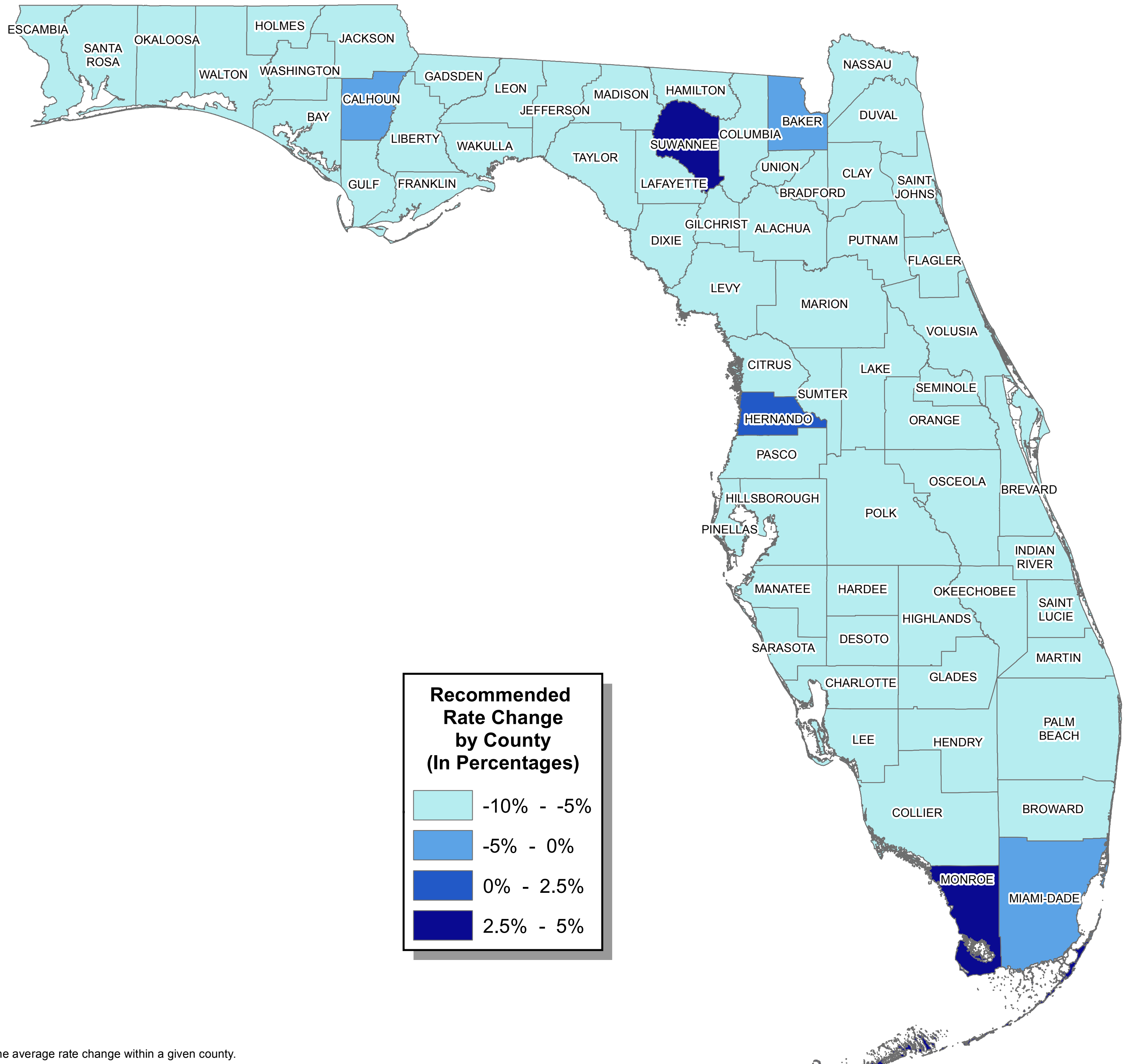
(1), (4) In-Force Premium at Current Rate Level

(2), (5), (8) Uncapped Rate Indications (includes FHCF Build Up Premium).

(3), (6), (9) Premium Impact after Capping (includes FHCF Build Up Premium).

(7) = (1) + (2)

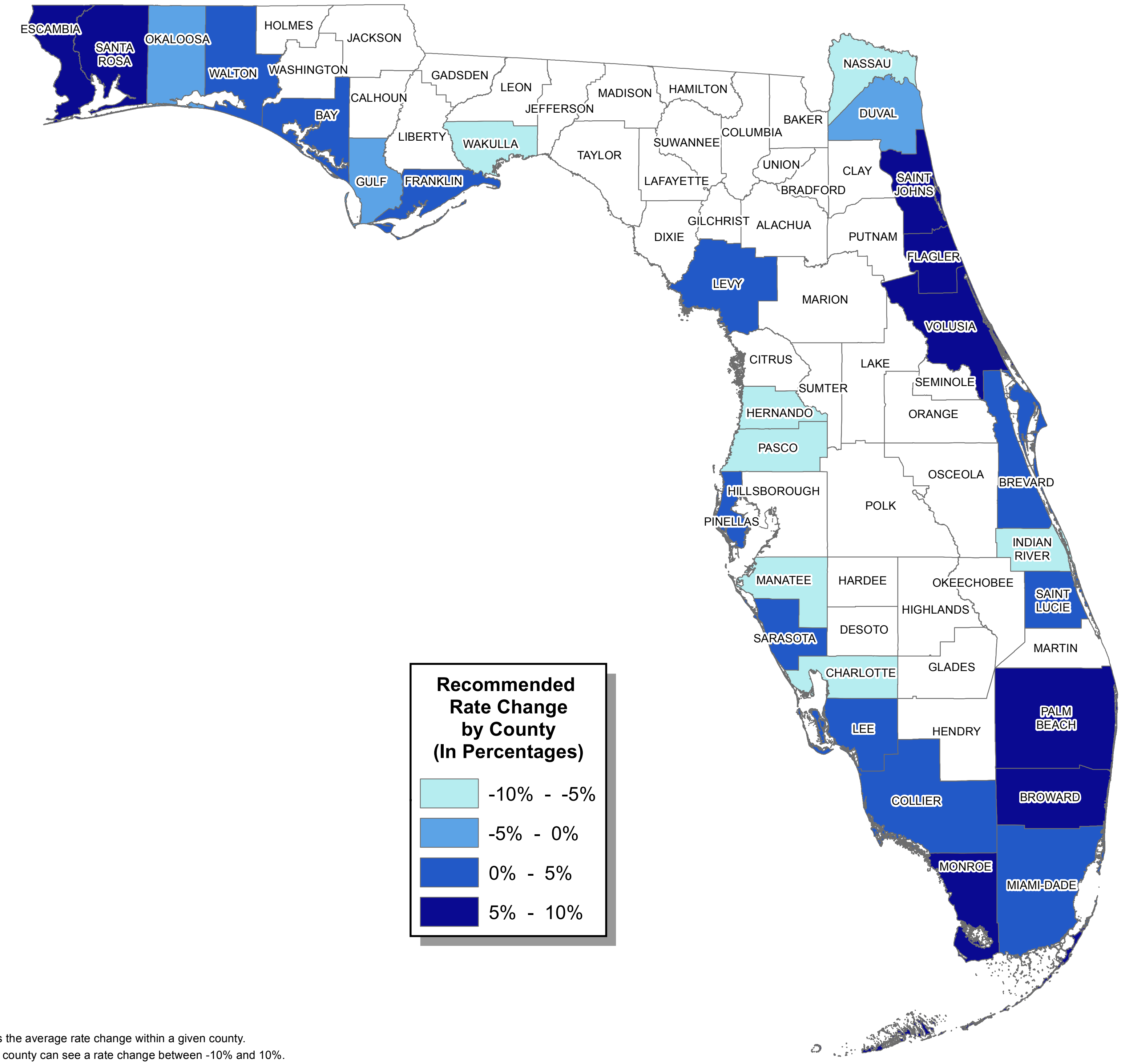
Exhibit 2 - Multi-Peril HO3 County Average Rate Changes



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%.

Exhibit 3 - Wind-Only HW2 County Average Rate Changes



Notes:

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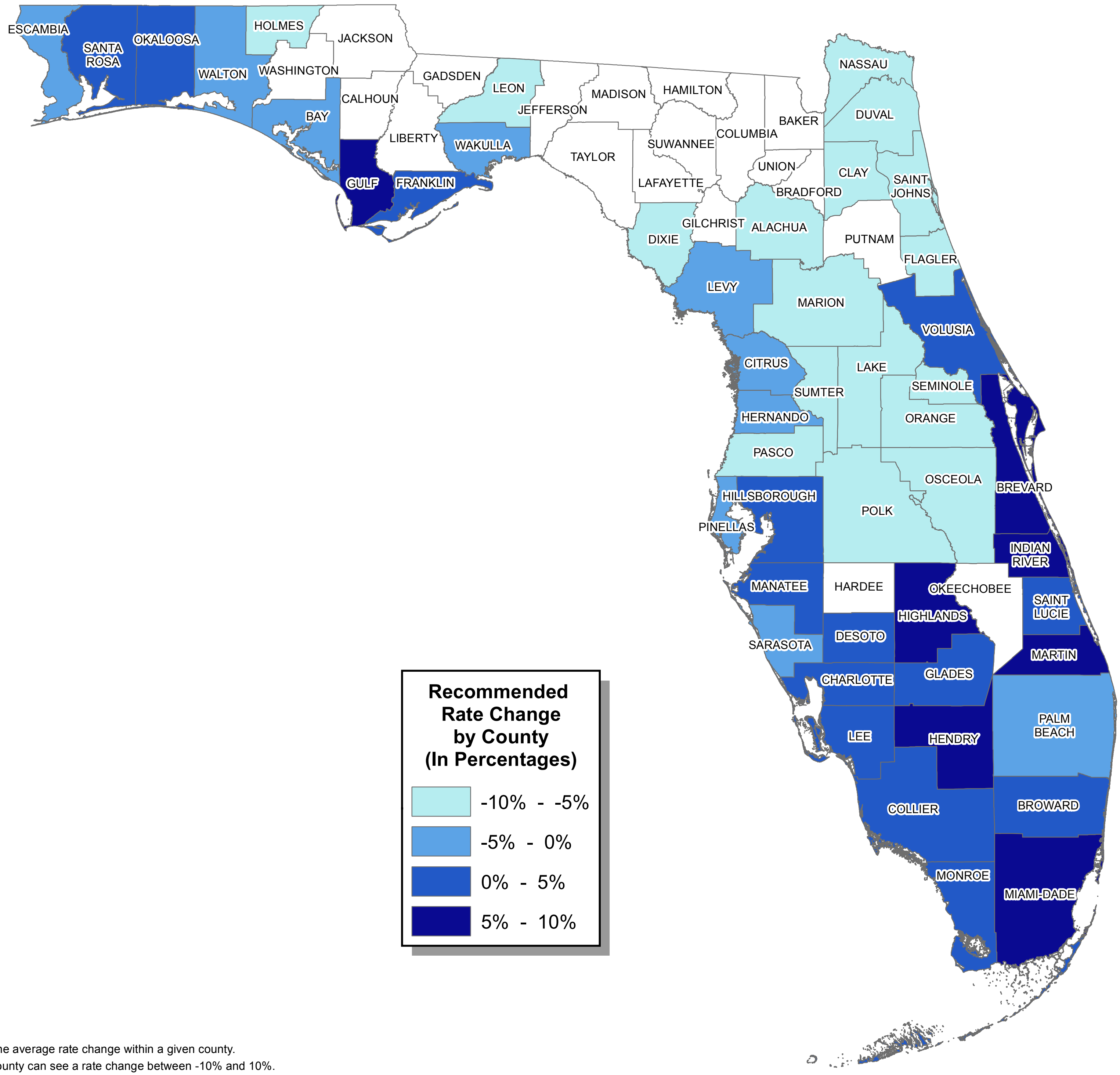
Exhibit 4 – Multi-Peril HO6 County Average Rate Changes



Notes:

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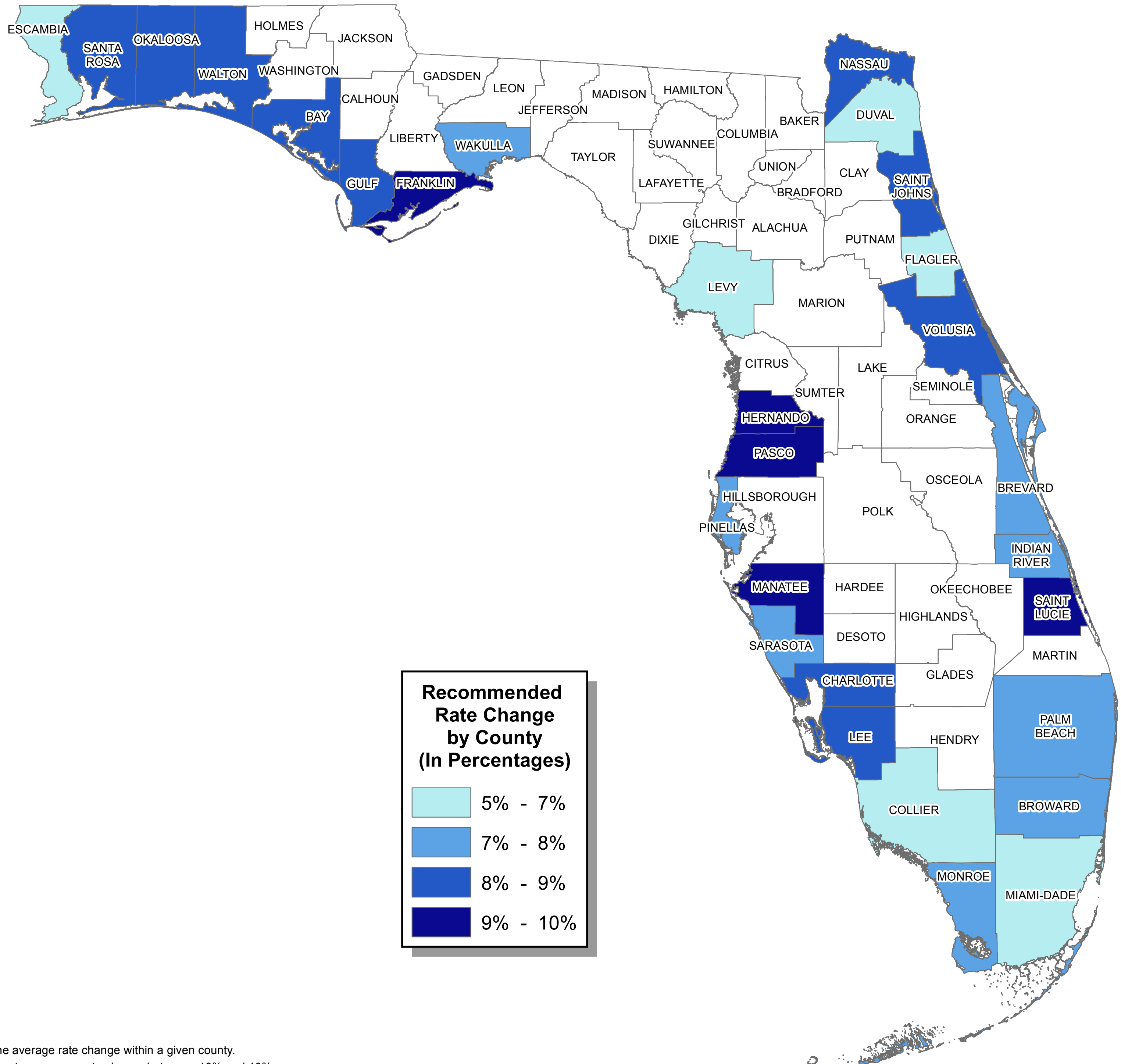
Exhibit 5 – Wind-Only HW6 County Average Rate Changes



Notes:

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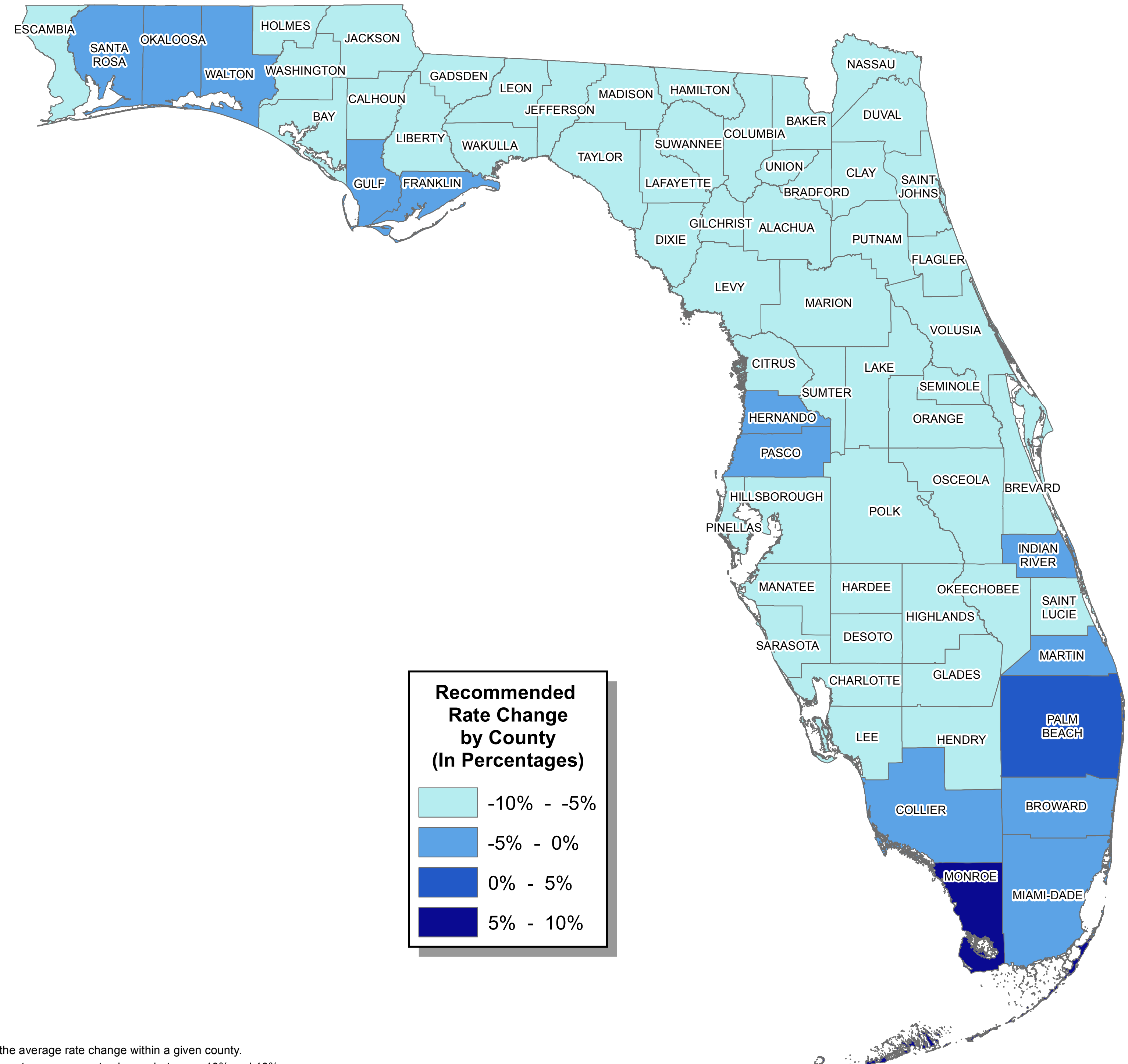
Exhibit 6 – Multi-Peril DP1 and DP3 County Average Rate Changes



Notes:

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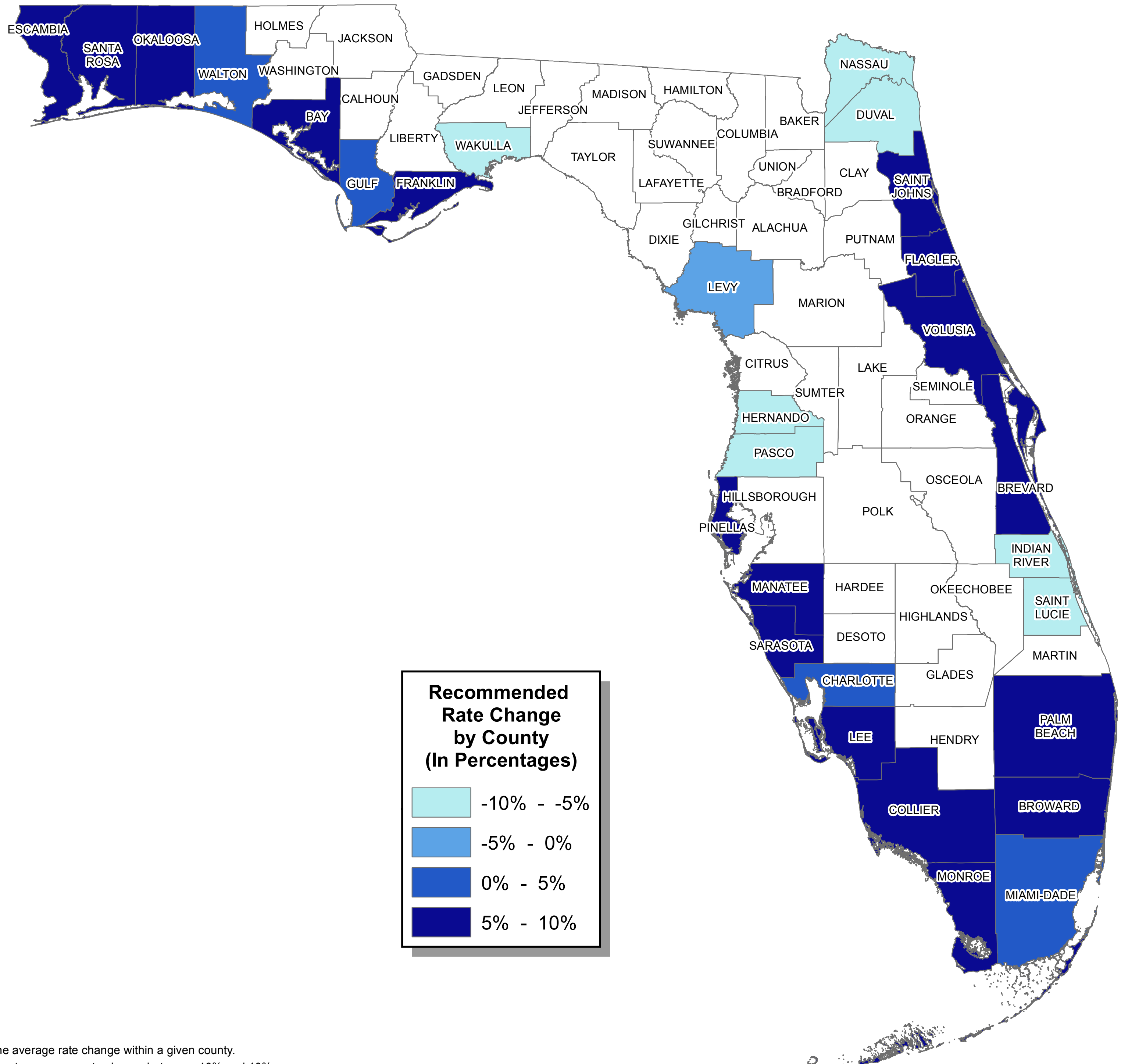
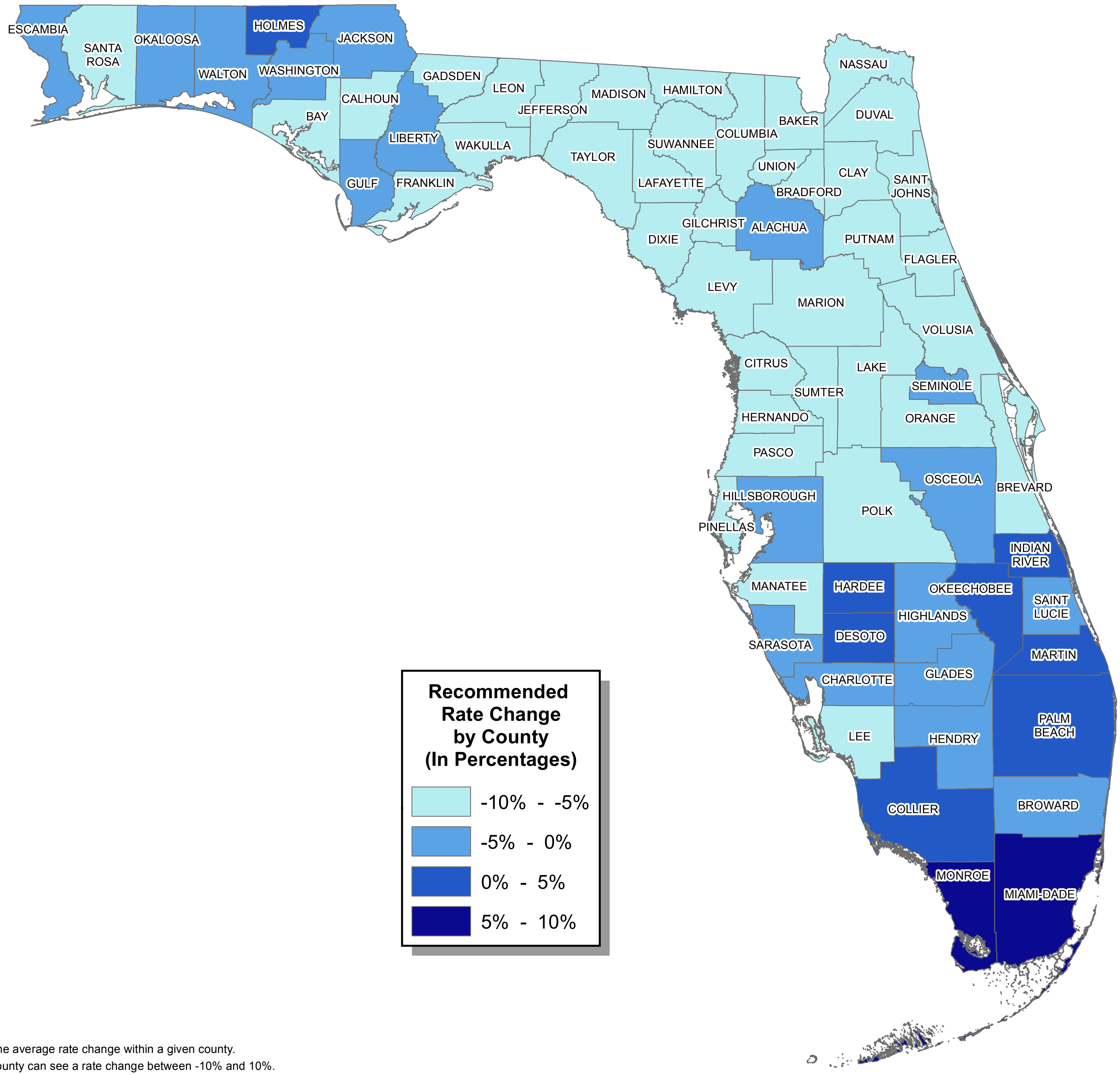
Exhibit 7 - Wind-Only DW2 County Average Rate Changes



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%.

Exhibit 8 - Multi-Peril MHO3 and MDP1 County Average Rate Changes



Notes:

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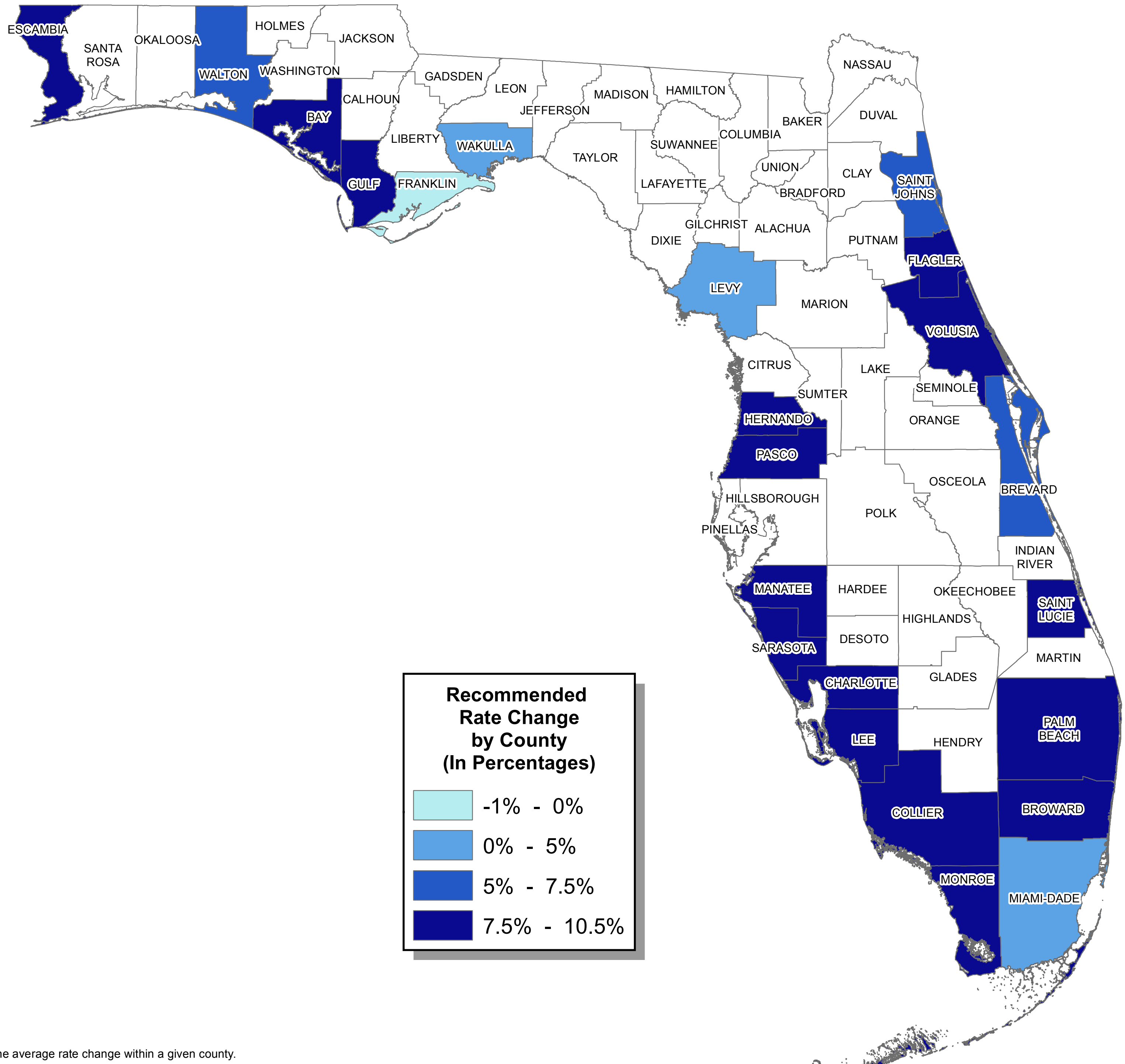
Exhibit 9 - Wind-Only MW2 and MD1 County Average Rate Changes



Notes:

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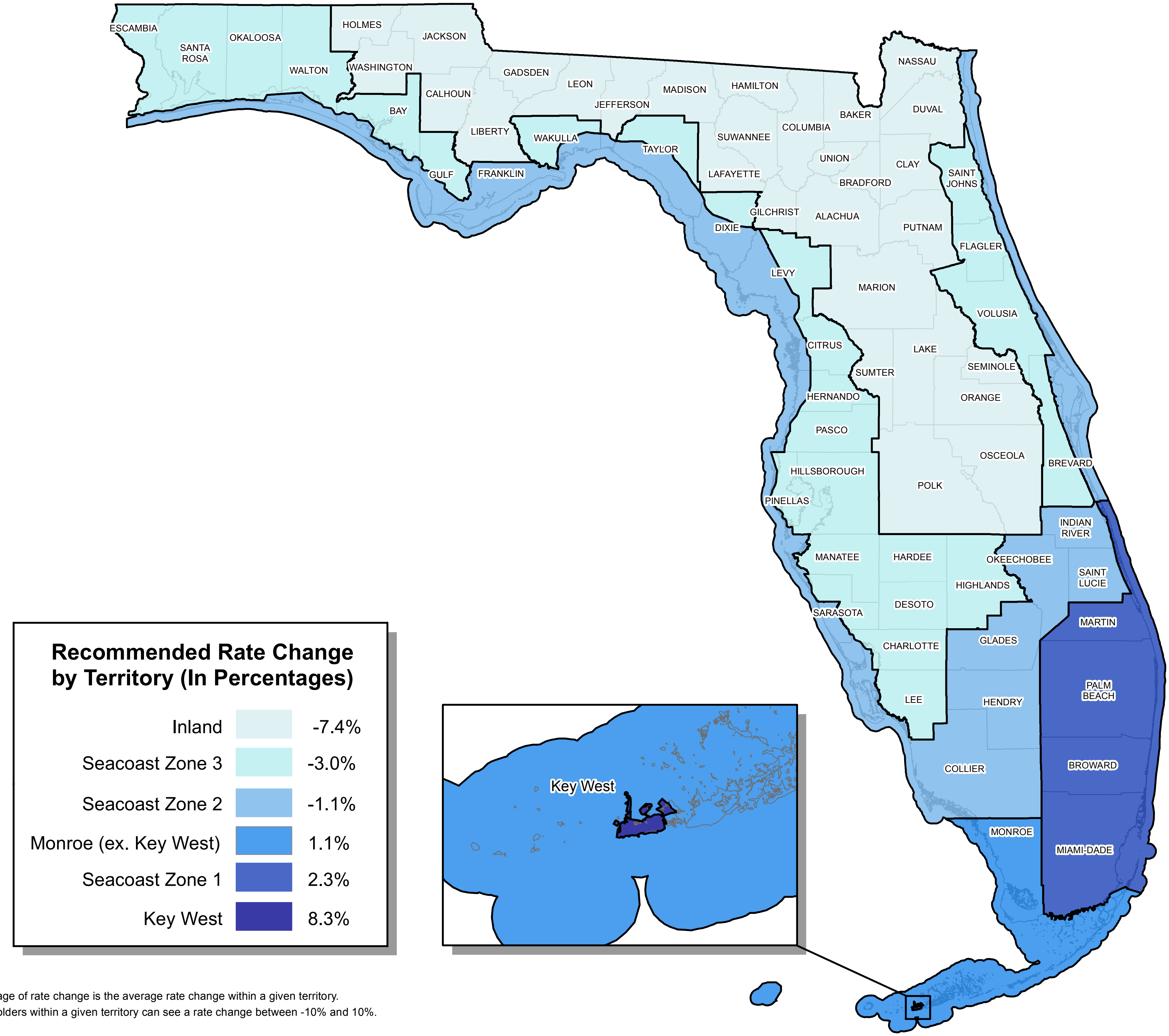
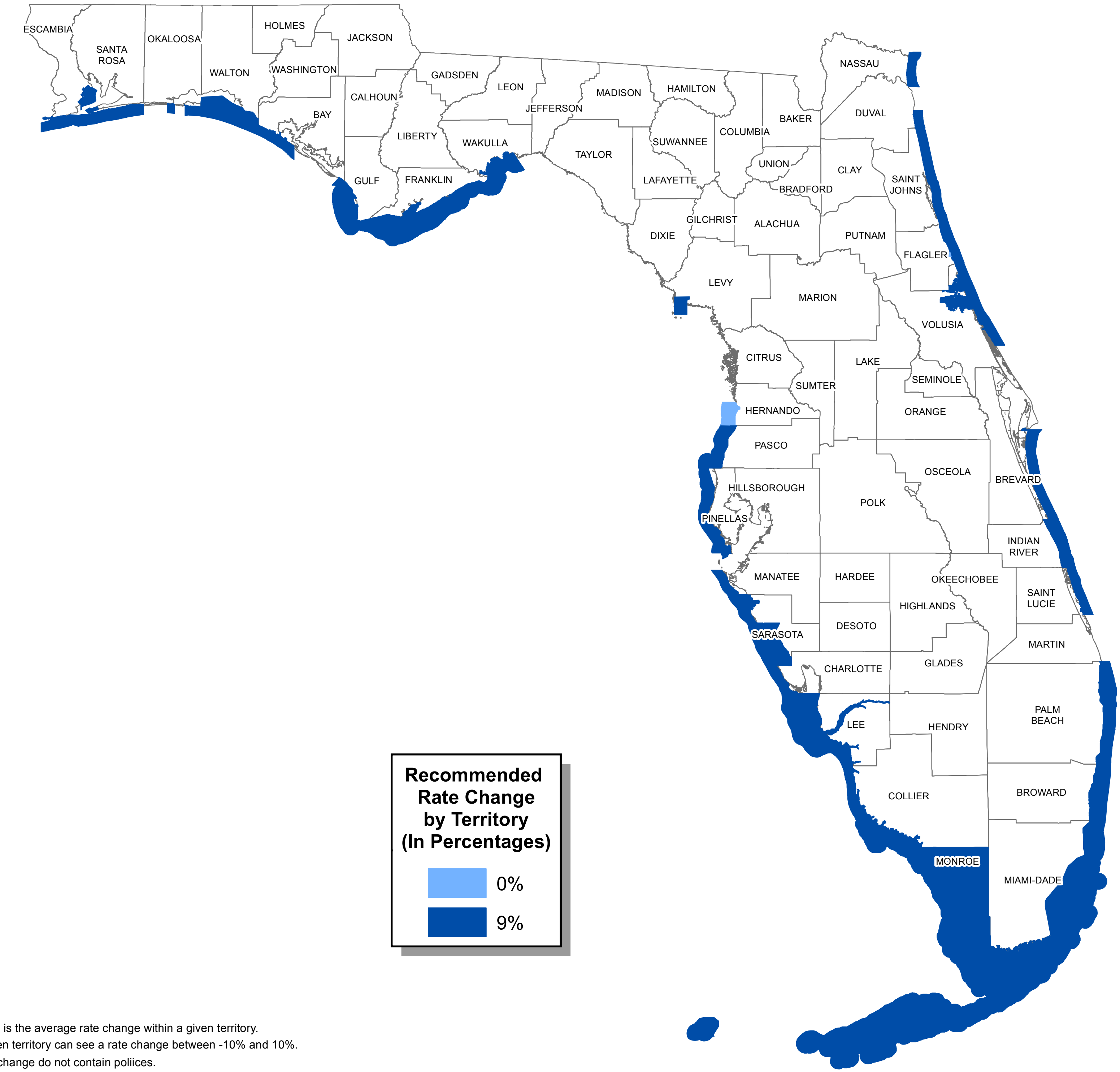
Exhibit 10 - Multi-Peril Commercial Residential Territory Average Rate Changes



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%.

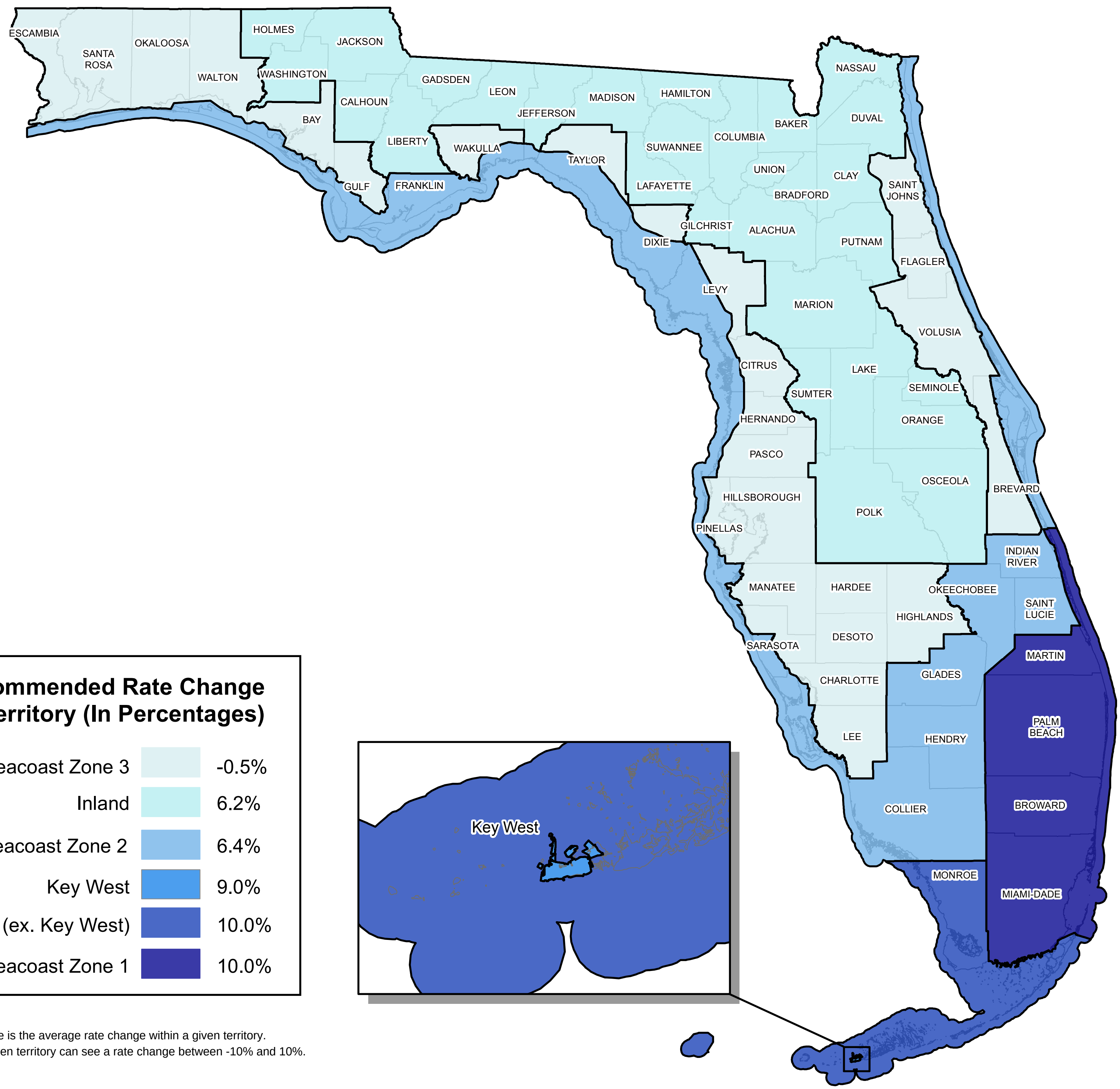
Exhibit 11 - Wind-Only Commercial Residential Territory Average Rate Changes



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%.
3. Territories with 0% rate of change do not contain poliices.

Exhibit 12 Multi-Peril Commercial Non-Residential Territory Average Rate Changes

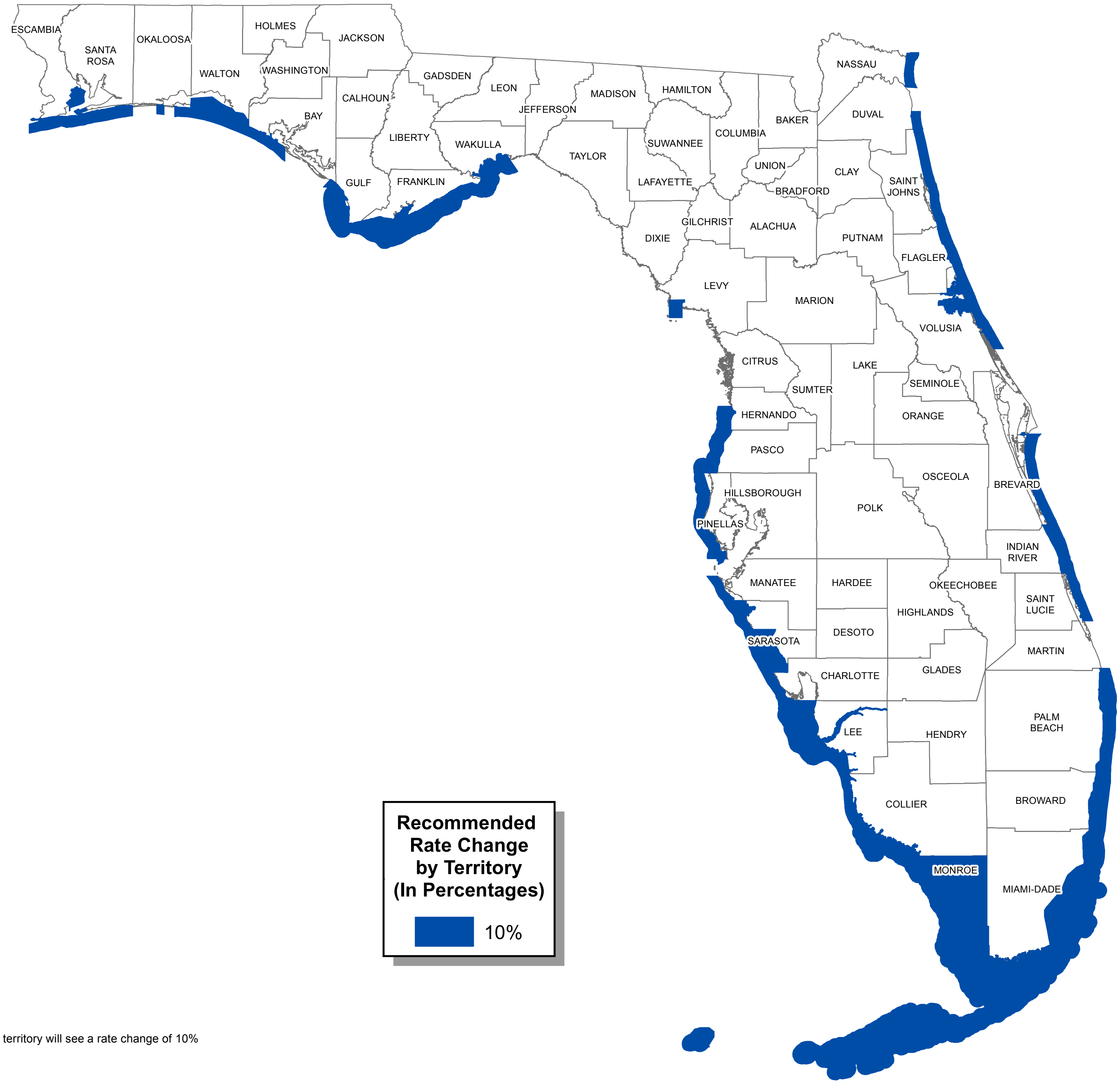


Recommended Rate Change by Territory (In Percentages)

Seacoast Zone 3	-0.5%
Inland	6.2%
Seacoast Zone 2	6.4%
Key West	9.0%
Monroe (ex. Key West)	10.0%
Seacoast Zone 1	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%.

Exhibit 13 - Wind-Only Commercial Non-Residential Territory Average Rate Change



Notes:

1. Every Policyholder in a given territory will see a rate change of 10%

Exhibit 14 – Distribution of Recommended Rate Changes by Policy

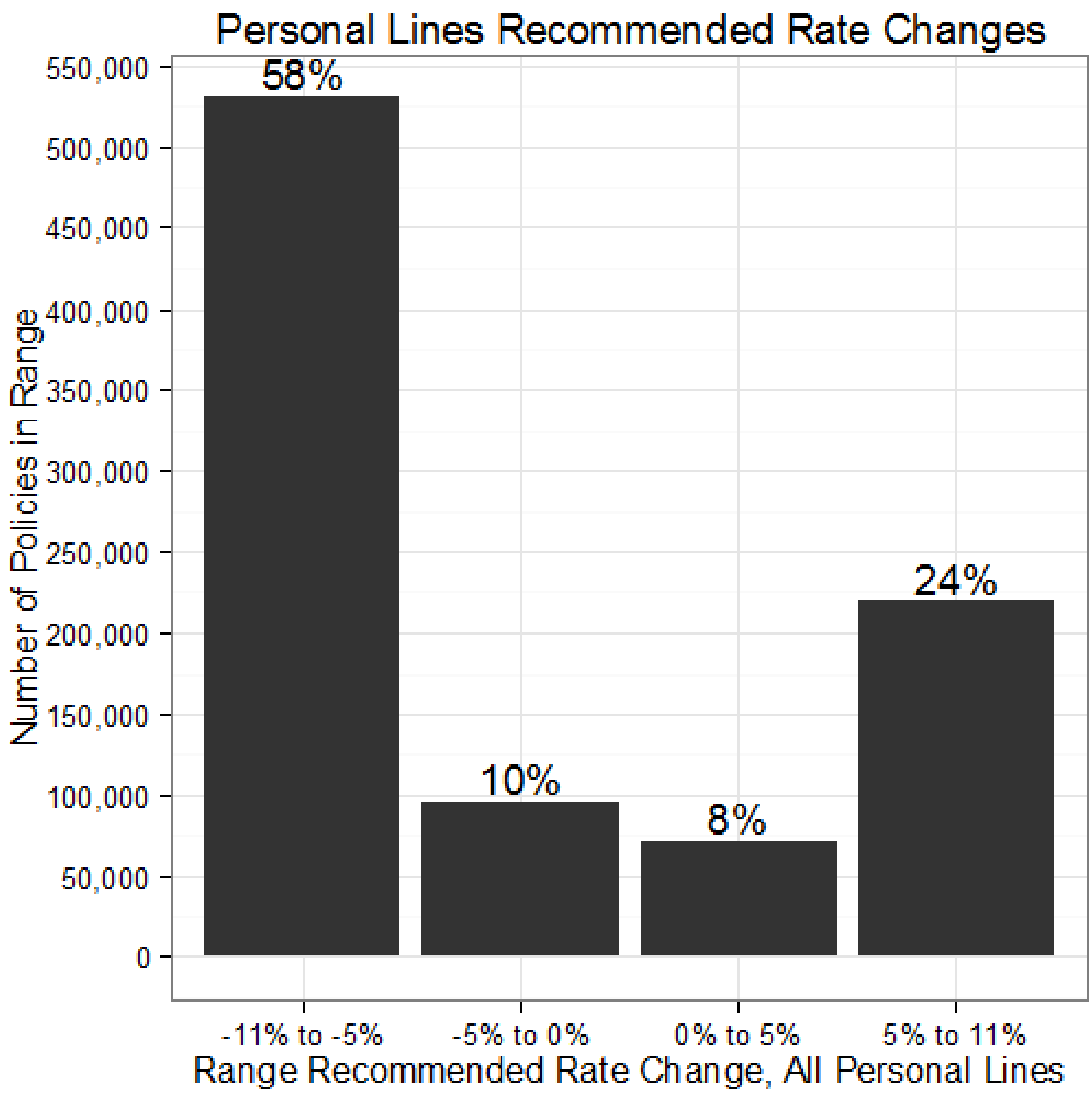


Exhibit 15 - Summary of Statewide Indications

Includes a Hypothetical 1-in-100 Year Reinsurance Provision

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Multi-Peril			Wind-Only			Total	
	In-Force	Uncapped	Proposed	In-Force	Uncapped	Proposed	In-Force	Uncapped	Proposed
Product Line	Premium	Indication	Change	Premium	Indication	Change	Premium	Indication	Change
Homeowners	709,588,164	3.3%	-1.5%	335,595,087	30.4%	6.7%	1,045,183,251	12.0%	1.2%
Renters	3,485,946	-16.8%	-6.3%	508,104	30.5%	6.0%	3,994,050	-10.7%	-4.7%
Condo Units	59,183,042	23.3%	5.4%	39,172,819	111.2%	7.9%	98,355,861	58.3%	6.4%
Dwelling -DP3	351,161,473	4.3%	-0.9%	46,450,775	40.3%	7.2%	397,612,248	8.5%	0.1%
Dwelling - DP1	42,096,878	3.9%	0.8%	n/a	n/a	n/a	42,096,878	3.9%	0.8%
Mobile Homeowners	55,315,748	21.4%	8.6%	5,580,773	50.9%	9.1%	60,896,520	24.1%	8.7%
Dwelling Mobile Home	31,853,122	26.2%	9.3%	502,733	50.3%	9.5%	32,355,855	26.5%	9.3%
Total Personal Lines	1,252,684,373	5.9%	-0.2%	427,810,290	39.2%	6.9%	1,680,494,664	14.4%	1.6%

Notes:

(1), (4) 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).

(7) = (1) + (2)