

<b>Tab 1</b>	<b>SB 122</b> by <b>Broxson</b> ; (Compare to H 00301) Attorney Fee Awards Under Insurance Policies and Contracts
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**The Florida Senate**  
**COMMITTEE MEETING EXPANDED AGENDA**

**BANKING AND INSURANCE**  
**Senator Broxson, Chair**  
**Senator Rouson, Vice Chair**

**MEETING DATE:** Monday, February 4, 2019  
**TIME:** 4:00—6:00 p.m.  
**PLACE:** Pat Thomas Committee Room, 412 Knott Building

**MEMBERS:** Senator Broxson, Chair; Senator Rouson, Vice Chair; Senators Brandes, Gruters, Lee, Perry, Taddeo, and Thurston

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TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
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**Workshop** - Discussion and testimony only on the following (no vote to be taken):

1	<b>SB 122</b> Broxson (Compare H 301)	Attorney Fee Awards Under Insurance Policies and Contracts; Revising certain attorney fee provisions in the Florida Insurance Code to specify that an insured or beneficiary entitled, under certain circumstances, to attorney fees under an insurance policy or contract must be a named insured or named beneficiary; providing that such right to attorney fees may not be assigned or extended by agreement, except to certain persons, etc.  BI      01/22/2019 Workshop-Discussed BI      02/04/2019 Workshop-Discussed JU RC	Workshop-Discussed
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Other Related Meeting Documents

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By Senator Broxson

1-00417-19

2019122\_\_

1 A bill to be entitled  
 2 An act relating to attorney fee awards under insurance  
 3 policies and contracts; amending ss. 626.9373 and  
 4 627.428, F.S.; revising certain attorney fee  
 5 provisions in the Florida Insurance Code to specify  
 6 that an insured or beneficiary entitled, under certain  
 7 circumstances, to attorney fees under an insurance  
 8 policy or contract must be a named insured or named  
 9 beneficiary; providing that such right to attorney  
 10 fees may not be assigned or extended by agreement,  
 11 except to certain persons; making technical changes;  
 12 providing an effective date.

14 Be It Enacted by the Legislature of the State of Florida:

16 Section 1. Section 626.9373, Florida Statutes, is amended  
 17 to read:

18 626.9373 Attorney ~~Attorney's~~ fees.—

19 (1) Upon the rendition of a judgment or decree by any court  
 20 of this state against a surplus lines insurer in favor of any  
 21 named or omnibus insured or the named beneficiary under a policy  
 22 or contract executed by the insurer ~~on or after the effective~~  
 23 ~~date of this act~~, the trial court or, if the named insured or  
 24 named beneficiary prevails on appeal, the appellate court, shall  
 25 adjudge or decree against the insurer in favor of the named  
 26 insured or named beneficiary a reasonable sum as fees or  
 27 compensation for the named insured's or named beneficiary's  
 28 attorney prosecuting the lawsuit for which recovery is awarded.  
 29 The right to attorney fees under this section may not be

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

1-00417-19

2019122\_\_

30 assigned or extended by contract or other agreement to any  
 31 person other than another named insured, named beneficiary, or  
 32 omnibus insured.

33 (2) If awarded, attorney ~~attorney's~~ fees or compensation  
 34 ~~must shall~~ be included in the judgment or decree rendered in the  
 35 case.

36 Section 2. Section 627.428, Florida Statutes, is amended to  
 37 read:

38 627.428 Attorney fees ~~Attorney's fee~~.—

39 (1) Upon the rendition of a judgment or decree by any court  
 40 ~~of the courts~~ of this state against an insurer and in favor of  
 41 any named or omnibus insured or the named beneficiary under a  
 42 policy or contract executed by the insurer, the trial court or,  
 43 in the event of an appeal in which the named insured or named  
 44 beneficiary prevails, the appellate court shall adjudge or  
 45 decree against the insurer and in favor of the named insured or  
 46 named beneficiary a reasonable sum as fees or compensation for  
 47 the named insured's or named beneficiary's attorney prosecuting  
 48 the suit in which the recovery is awarded ~~had~~. The right to  
 49 attorney fees under this section may not be assigned or extended  
 50 by contract or other agreement to any person other than another  
 51 named insured, named beneficiary, or omnibus insured.

52 (2) As to suits based on claims arising under life  
 53 insurance policies or annuity contracts, ~~no~~ such attorney fees  
 54 ~~may not attorney's fee shall~~ be allowed if such suit was  
 55 commenced prior to expiration of 60 days after proof of the  
 56 claim was duly filed with the insurer.

57 (3) When so awarded, compensation or fees of the attorney  
 58 ~~must shall~~ be included in the judgment or decree rendered in the

Page 2 of 3

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

1-00417-19

2019122\_\_

59 case.

60 Section 3. This act shall take effect July 1, 2019.

# ASSIGNMENT OF BENEFITS

*Abuse of Florida's One-Way Attorney's Fee  
Law for Anti-Consumer Purposes*



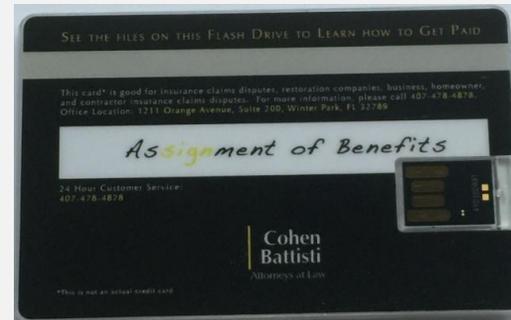
## **Q: HOW DID WE GET HERE?**

### **A: ABUSE OF FLORIDA LAW FOR PROFIT** **Profit-seekers are innovative & Florida's one-way attorney's fee law** **is abused to drive attorney profits**

- AOB's are the latest abusive claims practice and cost driver created by attorneys to generate fees, not to protect the consumer.
- Attorneys created a new AOB litigation market when the Legislature acted to stop other methods of manufacturing fees that were harming the public and the number of legitimate claims to sue also declined  
(e.g. sinkhole claim reforms, PIP reforms, and a decade without hurricanes)
- AOB's are a "first-party" coverage issue, so are seen only in first-party coverages like property insurance, comprehensive & collision insurance, and PIP.

# WHEN DID THE AOB APPROACH TO FEES BEGIN?

- AOBs began years ago with PIP claims. In about 2010, attorneys promoted expansion of AOBs to other coverages, like property and comprehensive & collision.
- The first significant spread seems tied to an inventive claims attorney who dubbed himself:  
**the Johnny Appleseed of Assignment of Benefits**
- This attorney began widely promulgating the new AOB approach in 2010 by conducting seminars and sending mailers to repair vendors. The mailer included this imitation credit card with a zip drive of template AOBs for vendors to have consumers sign.



# WHAT IS AN AOB?

Per Florida CFO, Division of Consumer Services:



- An AOB is an agreement that, once signed, transfers the insurance claims rights or benefits of your insurance policy to a third party.
- An AOB gives the third party authority to file a claim, make repair decisions and collect insurance payments without your involvement.

Per the “Johnny Appleseed of Assignment of Benefits”:

## What is an Assignment?

- Assignment of Benefits: Legal document entitling the restoration company to “stand in the shoes” of the insured.
- Assigning the benefits of the insurance policy for a specific claim
- Insurance Company has to deal with YOU as opposed to the property owner.
- The effect of a valid assignment is to allow you to receive all benefits and rights under the insurance contract.



# Q1: ARE THESE AOBs NECESSARY? Q2: DO DIRECTIONS TO PAY WORK?

## A1: NO

These AOBs are NOT necessary for customers to get repairs and payment under their insurance policy

- Not common in property and comprehensive & collision until 2010; not even permitted in some states
- Florida has claims handling laws that ensure consumers and vendors are protected

Why attorneys don't want Direction to Pay

## A2: YES

A Direction to Pay lets insurers talk to vendors and pay them directly *BUT DOES NOT* allow a vendor's attorney access to the one-way attorney's fees.

### Difference between Assignment of Benefits and Direction to Pay

#### Direction to Pay

- Simply instructs the insurance company how to pay
- Conveys no legal standing
- Can not bring suit under a direction to pay
- Bad faith, not an option

#### Assignment of Benefits

- Conveys legal standing
- Conveys to bring suit/claim against insurance company in dispute
- Allows the assignor to stand in the shoes of insured
- Bad faith becomes an option

## Q: WHY THEY WANT AOBs INSTEAD OF DTPs?

### A: AOBs ALLOW VENDORS & LAWYERS TO HAVE THEIR CAKE AND EAT IT TOO...

- AOB Attorneys can collect attorney's fees (unlike with DTPs)
- AOB Attorneys can bring bad faith cases (unlike with DTPs)
- AOB vendors demand payment while refusing to provide any documentation, itemization, or justification to the insurance company
  - Claiming they don't have to comply with policy requirements to cooperate in adjustment of claim
- AOB vendors can both “stand in the shoes of the insured” against the insurance company and still file a lien against the insured's home to collect

#### Fee Shifting

- Allows law firm to obtain their fees and costs separately from any client funds
- We do not take a penny of your money
- No costs to you
- See Florida Statute 627.428
- See your attorney for state specific statutes and/or case law

# CURRENT ONE-WAY ATTORNEY'S FEE LAW

## WAS INTENDED TO PROTECT INSUREDS (NOT VENDORS) BUT COURTS EXPANDED TO AOBs

627.428 Attorney's fee.—

(1) Upon the rendition of a judgment or decree by any of the courts of this state against an insurer and in favor of **any named or omnibus insured or the named beneficiary under a policy or contract executed by the insurer**, the trial court or, in the event of an appeal in which the insured or beneficiary prevails, the appellate court shall adjudge or decree against the insurer and in favor of the **insured or beneficiary** a reasonable sum as fees or compensation for the **insured's or beneficiary's attorney** prosecuting the suit in which the recovery is had.\*

*\*There is an identical one-way attorney fee statute applicable to the nonadmitted market, 626.9373, F.S.*

*Wilder v. Wright, 278 So.2d 1 (Fla. 1973)*

627.428 was “intended to govern the relationship between the contracting parties to the insurance policy. While the injured party may become a third party beneficiary under the policy, as stated in *Shingleton*, that third party may not automatically invoke all the provisions of the contract or statutes governing the rights and responsibilities flowing between insurer and insured.

*Continental Casualty Co. v. Ryan Inc. Eastern, 974 So.2d 368 (Fla. 2008):*

“Despite the express limitations in Section 627.428 as to the class of designated entities entitled to recover attorney's fees, this Court has previously approved an award of attorney's fees in situations where policy coverage was obtained through an assignment from the insured.”

## INTENT OF THE ONE-WAY ATTORNEY FEE STATUTE

“[T]he statute is a **one-way street** offering the potential for attorneys’ fees **only to the insured or beneficiary**...The...public policy underlying this...statute is to discourage insurers from contesting **valid claims** and to **reimburse successful policyholders** forced to sue to enforce their policies.” *Danis Industries Corp. v. Ground Improvement Techniques, Inc.*, 645 So.2d 420 (Fla. 1994) *citing* *Fewox v. McMerit Constr. Co.*, 556 So. 2d 419, 423 (Fla. 2d DCA 1989).

## PRACTICAL EFFECT OF CURRENT ONE-WAY ATTORNEY'S FEE LAW

### OPENS THE DOOR FOR CLAIMS ABUSE – A PUBLIC HARM

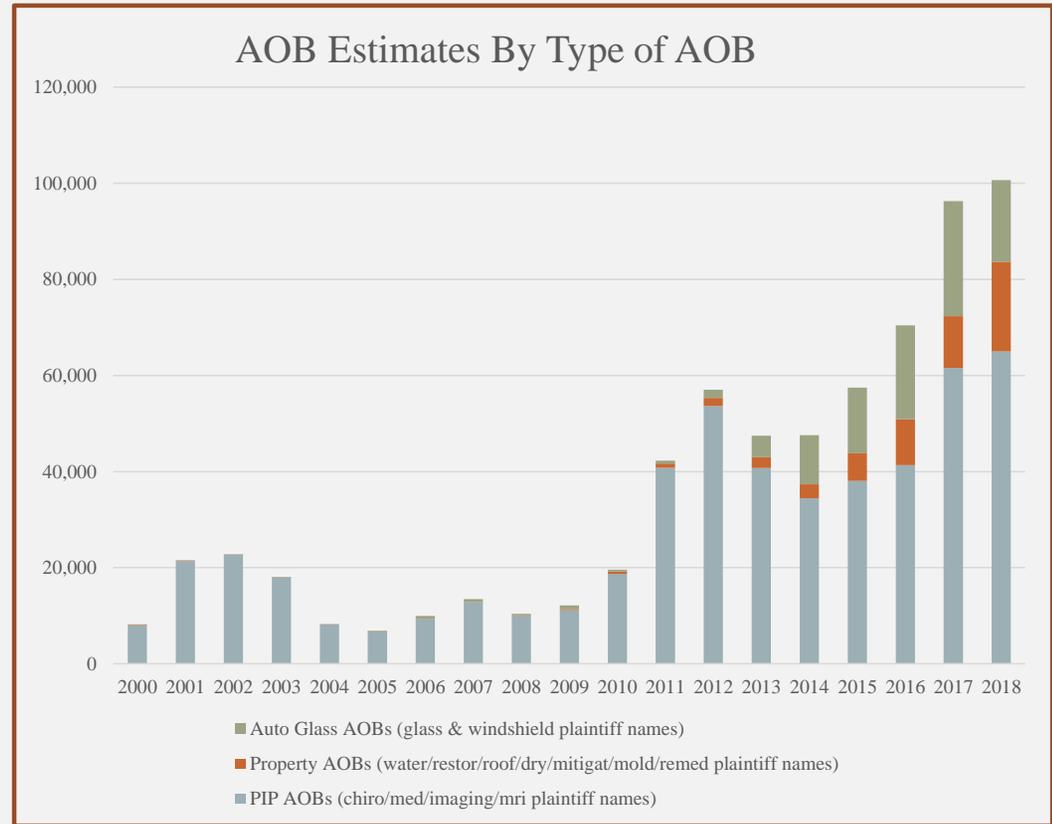
- 1) Insurers pay the AOB party's attorney fees when they lose.
- 2) Insurers pay their own attorney fees, even when they win.
- 3) Insurers may even pay the AOB party's fees when they win!
  - For example, an AOB vendor may agree to less than the disputed amount, but in order to settle, the vendor's attorney will ask for attorney's fees. This is a very common occurrence.
- 4) AOB litigation has skyrocketed.
- 5) Consumers ultimately pay in increased insurance premiums.

# ONE-WAY FEE STATUTE, WHEN OUT OF THE HANDS OF INSURED, CREATES IMBALANCE

- Because the one-way attorney fee statute was designed for named insureds, omnibus insureds,\*\* and named beneficiaries, it is a first-party right.
- AOBs were first used to expand beyond covered insureds in the marketplace for personal injury protection (PIP).
- Around 2010, AOBs exported to other first party coverages, namely, property and comprehensive & collision (chiefly, auto glass) coverages.

*\*Florida courts have upheld anti-assignment restrictions in life and health policies, hence AOBs are primarily seen in the property & casualty marketplace.*

*\*\*Omnibus insureds are defined in case law as parties mentioned in an insurance policy, but not by their legal name. For example, “pedestrians” and “passengers.”*



*\*Lawsuit data courtesy of the Florida Justice Reform Institute, pulled from the Florida Department of Financial Services' Service of Process website.*

# THE CURRENT AOB SYSTEM HARMS ALL CONSUMERS

## IMBALANCE CREATED BY TRANSFER OF ONE-WAY ATTORNEY FEE TO AOB VENDORS ENCOURAGES ABUSE

### Inflated claims costs

- Studies prove this. As Johnny Appleseed's presentation tells vendors, an AOB allows them to charge *more* than the customary prices established by the widely-accepted Xactimate pricing tool.

### Public harm

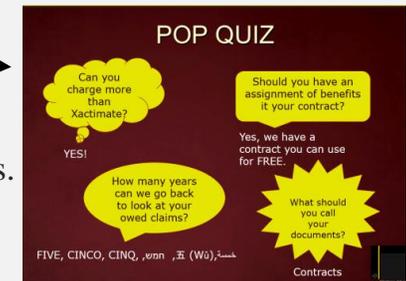
- Rising insurance rates
  - Without reform, Commissioner says premiums could rise an average of 29.5% over the next 5 years.
- Skyrocketing litigation

### Harm specific to insured consumers who sign an AOB

- Total loss of control over their claim
- Potential lawsuits filed in their name without their knowledge
- Inability to change vendors if displeased with work or delays
- Potential to be sued by the vendor
- Potential for vendor to put lien on home
- Potential risk of the broad, irrevocable power-of-attorney contained in AOBs
- Contractual duty to indemnify vendors

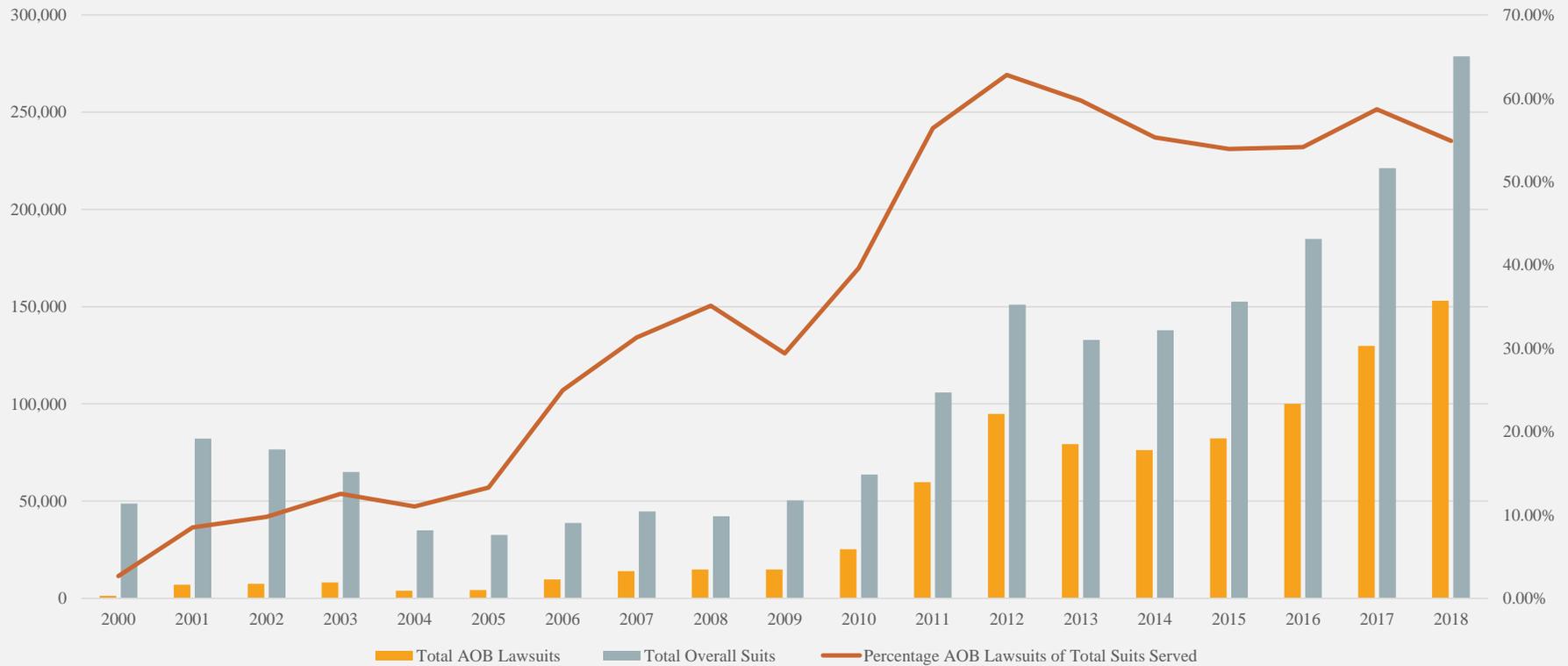
### Instances of fraud

- E.g., the recent arrest of the owner of Kinneccorps, LLC, an AOB vendor who brought 157 lawsuits in 2018 and was represented by "the Johnny Appleseed of AOB"



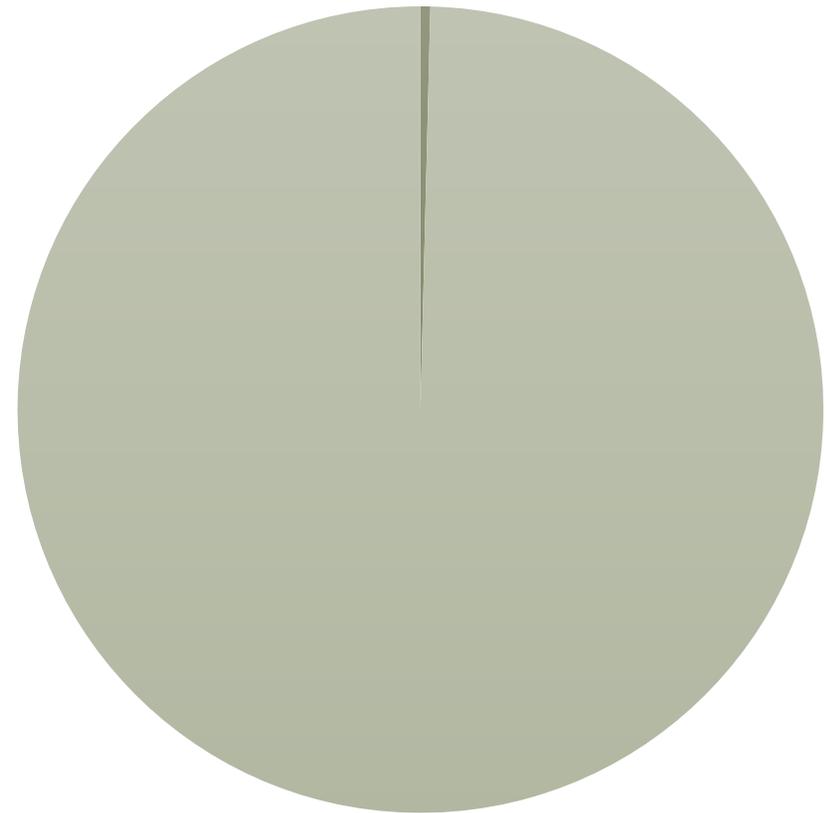
# AOBS NOW MAKE UP A MAJORITY OF ALL INSURANCE LITIGATION REPORTED TO DFS

AOB Litigation as a % of Total Insurance Litigation



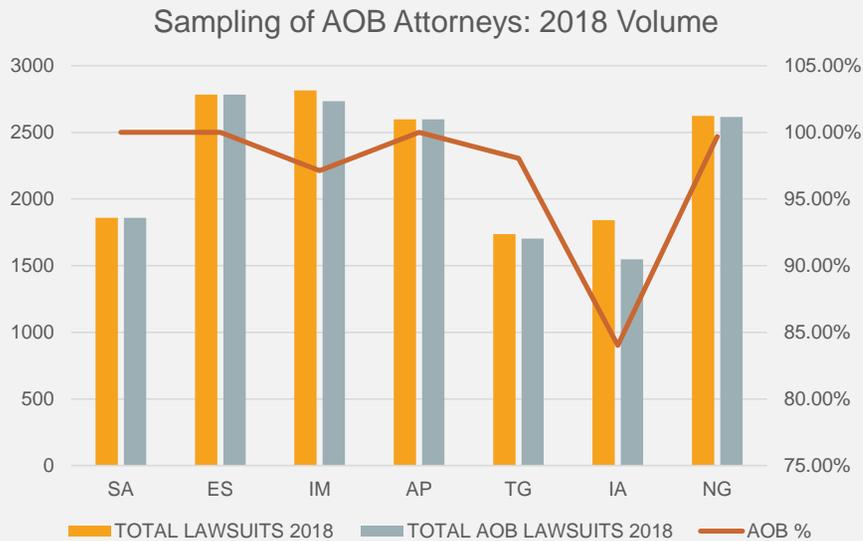
*\*Data courtesy of FJRI, from the DFS Service of Process database.*

**HOWEVER,  
AOB  
LITIGATION IS  
BROUGHT BY A  
SMALL  
NUMBER OF  
ATTORNEYS**



■ AOB ATTORNEYS    ■ FLORIDA BAR ATTORNEYS

# ATTORNEY EXAMPLES



*\*note that there are a couple attorneys who have over 6,000 lawsuits. There is also an attorney that filed over 30,000 AOB lawsuits in 2018. They're not included on this chart because it skewed the axis.*

- AOB attorneys often limit their practice to AOB cases—examples to the left.
- These attorneys churn a tremendous—often, unimaginable—number of AOB cases.
- They partner with a vendor, and then request the vendor use an AOB for every job, and then submit the AOB and the bill to the attorney.

# ATTORNEY EXAMPLES

Breakdown of Attorney AOB "Specialty"



*\*note that there are a couple attorneys who have over 6,000 lawsuits. There is also an attorney that filed over 30,000 AOB lawsuits in 2018. They're not included on this chart because it skewed the axis.*

- The attorney then files a lawsuit—typically—over every bill.
- These attorneys have relatively few clients in relation to the volume of lawsuits they file, because they file lawsuits for practically every bill a few vendors issue.
- One cannot produce this volume of AOB lawsuits “organically.” This is a “business plan” or scheme to form litigation mills for personal profit, not to address a public need or harm.
- Some AOB attorneys are even going into the vendor business, where now, they are sometimes both the attorney and the client.

# COURTS: IT'S UP TO THE LEGISLATURE

- *Security First v. OIR*, 1D14-1864, June 22, 2015
- Facts: Insurer sought to restrict post-loss assignments in policy contract by requiring the insurer's written consent. OIR disapproved the form, citing Florida law authorizing such assignments. OIR's decision was upheld in administrative processes, leading to the appellate challenge.
- Issue: Was OIR's refusal to approve the policy, which required insurer's written consent for post-loss assignments, in error?
- Decision: Affirmed. Florida law allows policyholders to freely assign claims without insurer consent.

*“...[W]e are not unmindful of the concerns that [insurer] expressed in support of its policy change, providing evidence that inflated or fraudulent post-loss claims filed by remediation companies exceeded by thirty percent comparable services; that policyholders may sign away their rights without understanding the implications; and that a ‘cottage industry’ of ‘vendors, contractors, and attorneys’ exists that use the ‘assignments of benefits and the threat of litigation’ to ‘extract higher payments from insurers.’ These concerns, however, are matters of policy that we are ill-suited to address.”*

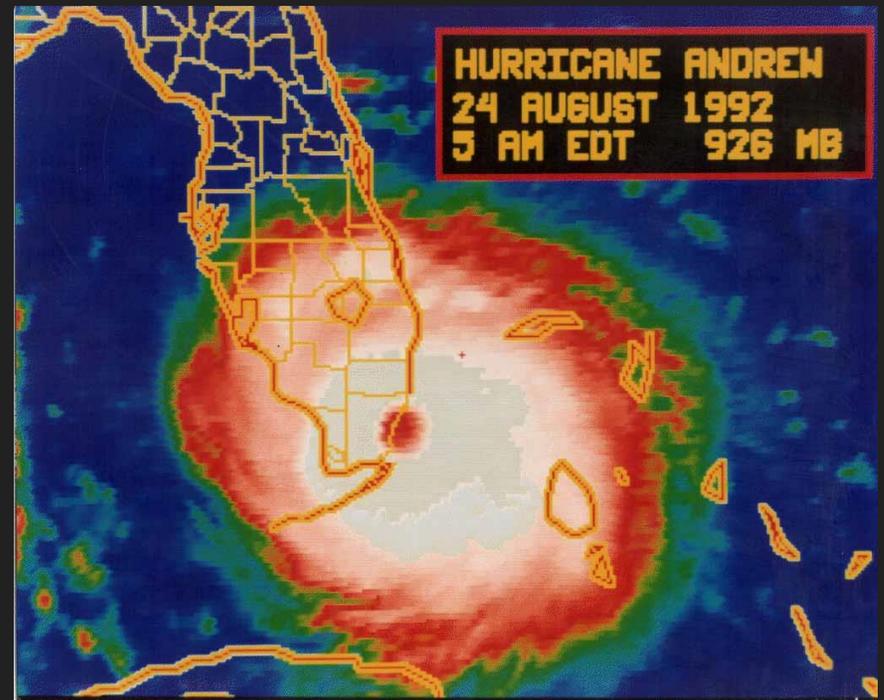
**QUESTIONS?**

# How Insurers Created the AOB “Crisis”

Insurers delay, deny, dispute legitimate claims.

# Insurers Delay, Deny, Dispute Claims

- Post Hurricane Andrew: Large insurers exit Florida market.
- Smaller insurers filled the void.
- Enjoyed inactive storm seasons.
- When tested, insurers' independent adjuster network failed.
- Citizens Property Insurance employed, "*refined litigation strategies.*"
- Insurers delay, deny, dispute meritorious claims.
- Homeowners/vendors file lawsuits seeking payment.



# Why Homeowners Choose to Assign Benefits to Contractors?

- Emergency repairs begin immediately, without down payment.
- Contractor accepts burden of working with insurer (not the homeowner).
- Removes homeowner from mediator-role between contractor and insurer.
- Have a higher rate of being made whole (i.e. full repairs with proper material) than no assignment being used.
- Promotes competition and greater choice of contractor.
- Contractor works for homeowner, not the insurance company.

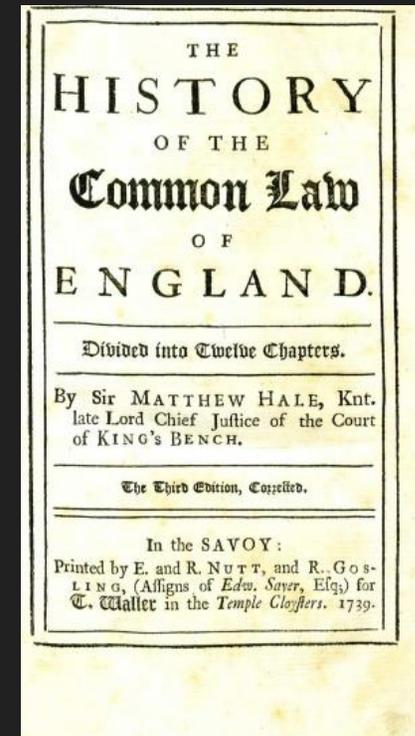


# Assignees Stand in the Insured's Shoes

Under a principle adopted from English common law, with an AOB, contractors, physicians, dentists, etc. are treated as if they **"stand in the insured's shoes."**

***"The right of an assignee to sue for breach of contract to enforce assigned rights predates the Florida Constitution."***

Source: *Nationwide Mut. Fire Ins. Co. v. Pinnacle Med., Inc.*,  
753 So.2d 55 (Fla.2000)



# Insurers & AOBs: Do What We Want, Not What We Do

In litigation against other carriers, **insurance Companies use assignment of benefits** to recover attorney's fees under *Sec. 627.428, Florida Statutes*.

Insurers freely exercise their assignment rights **at the same time as they push to curb homeowners' assignment rights.**

125 So.3d 263

District Court of Appeal of Florida,  
Fourth District.

INDIANA LUMBERMENS MUTUAL  
INSURANCE COMPANY, Appellant,

v.

PENNSYLVANIA LUMBERMENS MUTUAL  
INSURANCE COMPANY, Appellee.

No. 4D11-3822.

|  
March 6, 2013.

# Insurers' Business Practices Cause Litigation

Why do so many policyholders have difficulty getting claims paid?

# Insurers' Business Practices Cause Litigation

Frustrated by delays, missed deadlines, slow payment, low-balled payments, or no payment of legitimate claims, Florida consumers and their chosen contractors are taking insurers to court.



# Insurers' Business Practices Cause Litigation

**“If I don’t bring suit, [the insurance companies] can push me off for six months. They won’t move fast enough to send an adjuster out to inspect the property. They don’t want us to remove things either, but then when mold is growing they want to deny that portion of the claim.”**

Jeff Grant

Small Business Owner, President, Florida Association of Restoration Specialists

Business Observer, May 12, 2017

# Insurers' Business Practices Cause Litigation

## Prior State of Water Team

- Non Litigation water claims were not segmented
  - Handled by MCM adjusters
    - Up to 600 IA's deployed that could obtain a water assignment
  - Complex policy coverage interpretation
  - Difficult to determine the scope of damages
  - Lack of understanding of IICRC water guidelines for mitigation

# Insurers' Business Practices Cause Litigation

Citizens pays a third-party claims management firm Lynx (which are not adjusters) \$1.8 million to review and negotiate disputed claims.

Lynx receives a cut of the difference between the contractor's original estimate and the lower negotiated payment.

This ONLY serves to promote litigation.



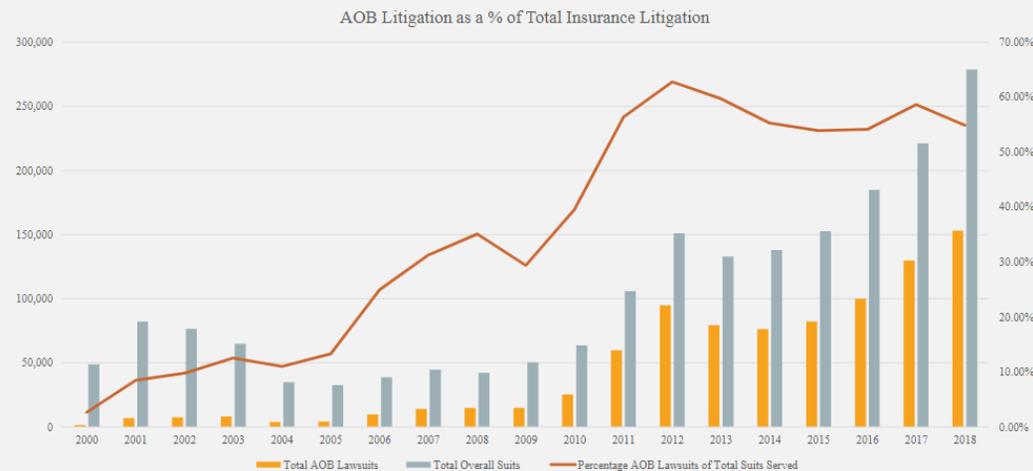
South Florida Sun Sentinel  
July 19, 2016

# Exposing Devious Deceptive Data

**Misleading numbers promote false conclusions.**

# AOB H2O Claims Tiny Percentage of Suits

## AOBS NOW MAKE UP A MAJORITY OF ALL INSURANCE LITIGATION REPORTED TO DFS

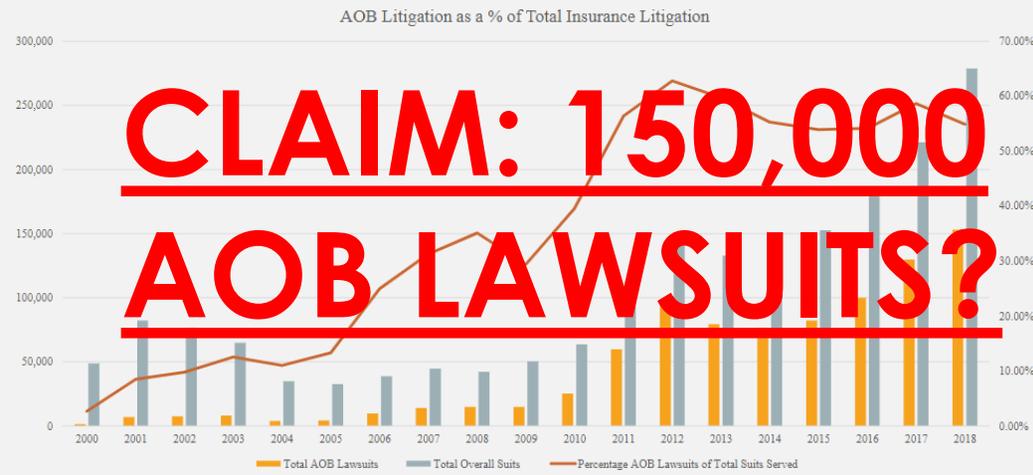


*\*Data courtesy of FJRI, from the DFS Service of Process database.*

**Source:** Presentation to Florida Senate Banking & Insurance Committee, Jan. 22, 2019

# AOB H2O Claims Tiny Percentage of Suits

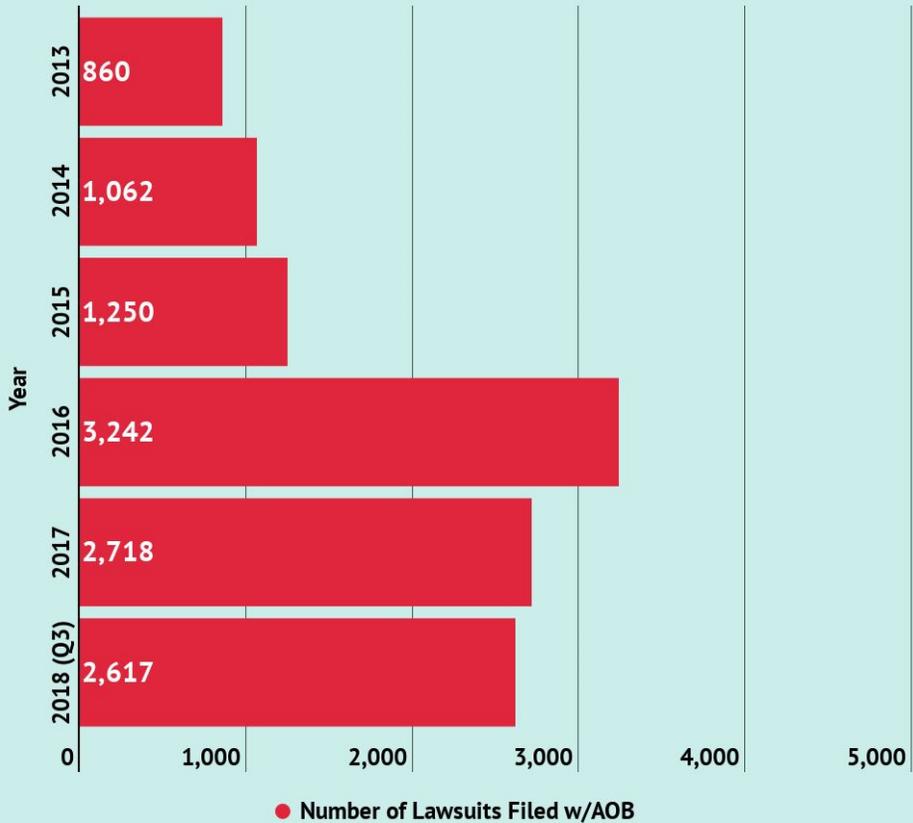
**AOBS NOW MAKE UP A MAJORITY OF ALL INSURANCE LITIGATION REPORTED TO DFS**



*\*Data courtesy of FJRI, from the DFS Service of Process database.*

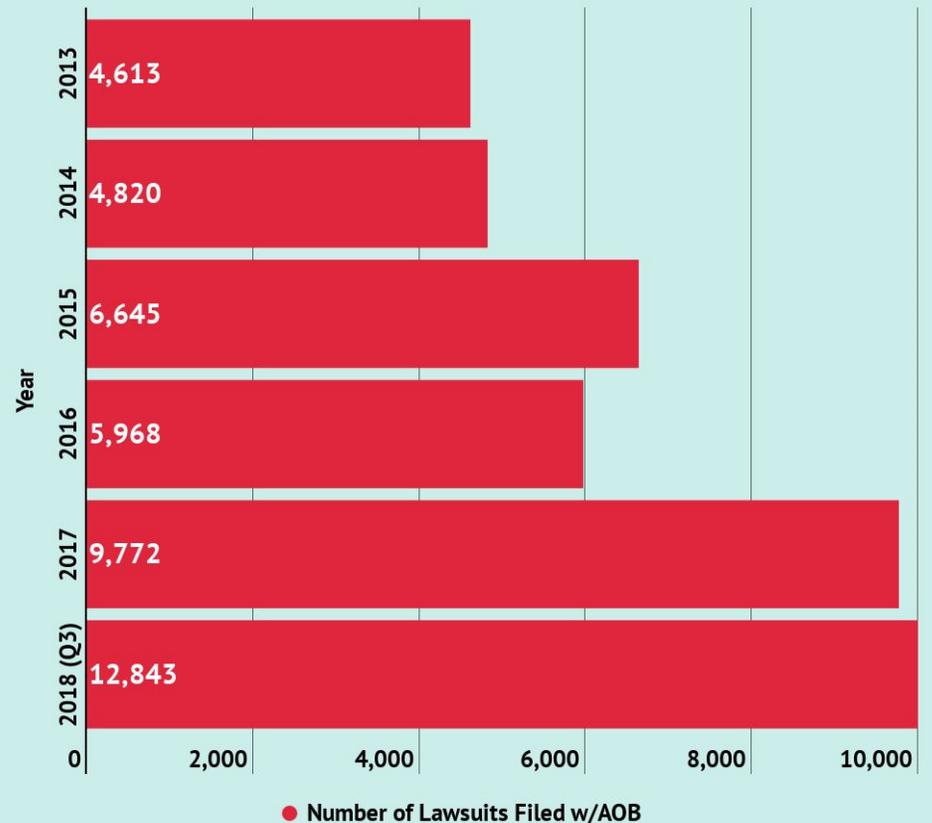
**Source:** Presentation to Florida Senate Banking & Insurance Committee, Jan. 22, 2019

## Citizens' Property Insurance Litigation (with AOB) 2013 - 2018 (Q3)



Source: DFSL SOP 2013-2018 (Q3)

## Litigation (with AOB) Involving All Other Insurance Carriers 2013 - 2018 (Q3)



Source: DFSL SOP 2013-2018 (Q3)

# Citizens Numbers Don't Add Up

- According to Citizens, from 2016 - 2018 annual litigation percentages have dropped.
- 3 out of 4 claims in litigation are brought by individual insureds.
- This is an adjustment crisis.

**CITIZENS**  
PROPERTY INSURANCE CORPORATION

## Carrier Litigation Expense

Litigation has been increasing steadily for all carriers.

	2013	2014	2015	2016	2017	2018
<b>Citizens Property Insurance Company</b>						
All	9,146	9,525	7,653	10,061	7,624	13,363
AOB	860	1,062	1,250	3,242	2,718	3,631
AOB %	9%	11%	16%	32%	36%	27%
<b>All Other Carriers</b>						
All	18,270	22,122	30,167	31,790	41,524	69,300
AOB	4,613	4,820	6,645	5,968	9,772	17,421
AOB %	25%	22%	22%	19%	24%	25%
<b>Total All</b>	<b>27,416</b>	<b>31,647</b>	<b>37,820</b>	<b>41,851</b>	<b>49,148</b>	<b>82,663</b>
<b>Total AOB</b>	<b>5,473</b>	<b>5,882</b>	<b>7,895</b>	<b>9,210</b>	<b>12,490</b>	<b>21,052</b>
<b>Total AOB %</b>	<b>20%</b>	<b>19%</b>	<b>21%</b>	<b>22%</b>	<b>25%</b>	<b>25%</b>

Data source – DFS LSOP 2013-2018 Q4

Note: 2018 Q3 data includes Hurricane Irma which represents around 60% of all new Litigation for Citizens Property Insurance in 2018.

Source: Presentation to Florida Senate Banking & Insurance Committee, Jan. 22, 2019

# Citizens Numbers Don't Add Up

- Out of 427,397 of outstanding policies, it is claimed that the 3,631 claims in 2018 are what is creating a “crisis.”
- That is .0084956 percent of Citizens Property Insurance policies.

Account	Policies
PLA (PR-M)	304,507
Coastal (PR-M)	58,496
Coastal (PR-W)	57,609
Coastal (CR-M)	170
Coastal (CR-W)	2,346
Coastal (CNR-M)	31
Coastal (CNR-W)	3,319
CLA (CR-M)	705
CLA (CNR-M)	214
<b>Total (12.31.18)</b>	<b>427,397</b>

Source: Citizens Property Insurance Website

# The Truth About Attorneys' Fees

A Popular Insurer Talking Point is Irrelevant in Real Life

# Straight Talk About Attorneys' Fees

Prevailing consumer attorneys' fees under Florida Supreme Court *State Farm vs. Nichols* ruling.

## Current Common Law for Proposal for Settlement

If the Judgment is:	The Insured Receives:	The Insurer Receives:
No liability	No fees	Post-offer fees under the offer of judgment statutes
75 percent or less of insurer's offer	Pre-offer fees under section 627.428, F.S.	Post-offer fees under the offer of judgment statute
More than 75 percent of insurer's offer, but not more than 100 percent	Pre-offer fees under section 627.428, F.S.	No fees
More than insurer's offer	All fees under section 627.428, F.S.	No fees

Source: *State Farm Mutual Automobile Insurance Co. v. Nichols*  
932 So.2d 1067 (Fla. 2006)

# Straight Talk About Attorneys' Fees

**Insurance claims cases in question are meritorious.**

**Insurers only pay attorneys' fees when they lose or settle cases.**



# Straight Talk About Attorneys' Fees

## Insurers Cost Shift Defense Costs to Policyholders

Insurers take the millions of dollars they run up in defense costs and *stick policyholders with the bill* in the form of higher rates.

Claims insurers fight total an average of \$5,000.

Holds insurers harmless when they choose to fight meritorious cases.



# Straight Talk About Attorneys' Fees

Between 2012 and 2016, Citizens spent more than **\$390 million** in defense attorneys fees – **\$78 million a year.**

Reports show the average claim fought by Citizens can be as low as \$1,000 in damages.

Source: Citizens Property Insurance



# Straight Talk About Attorneys' Fees

## Audit Exposed

- Value billing,
- Double billing,
- Billing for duplicating work,
- Billing for unnecessary or unneeded work or work never performed,
- Inflating time per task,
- Associates billing their time utilizing more expensive senior Attorney's higher billing rate, and
- Billing on cases that were already closed and/or settled.

**Report Number:** 2013-AUD-15



confidentiality  
integrity  
ethics  
objectivity  
competency

**office of the  
internal auditor**

**FORENSIC AUDIT REPORT**

**Legal Defense Billing**  
Audit Opinion: Unsatisfactory

# Straight Talk About Attorneys' Fees

**“Citizens has a lack of management oversight and inadequate procedures over the management of claims litigation attorney spend on an individual and aggregate level. As such we are of the opinion that processes deployed are unsatisfactory.”**

Citizens Forensic Audit Report,  
May 31, 2014  
Report Number: 2013-AUD-15



confidentiality  
integrity  
ethics  
objectivity  
competency

**office of the  
internal auditor**

**FORENSIC AUDIT REPORT**

**Legal Defense Billing**  
Audit Opinion: Unsatisfactory

# Homeowners Will Suffer the Consequences

Legislation would open door to more liens on homes.

# Homeowners Will Suffer the Consequences

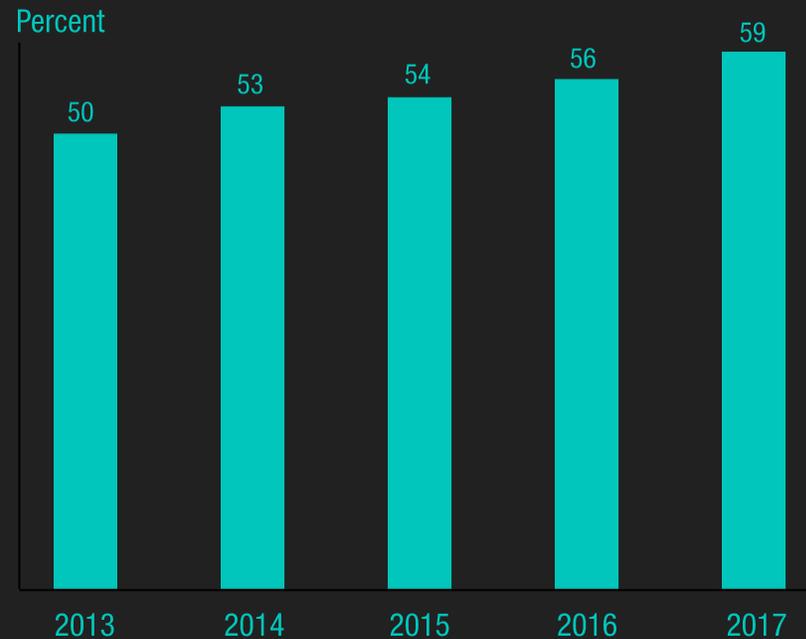
Homeowners will have to pay out-of-pocket for contractor services and wait for insurer to pay claim or face having liens put on their property.



# Homeowners Will Suffer the Consequences

Nearly 40 of Americans surveyed say they WOULD NOT be able to cover a \$400 setback using their savings.

Would cover a \$400 emergency expense using cash or its equivalent (by survey year)



Source: Board of Governors of the Federal Reserve System, Survey of Household Economics and Decisionmaking, May 2018

# Homeowners Will Suffer the Consequences

Contractors seeking deposits to begin work or payment for work completed would put liens on homes under Ch. 713.02, Florida Statutes.

CLAIM OF LIEN

State of Florida  
County of St. Johns

Before me, Mellisa Ann Dick the undersigned notary public, personally appeared James E Soderlund Jr. who was duly sworn and says that he is the Trustee/Manager (the lienor herein) (the agent of the lienor here in), whose address is 3481 St. Augustine Road, Jacksonville, FL 32207; and that in accordance with a contract with Michael P. Blevins, lienor furnished labor, services, or materials consisting of Roofing Labor & Material on the following described real property in Duval County, Florida:

0544100550  
20/101-107 MARSH LANDING AT SWAGRASS UNIT TEN LOT55 OR842/114  
12313 ARBOR DR.  
PONTE VEDRA BEACH, FL. 32082-0000

Owned by Michael P. Blevins of a total value of \$19,298.00, of which there remains unpaid \$19,298.00, and furnished the first of the items on 12/6/2017 and the last of the items on 12/12/2017; and (if the lien is claimed by one not in privity with the owner) that the lienor served her or his notice to owner on 2/20/2018, by U.S. Certified Mail, Return Receipt No. 7015166000039107248 and (if required) that the lienor served copies of the notice on the contractor on, N/A, by N/A and on the subcontractor, N/A, on N/A, by N/A.

Company Name: Quality Discount Roofing LLC.  
By: \_\_\_\_\_  
Print Name: James E. Soderlund Jr.



INSURANCE  
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# Florida's assignment of benefits crisis

Runaway litigation is spreading, and consumers are paying the price

James Lynch, FCAS MAAA, Chief Actuary

Insurance Information Institute ♦ 110 William Street ♦ New York, NY 10038  
212.346.5533 ♦ jamesl@iii.org ♦ www.iii.org

# Florida's legal environment drives abuse

## One-way attorney's fee statute

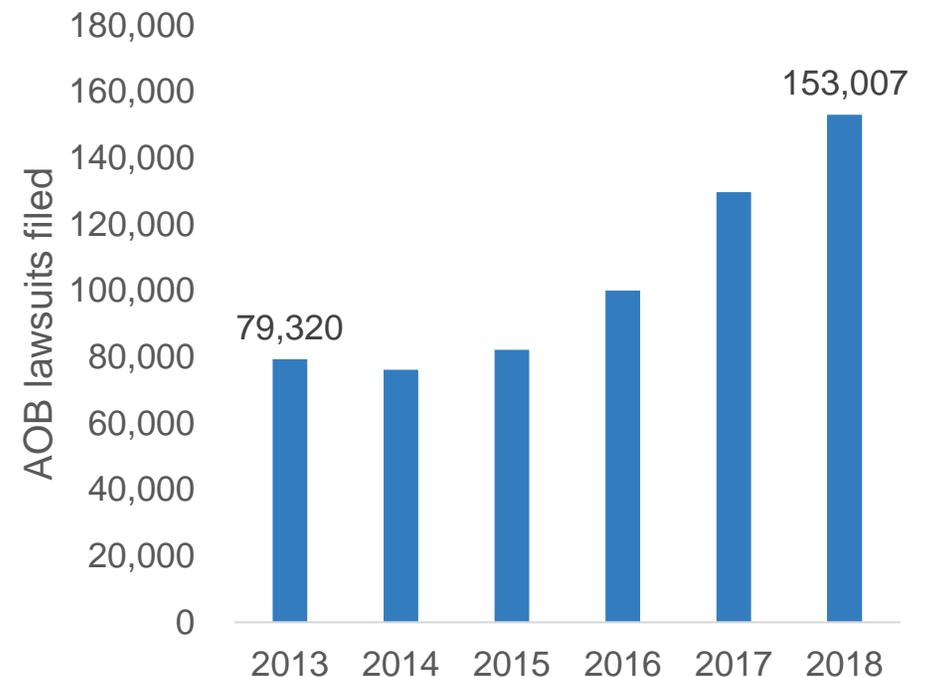
If plaintiff wins lawsuit, insurer pays their attorney's fees – but if plaintiff loses, they don't pay insurer's fees

## No insurer consent needed

Insureds can assign their benefits to a third-party without insurer consent or knowledge

## AOB lawsuits are increasing

### AOB lawsuits statewide

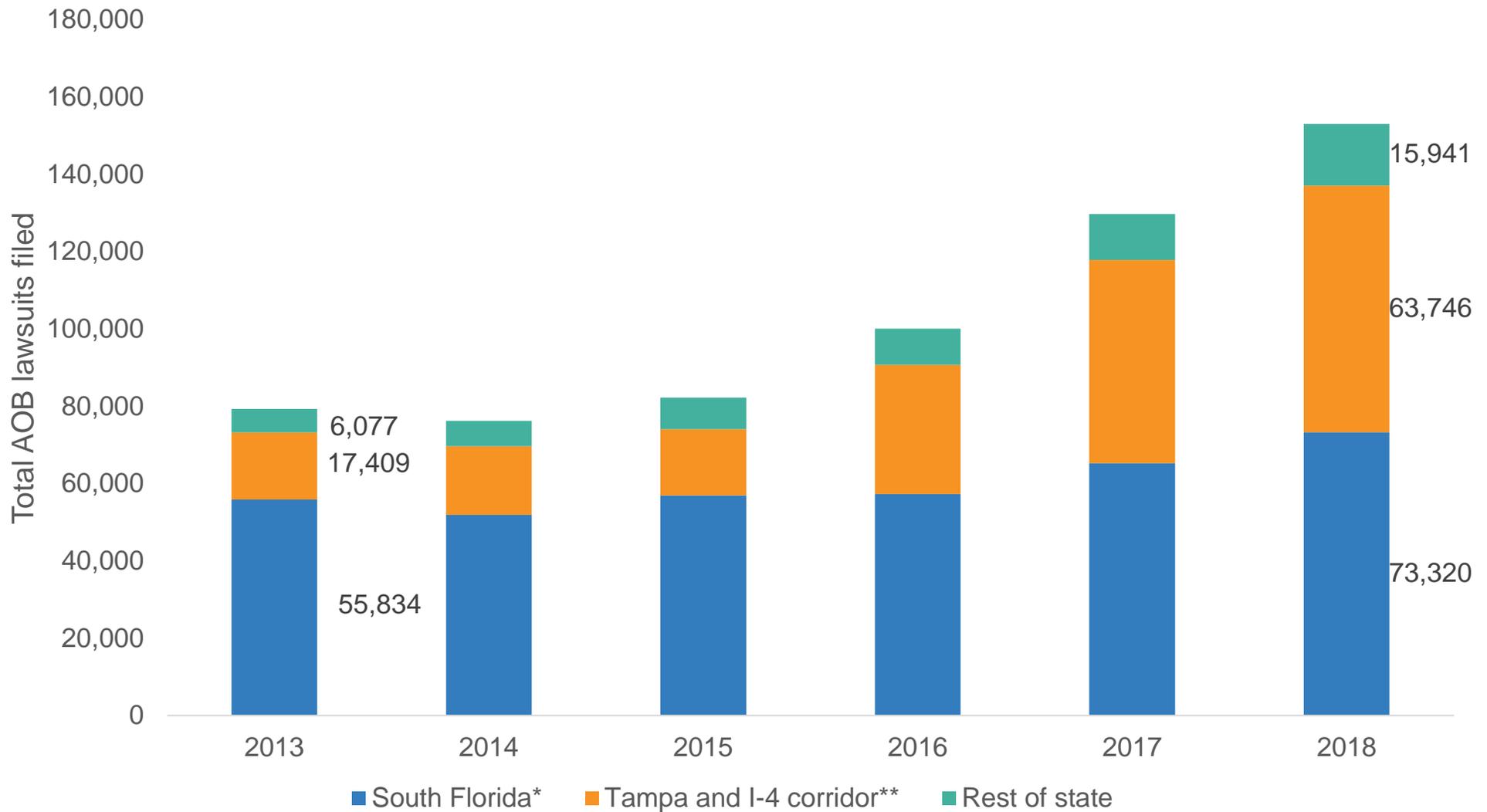


Source: Florida Department of Financial Services Service of Process Database, Insurance Information Institute.



# The abuse is spreading across Florida

## AOB lawsuits by region



\*Miami-Dade, Broward, and Palm Beach Counties.

\*\*Pinellas, Hillsborough, Orange, Volusia, Osceola, Polk and Seminole Counties.

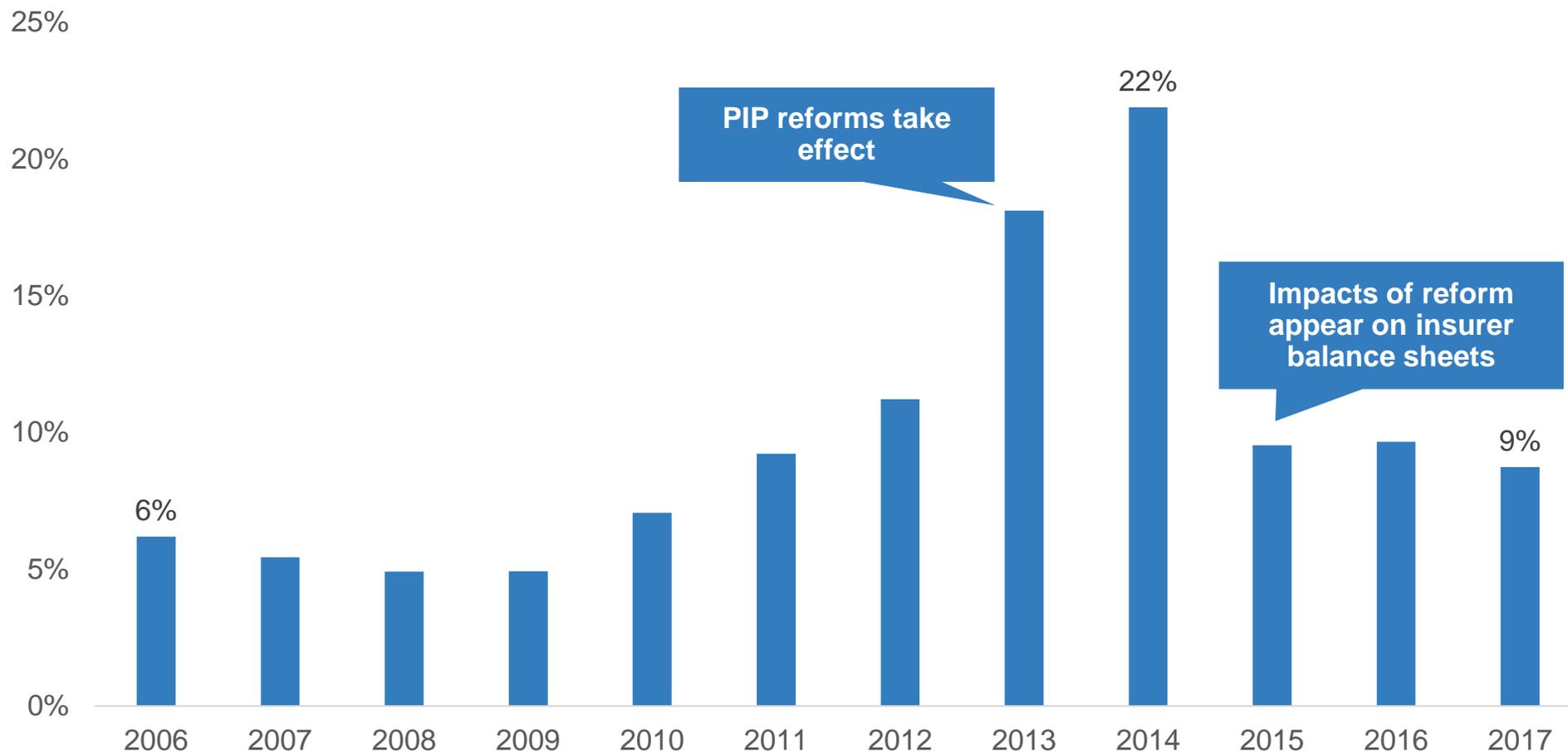
Source: Florida Department of Financial Services Service of Process Database, Insurance Information Institute.



# AOB abuse and impacts on PIP legal costs

**The cost of settling claims** grew in Florida, but subsided after legislative reforms.

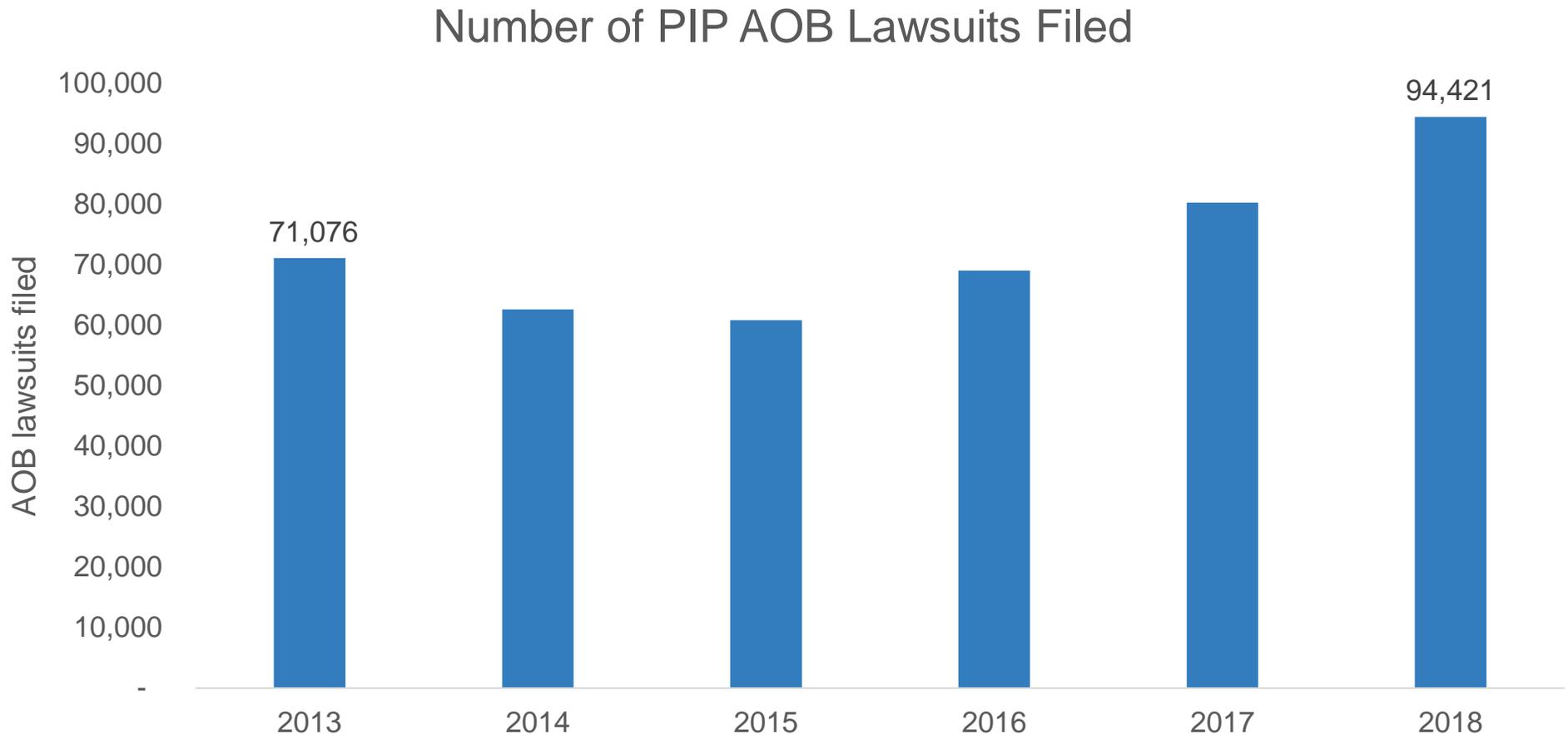
Adjustment expenses as a percentage of incurred claims



Source: NAIC data, sourced from S&P Global Market Intelligence, Insurance Information Institute.

# No-fault AOB lawsuits are ticking back up

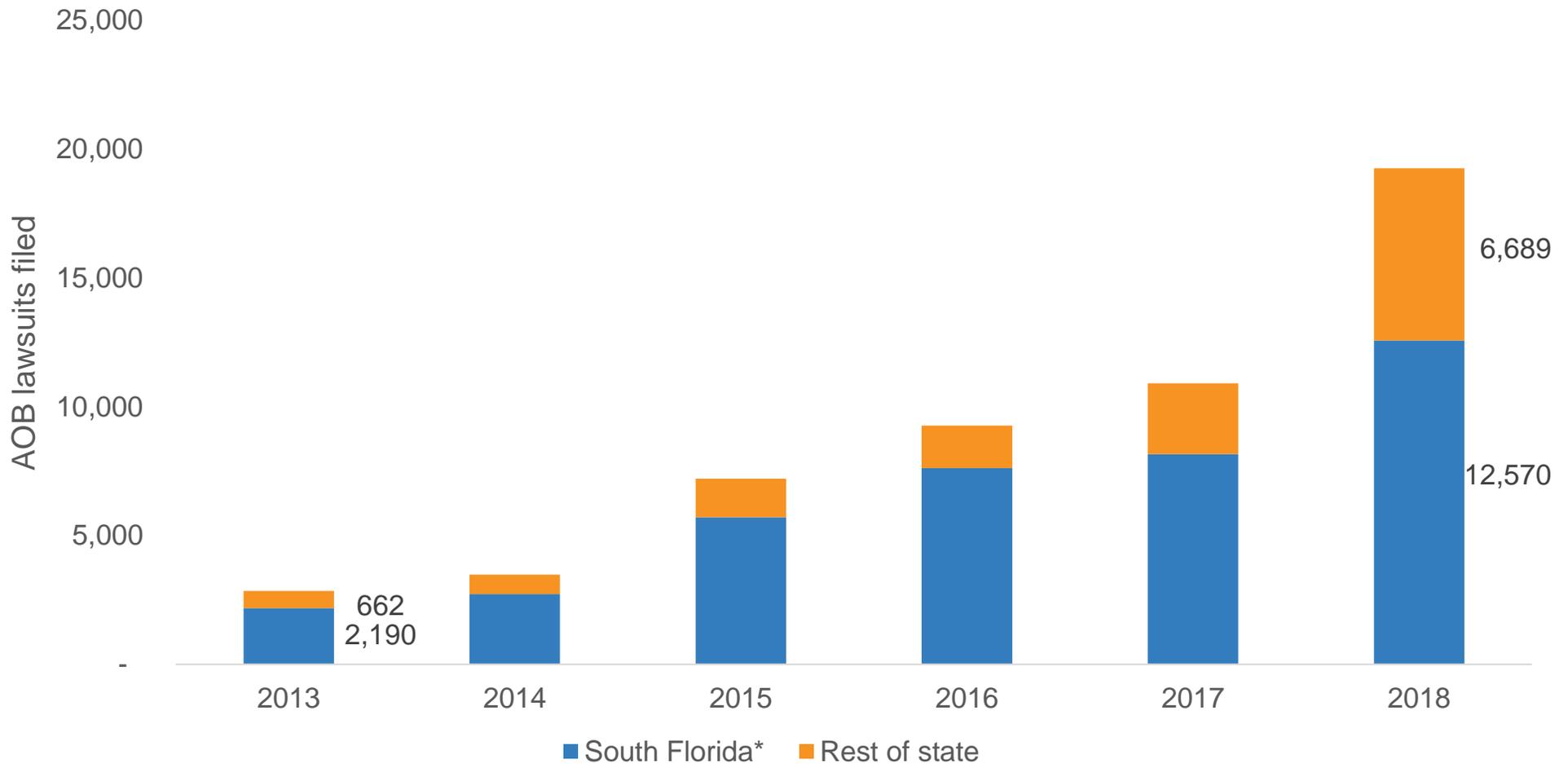
We can expect legal costs – and premiums – to increase soon



Source: Florida Department of Financial Services Service of Process Database, Insurance Information Institute.

# AOB abuse increases – and spreads beyond South Florida

Number of homeowners property lawsuits filed

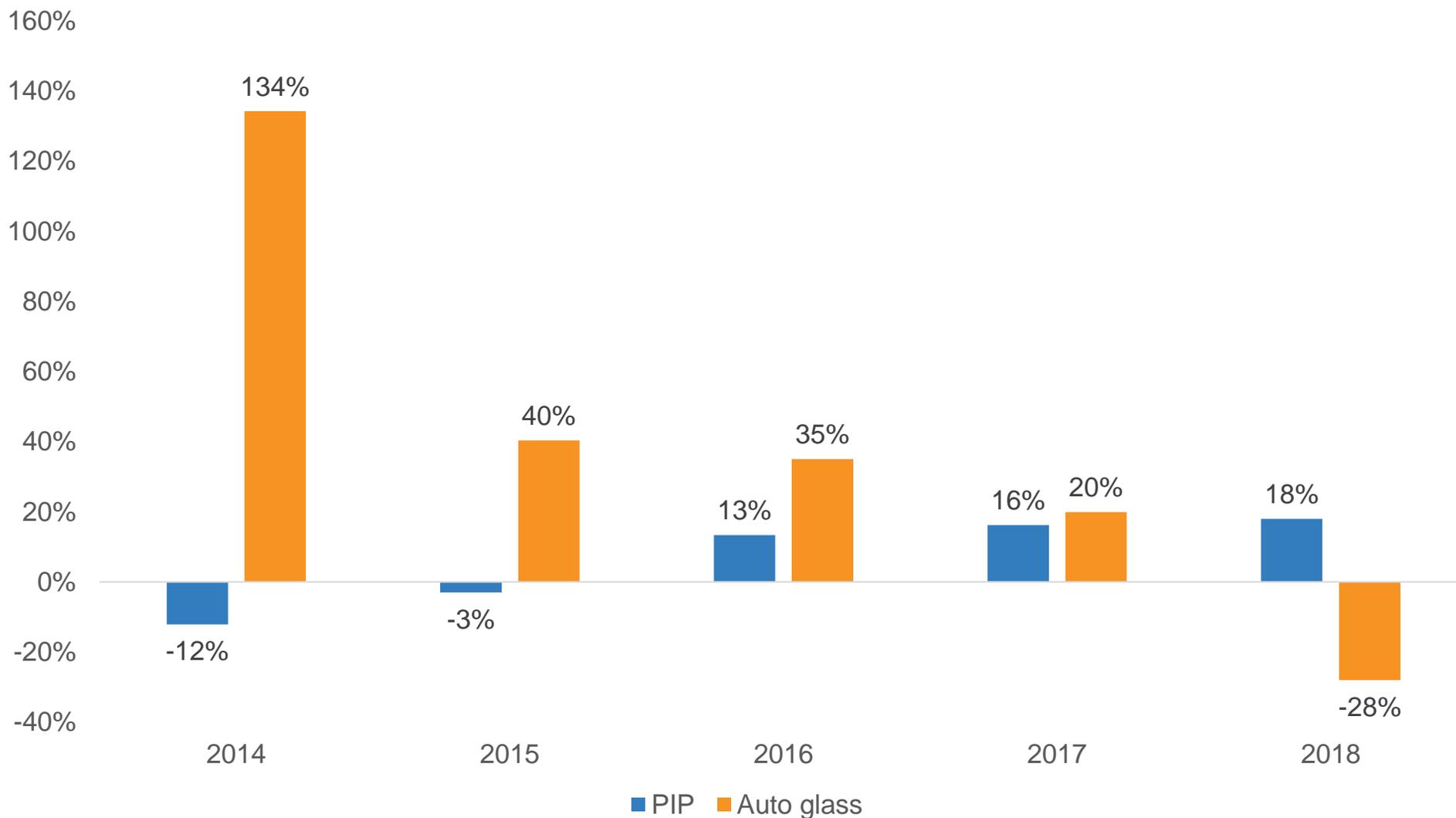


\*Miami-Dade, Broward, and Palm Beach Counties.

Source: Florida Department of Financial Services Service of Process Database, Insurance Information Institute.

# Abuse spread to auto glass virtually overnight

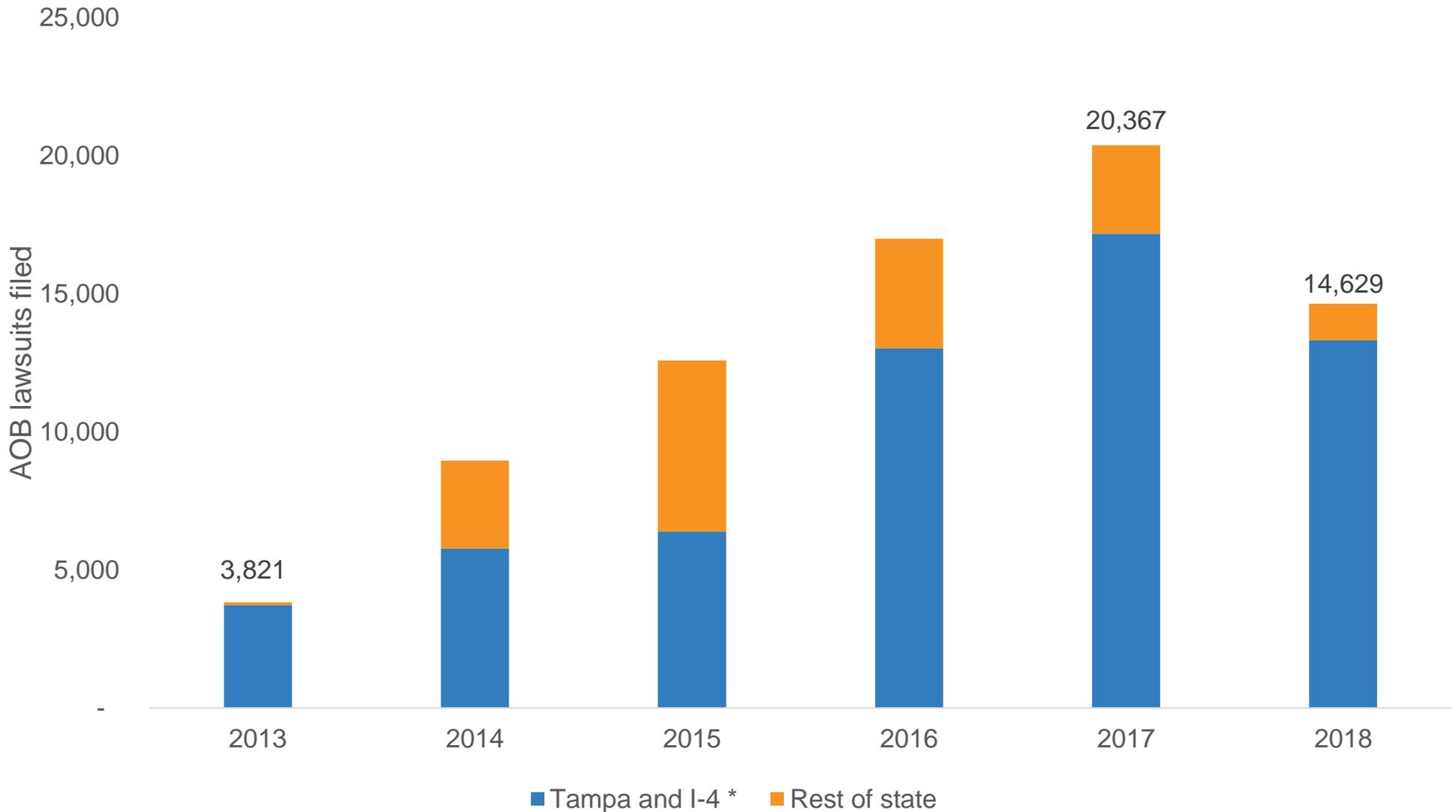
AOB lawsuits filed, percent change from prior year



Source: Florida Department of Financial Services Service of Process Database, Insurance Information Institute.

# Has the problem been addressed?

## Statewide auto glass AOB lawsuits

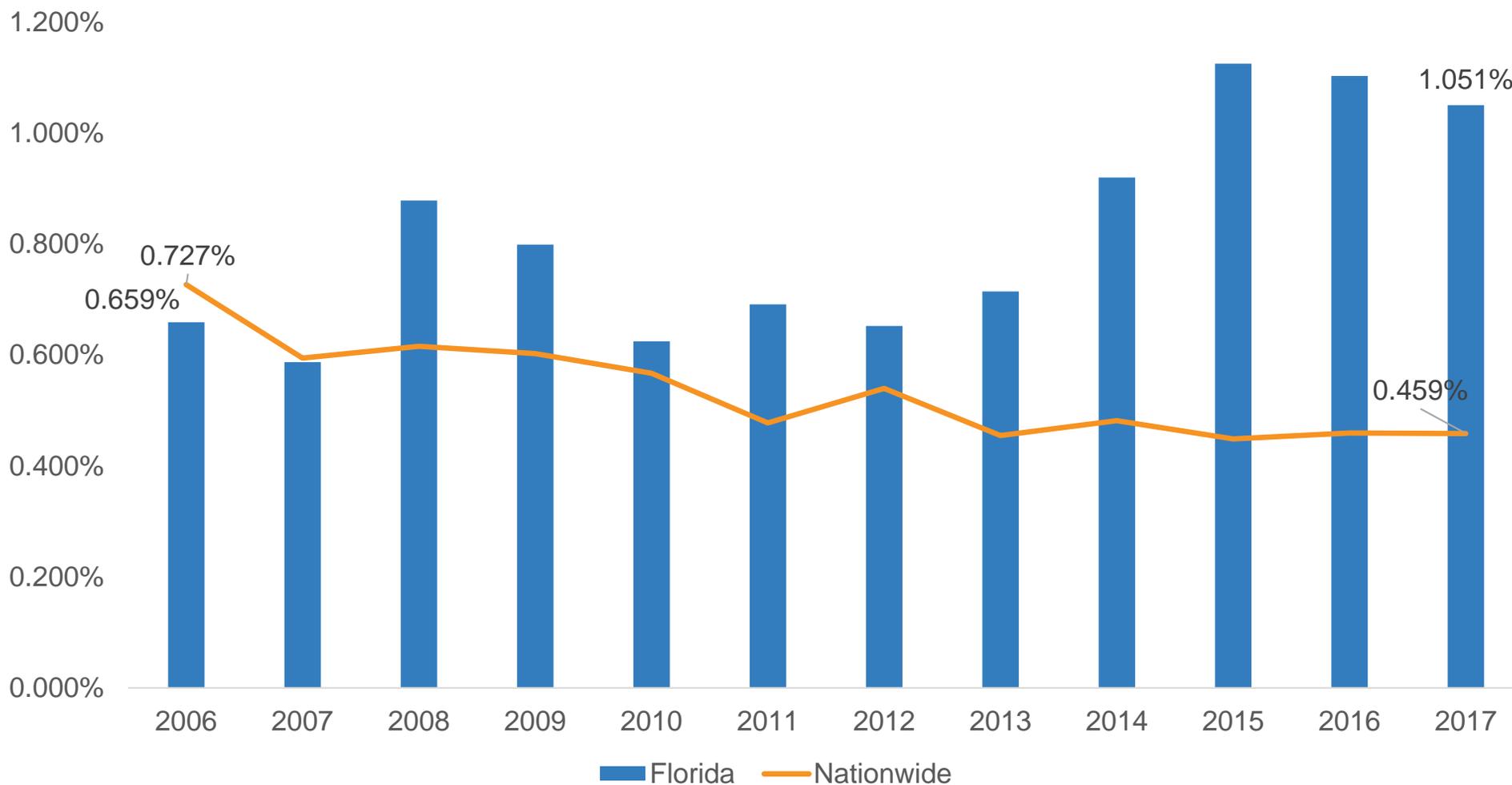


\*Pinellas, Hillsborough, Orange, Volusia, Osceola, Polk and Seminole Counties.

Source: Florida Department of Financial Services Service of Process Database, Insurance Information Institute.

# Is auto glass abuse impacting legal costs?

Adjustment expenses as a percentage of incurred losses, physical damage



Source: NAIC data, sourced from S&P Global Market Intelligence, Insurance Information Institute.



**INSURANCE  
INFORMATION**  
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Thank you!

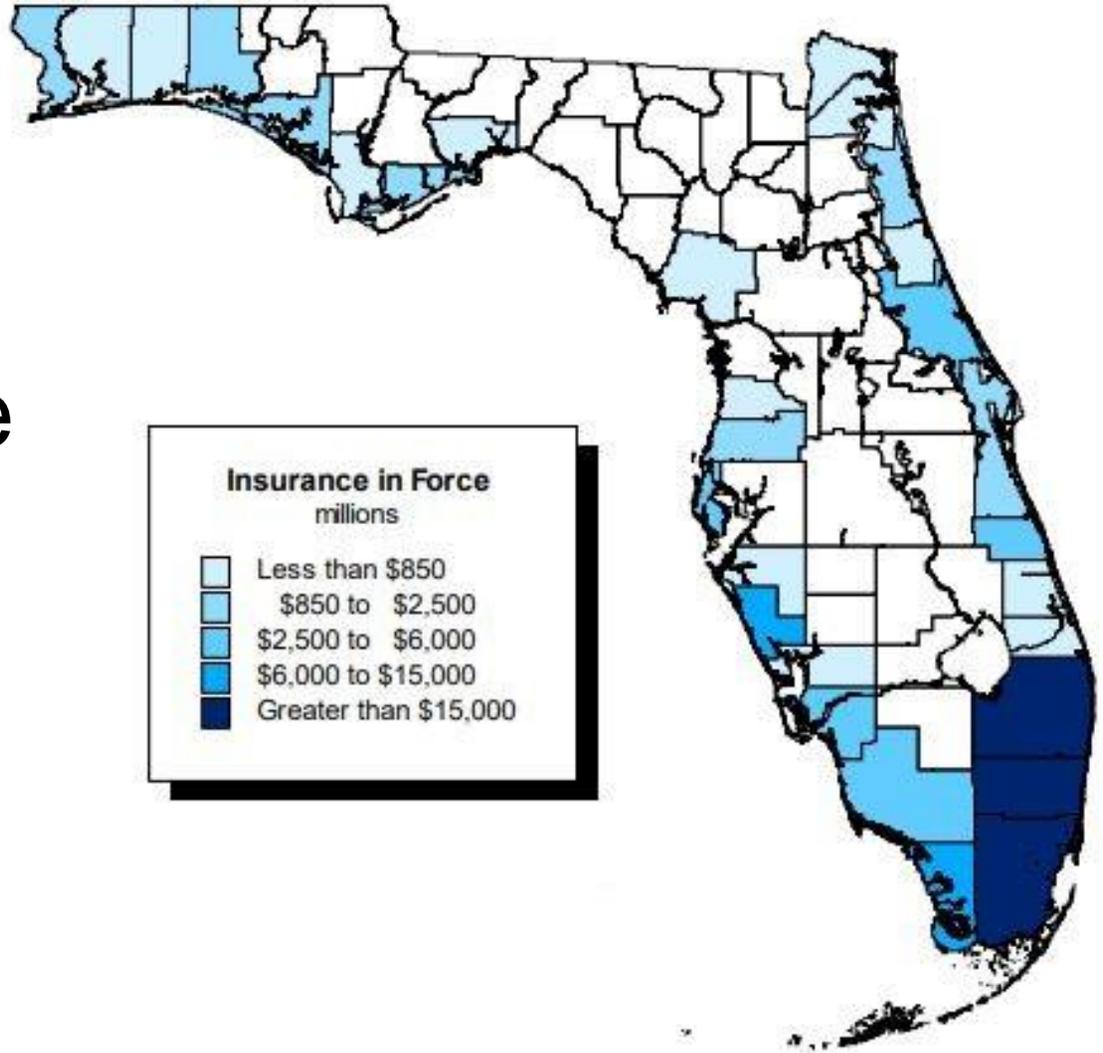
[www.iii.org](http://www.iii.org)

**Value of the AOB during  
Insurance Claims  
for Contractors to Help  
Customers**

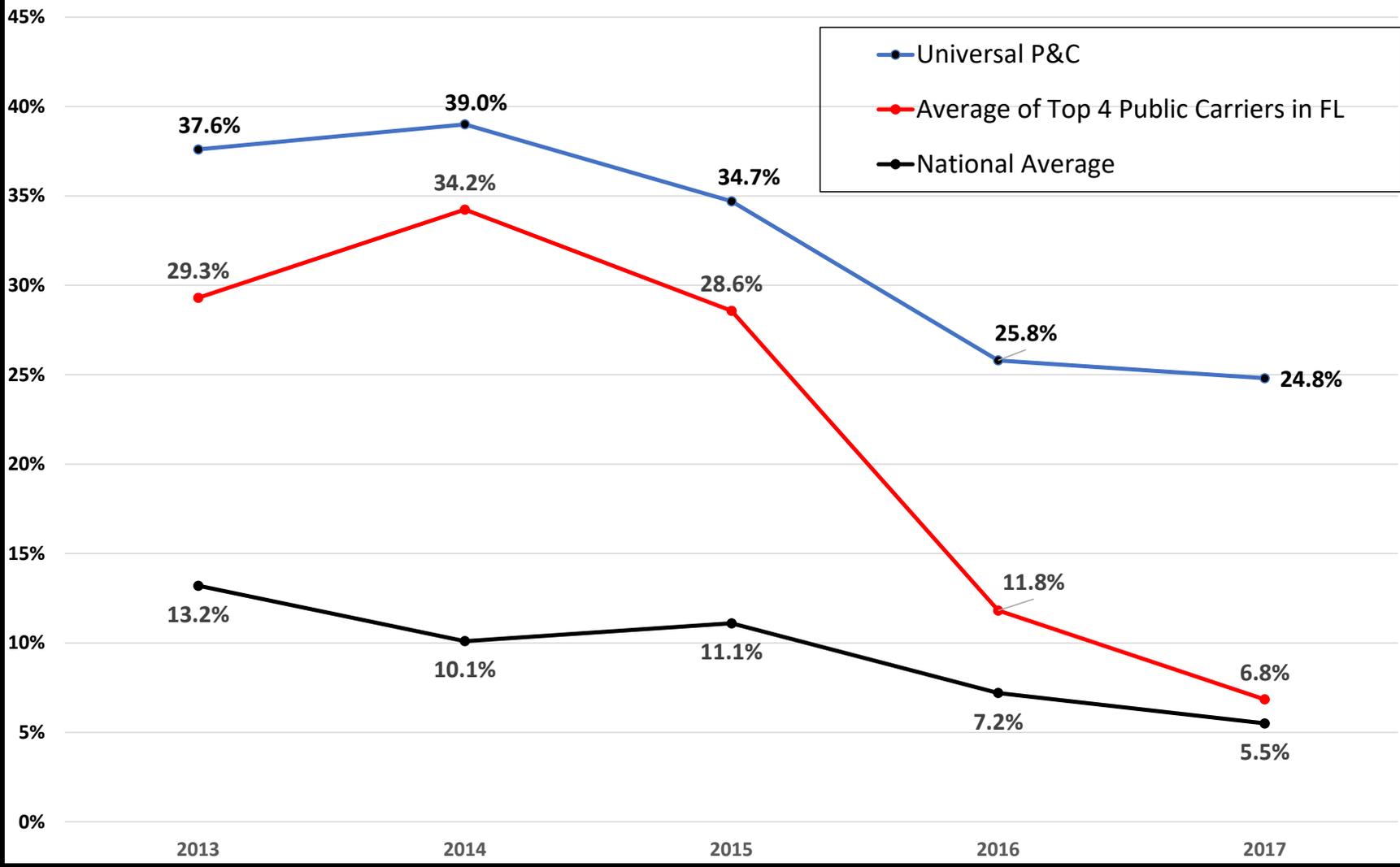
# Insurance Companies Charge a Premium with a Promise to Make Customers Whole



# Citizens Insurance Policies in Force

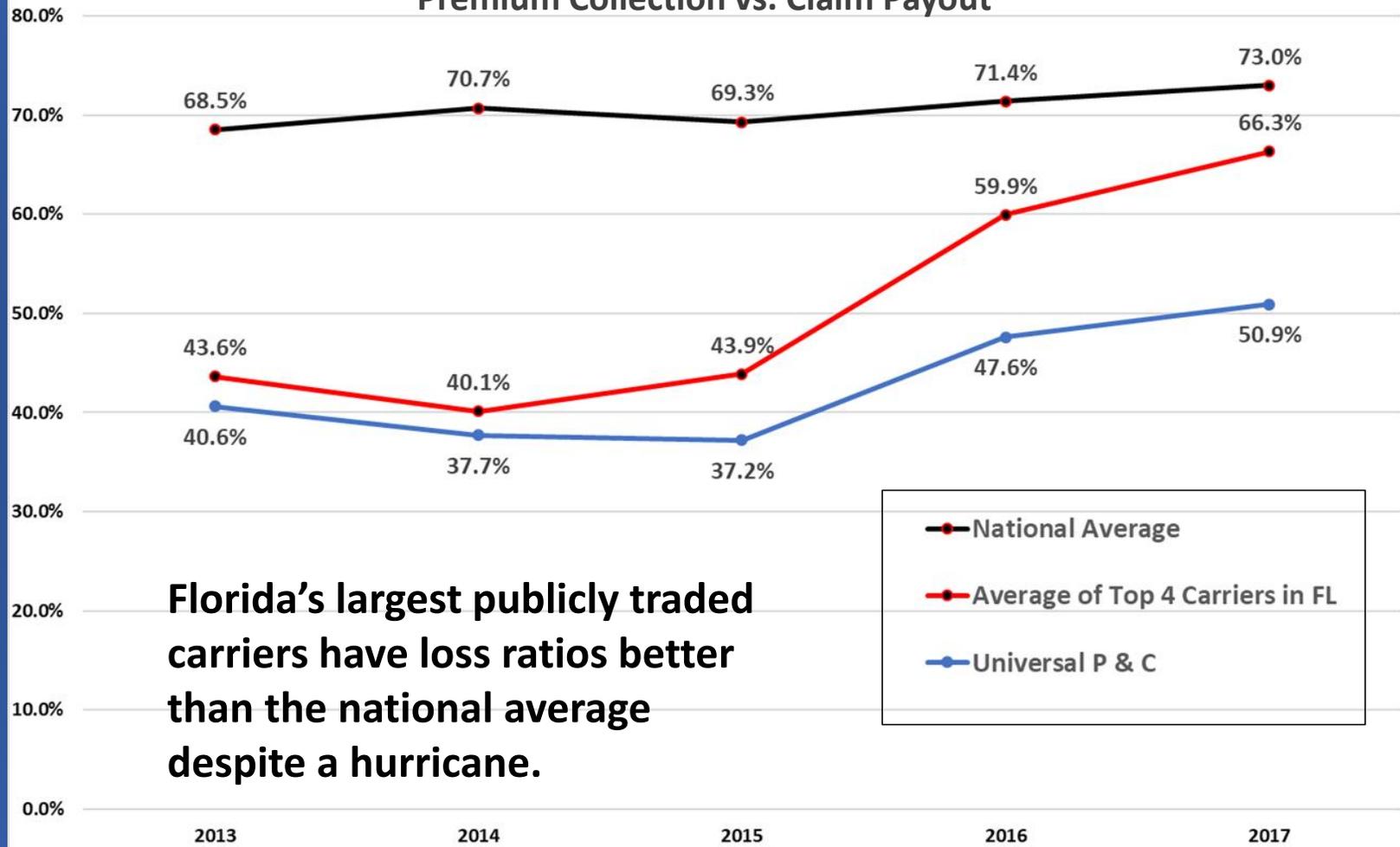


# Net Income before Taxes (in thousands)



# Loss Ratio

## Premium Collection vs. Claim Payout



**Florida's largest publicly traded carriers have loss ratios better than the national average despite a hurricane.**

- National Average
- Average of Top 4 Carriers in FL
- Universal P & C

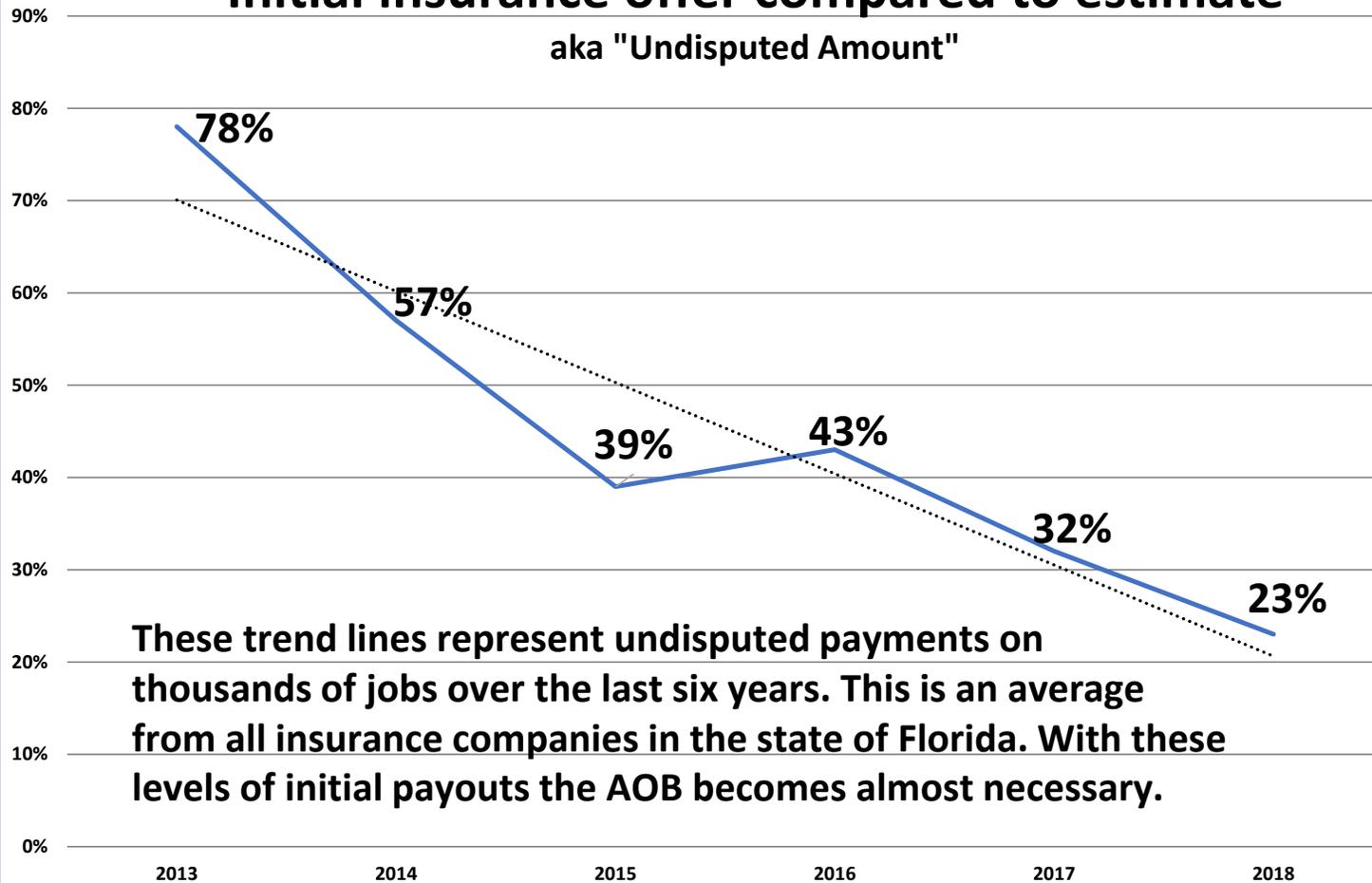
# Decline in Payments Over Last 5 Years

Year	Job Count	Original Invoice	Undisputed from Carrier	Undisputed %	Amount Paid	% Rec'd	Delay in Payment
2013	16	\$ 380,449.91	\$ 296,064.01	<b>78%</b>	\$ 376,973.93	99%	651
2014	61	\$ 1,224,057.62	\$ 701,603.88	<b>57%</b>	\$ 1,148,978.40	94%	439
2015	55	\$ 1,306,743.03	\$ 512,583.53	<b>39%</b>	\$ 1,184,700.51	91%	483
2016	115	\$ 3,254,174.28	\$1,387,447.71	<b>43%</b>	\$ 2,921,703.52	90%	335
2017	40	\$ 619,933.53	\$ 198,715.77	<b>32%</b>	\$ 572,295.02	92%	251
2018	40	\$ 512,869.12	\$ 116,485.26	<b>23%</b>	\$ 446,125.84	87%	138
<b>Totals</b>	<b>327</b>	<b>\$ 7,298,227.49</b>	<b>\$3,212,900.16</b>	<b>44%</b>	<b>\$ 6,650,777.22</b>	<b>91%</b>	<b>383</b>

	Job Count	Invoiced Amount	Undisputed from Carrier	Undisputed %
Currently in Suit	52	\$ 2,473,098.93	\$ 469,521.63	19%
Current AR	208	\$ 4,115,451.90	\$ 863,232.05	21%
<b>Total Work Completed</b>	<b>260</b>	<b>\$ 6,588,550.83</b>	<b>\$ 1,332,753.68</b>	<b>20%</b>

# Initial insurance offer compared to estimate

aka "Undisputed Amount"

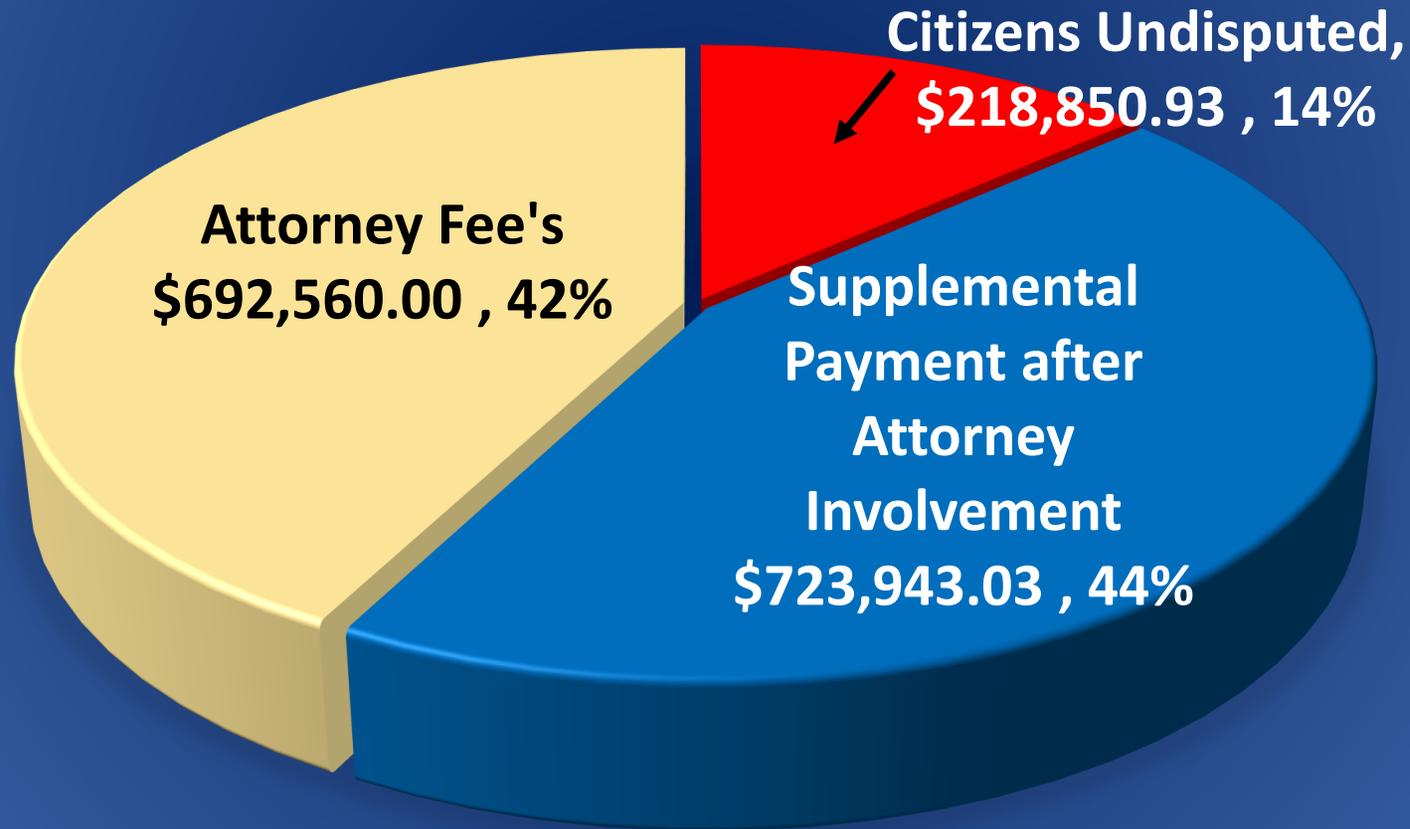


These trend lines represent undisputed payments on thousands of jobs over the last six years. This is an average from all insurance companies in the state of Florida. With these levels of initial payouts the AOB becomes almost necessary.

# South Florida Contractor Claims with Citizens

The average invoice to Citizens was \$ 5,584.90 .

Between 2012-2016 the national average for a water claim was \$ 9,633 according to the Insurance Information Institute.





# Vendor Programs

# Backside of Shower



# Vendor Program Restraints



# Response from Insurance Company's Director of Customer Field Services

Good morning Josh,

Could you look at this claim, I have several issues with the way Wright Way handled it. My first concern is there appears to be a minimal amount of mold and we have turned this into a full blown mold claim causing unnecessary concern on the part of the insured. There seems to be less than 8 or 10 sq ft of mold normally contained and taken out with no muss or fuss. Another concern is that you went in there and wrote a pretty large water mitigation estimate, mold remediation estimate and build back estimate when all that we needed was a simple dry out. Our vendors usually communicate with the Examiner about these issues and are definitely not that aggressive. If I am missing something that would justify your handling of this claim please enlighten me. Thank you.

○

Best Regards

DIRECTOR OF CUSTOMER FIELD SERVICES



Sanibel Island Insurance Vendor Program Disaster

# Sanibel Island Property





# Proposed Solutions

1. Regulation of Restoration Contractors
2. Qualified and Educated Claims Staff
3. Serious Penalties for Insurance Fraud  
-Contractors and Carriers
4. Penalties for Underpayment and Delayed  
Claims
5. Proposal For Settlement



**Florida Office of Insurance Regulation**

# **Florida's Assignment of Benefits (AOB) Crisis**

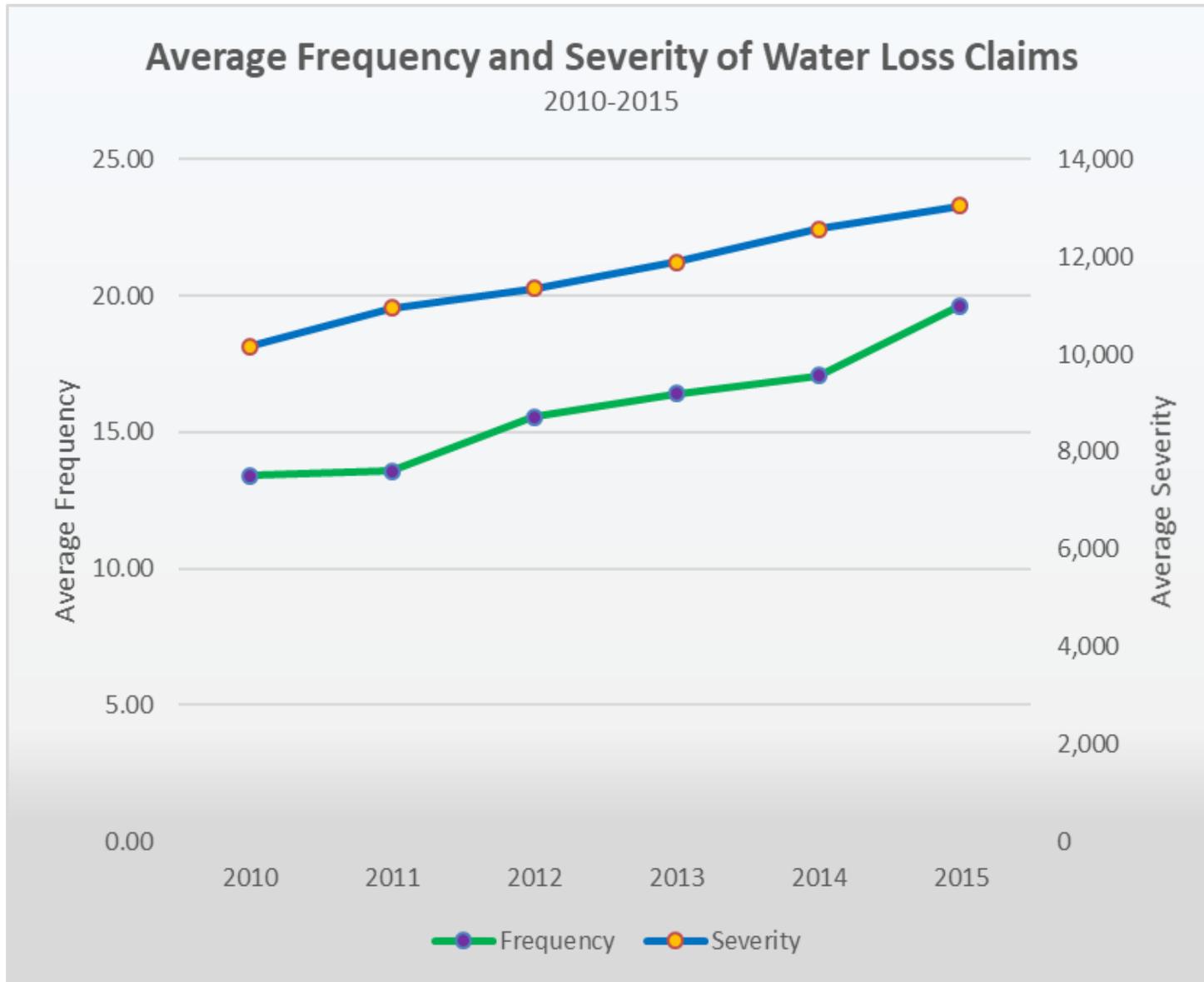
Presented to:

**Senate Banking and Insurance Committee**

**January 22, 2019**



## 2015 AOB Study

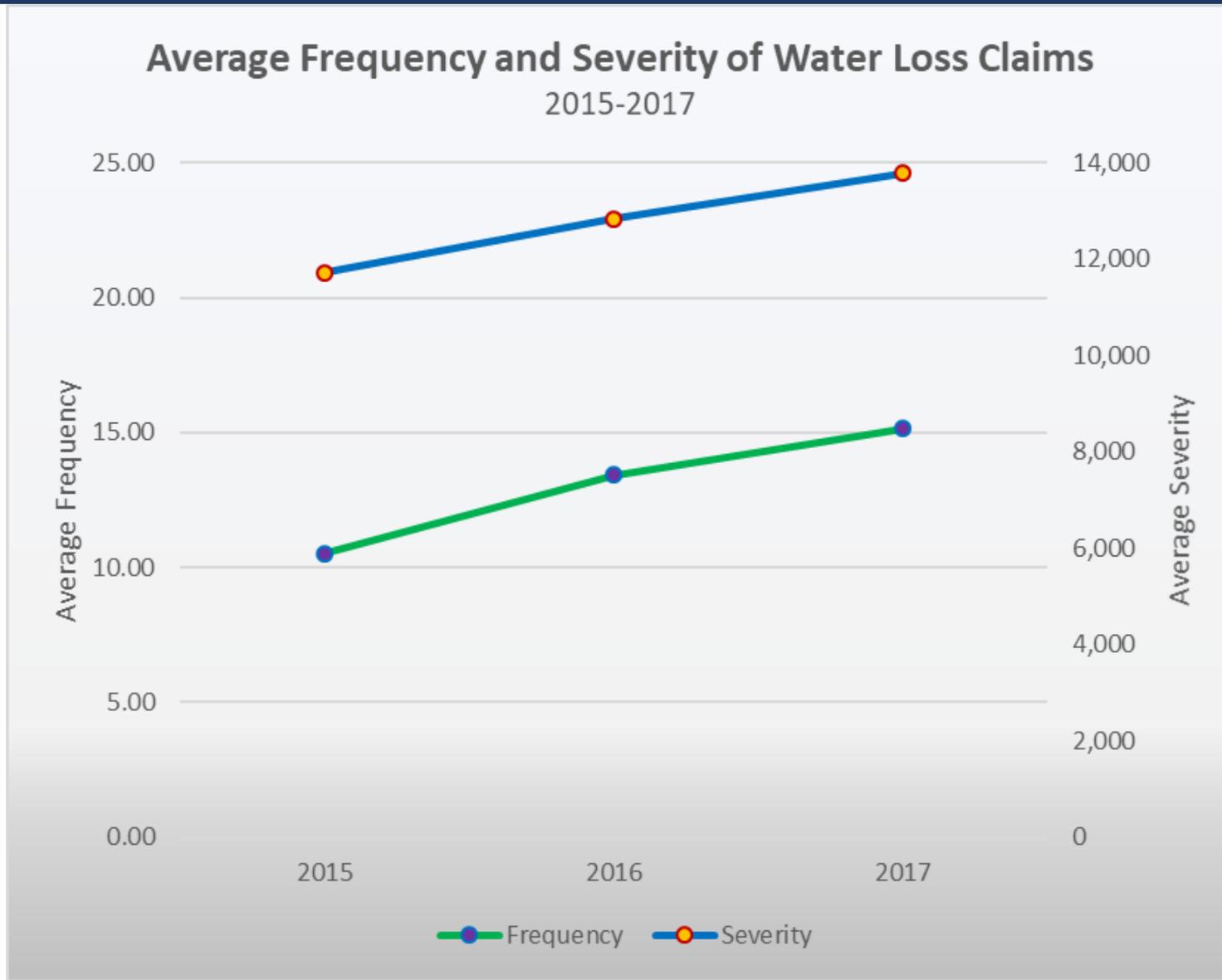


Source: Office Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2010 and 9/30/2015. Insurer must have been able to provide information to determine the frequency and severity of HO-3/DF claims for water losses.

\*Data is only shown for insurers that were able to consistently indicate for a given year that a claim had or did not have an (AOB).



## 2017 AOB Study



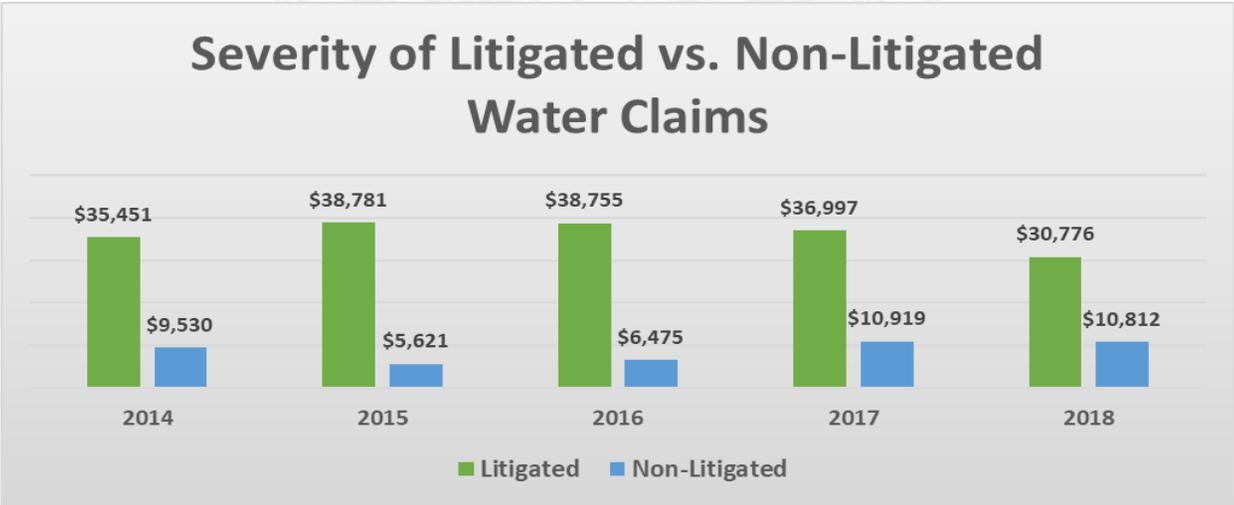
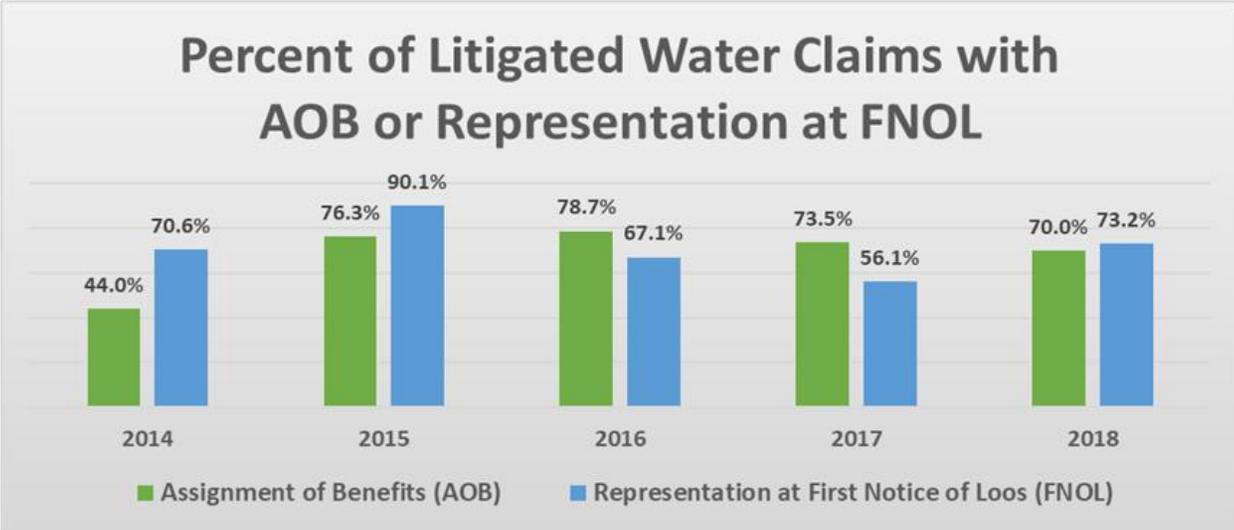
Source: Office Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2015 and 6/30/2017. Insurer must have been able to provide information to determine the frequency and severity of HO-3/DF claims for water losses.

\*Data is only shown for insurers that were able to consistently indicate for a given year that a claim had or did not have an (AOB).



# Florida Office of Insurance Regulation

## Experience: Citizens Property Insurance Corporation 2014-2018



**Notes:**

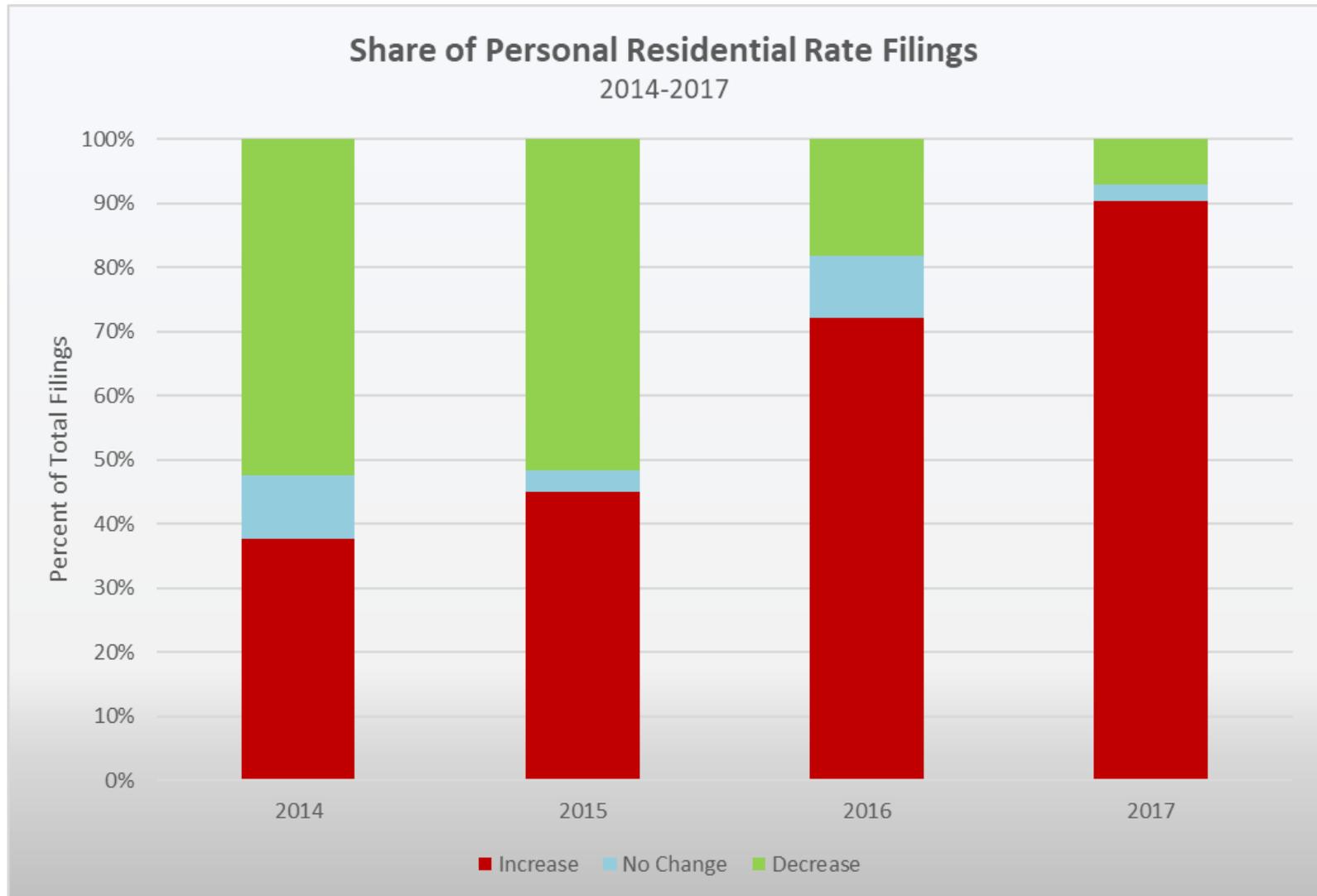
- 1) Claims data is based on non-weather related water claims by report year for Homeowners policies.
- 2) Severity of litigated and non-litigated claims are based on undeveloped report year incurred loss and allocated loss adjustment expense (ALAE)

Source: Citizens Property Insurance Corporation (2018)



# Florida Office of Insurance Regulation

## Property Insurance Affordability



2017

# Report of the 2017 Assignment of Benefits Data Call

January 8, 2018



FLORIDA OFFICE OF  
INSURANCE REGULATION

David Altmaier, Insurance Commissioner

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## I. Executive Summary

Pursuant to Section 624.316 Florida Statutes, the Florida Office of Insurance Regulation (Office) collected data from insurers that write certain types of personal residential property policies in Florida. A copy of this data call may be found in Appendix A. This data call is a follow-up to a data call released in February 2016. The same 25 insurers, based on policies in force as of June 30, 2015, writing Homeowners/HO-3<sup>1</sup> (Owners policy type or HO) and Dwelling Fire<sup>2</sup> (DF) policies were required to submit data to the Office. A list of all insurers that submitted data may be found in Appendix B of this report. The responding insurers represent approximately 85.5% of the HO-3 and DF policies in force as of September 30, 2017.

The analysis presented in this report shows that the trends in water losses identified in the 2016 report are continuing to escalate at an alarming rate:

	<b>Prior Report</b>	<b>This Report</b>
	<b>From Jan. 1, 2010 to Sept. 30, 2015</b>	<b>From Jan. 1, 2015 to June 30, 2017</b>
Frequency	46.3%	44.1%
Severity	28.5%	17.6%
<b>Combined</b>	<b>88.0%</b>	<b>69.5%</b>
	<b>Average Annualized Change</b>	<b>Average Annualized Change</b>
Frequency	8.3%	27.6%
Severity	5.4%	11.4%
<b>Combined</b>	<b>14.2%</b>	<b>42.1%</b>

The frequency of water claims in the most recent two-and-a-half-year period has increased 44.1%, which is just slightly less than the total increase in frequency for the almost six-year period (46.3%) studied in the prior report. The severity of water losses has also increased significantly in recent years. In total, water losses were increasing at a rate of 14.2% per year in the prior report. Since 2015, the rate has increased to 42.1% per year. These increases are occurring in all regions of the state; however Southeast Florida and Central West Florida show the highest rates of increase in water losses. These trends are evident in rate filings submitted to the Office and are resulting in significant premium increases to homeowners across the state.

<sup>1</sup> HO-3/Owners policies are the most commonly purchased policy that covers direct damage to the dwelling and other structures on the property unless it is specifically excluded.

<sup>2</sup> Dwelling Fire policies are policies that offer coverage for the dwelling but with more limited coverage than that required and available under a standard HO-3 policy. Typically, this type of policy would be written on a dwelling in which the owner does not reside.

## II. Purpose and Scope

The information requested in this data call was substantially similar to that requested in the prior data call with the exception that the information in Section B was required to be broken out by HO and DF policies. To facilitate a quicker submission, the Office requested that companies only submit the data that was currently collected or stored in the insurer's claims database and not conduct a manual claim review to complete all of the requested data points. Each analysis will only include information for insurers that could supply the necessary data required for that analysis.

Insurers were required to respond by September 8, 2017. Due to the impact of Hurricane Irma, some insurers were unable to meet this deadline and additional time to respond was provided. The last of the original submissions was received by the Office on October 3, 2017.

The data call encompassed two sets of data:

- Section A - Detailed claim information for each claim for water or roof damage which was closed between January 1, 2015 and June 30, 2017
- Section B - Summary information by county for closed claims during that same period for all other perils (AOP), excluding hurricane and sinkhole, as well as open claims as of July 1, 2017, for both AOP and Water/Roof claims. Data was separated by HO and DF policies. The graphs and charts by policy type may be found in Appendix D.

This report relies upon the data provided by the insurers as being accurate and complete. It is based on the information as received and no audit of the data has been performed. To simplify this report and to be consistent with the prior report, the report will focus on water claims rather than claims from roof damage. Detailed information for 144,983 water claims (damage that resulted from water pipes bursting, leaks from appliances, etc.) was submitted as part of Section A of the data call.

Citizens Property Insurance Corporation (Citizens) has issued multiple analyses based on its own data. Citizens has concluded that "water loss claims, exacerbated by assignment of benefits, are driving higher rates in South Florida and increasingly across the state." More information may be found on the Citizens website ([www.citizensfla.com](http://www.citizensfla.com)). As Citizens' data has already been examined and reported on, this report will instead focus on the data provided by licensed personal lines insurers.

### III. Data and Findings

#### Summary of the Findings for Water Claims

Based on the water claims reported by the insurers:

- The HO-3/DF frequency of water claims per 1,000 policies has increased by **44%** since 2015. This represents an average annualized increase in frequency of water claims of **27.6%** each year.
- The average severity of HO-3/DF water claims increased by **18%** since 2015. This represents an average annualized increase in the severity of water claims of **11.4%** each year.
- The combined impact of changes in frequency and severity result in an average **42.1%** increase in water losses each year.
- Southeast Florida has the highest frequency and severity of HO-3/DF water losses, however the highest combined change in frequency and severity occurred in Central West Florida. All regions are seeing significant increases in water losses.
- Claims with an assignment of benefit (AOB) have a higher severity than claims without an AOB (generally at least 85% more).
- There has been a significant increase in the use of AOBs since 2015, from 12.8% of water claims to 17.0% of water claims. This increase in the use of AOBs is being seen across the central and southern regions of the state, while the northern regions have experienced declines in the use of AOBs for water claims.

While the data was required to be submitted by the same insurers, it should be noted that there is a different mix of insurers included in this report since there were several insurers that voluntarily provided information for the prior report that were not included in this report. There were also some insurers with data that was excluded in the prior report that could be used in this report. Notwithstanding these changes in the mix of insurers reporting data, it is appropriate to compare the trends or changes in the data reflected in the prior report for the period of January 1, 2010 to September 30, 2015, and that which occurred between January 1, 2015 and June 30, 2017.

#### Frequency Analysis

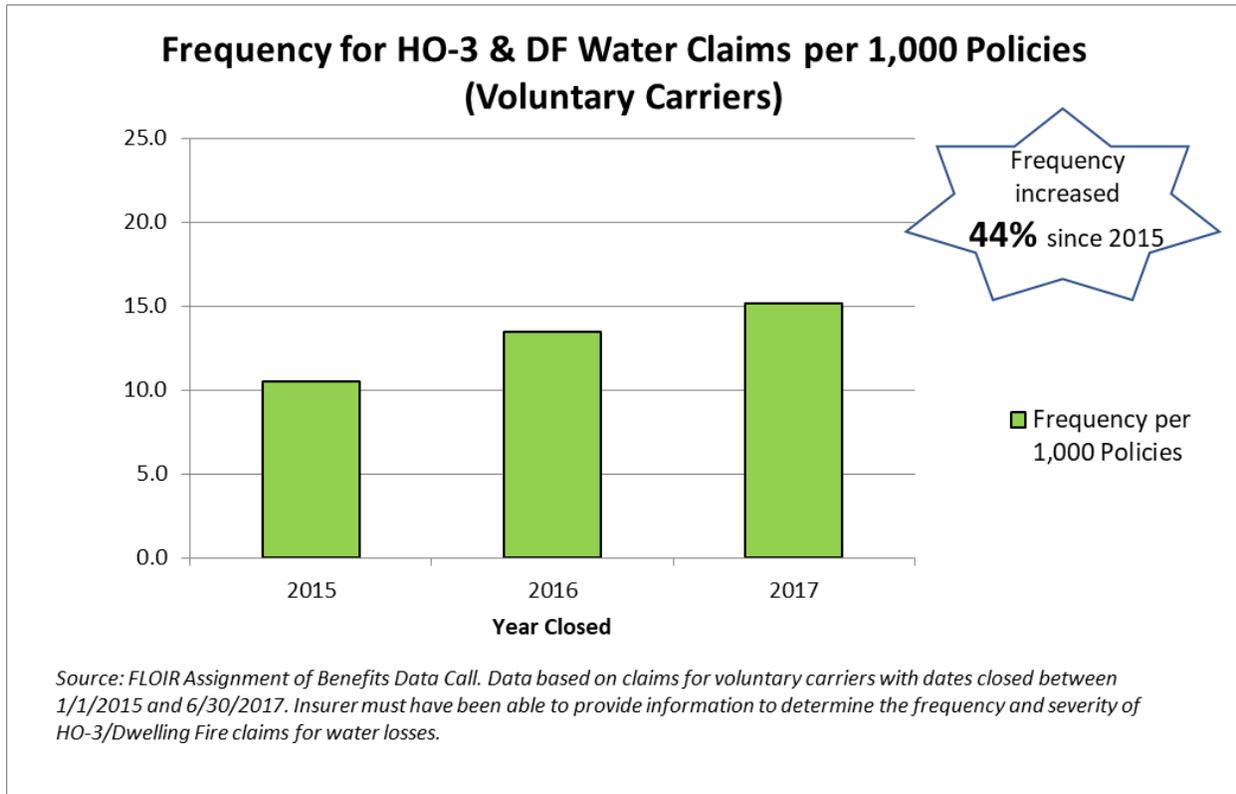
The first analysis involved examining the changes in frequency<sup>3</sup> of water claims. Frequency was calculated based on the number of claims divided by “earned house years”<sup>4</sup> in thousands. The number of earned house years by county was provided in Section B of the data call.

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<sup>3</sup> Frequency is the likelihood that a loss will occur. It is calculated as the number of claims that occur divided by exposure base. In this report, the frequency is expressed as the number of claims that occur per every 1,000 policies.

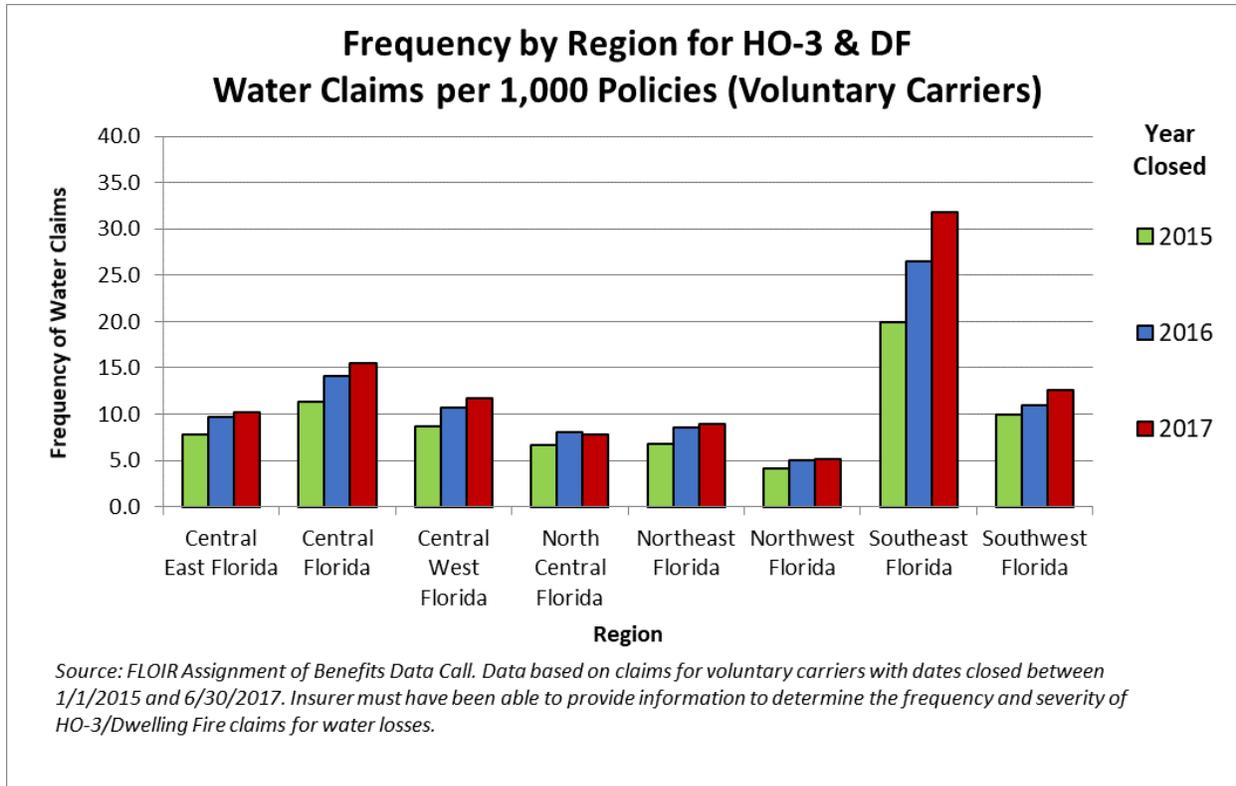
<sup>4</sup> “Earned house years” is an exposure base used in personal residential ratemaking. It represents one house insured for one year.

The chart below shows that the HO-3 & DF frequency of water claims per 1,000 policies has increased by **44%** since 2015. This 44% increase in frequency in just a two-and-a-half-year period compares to the 46% increase in frequency shown in the prior report for the approximately six-year period between January 1, 2010 to September 30, 2015.



This represents an average annualized increase in frequency of water claims of **27.6%** each year. This can be compared to the 8.3% average annualized increase shown in the prior report.

The chart on the next page examines the changes in frequency of water losses by region for voluntary carriers. A breakdown of the counties that comprise each region may be found in Appendix C.

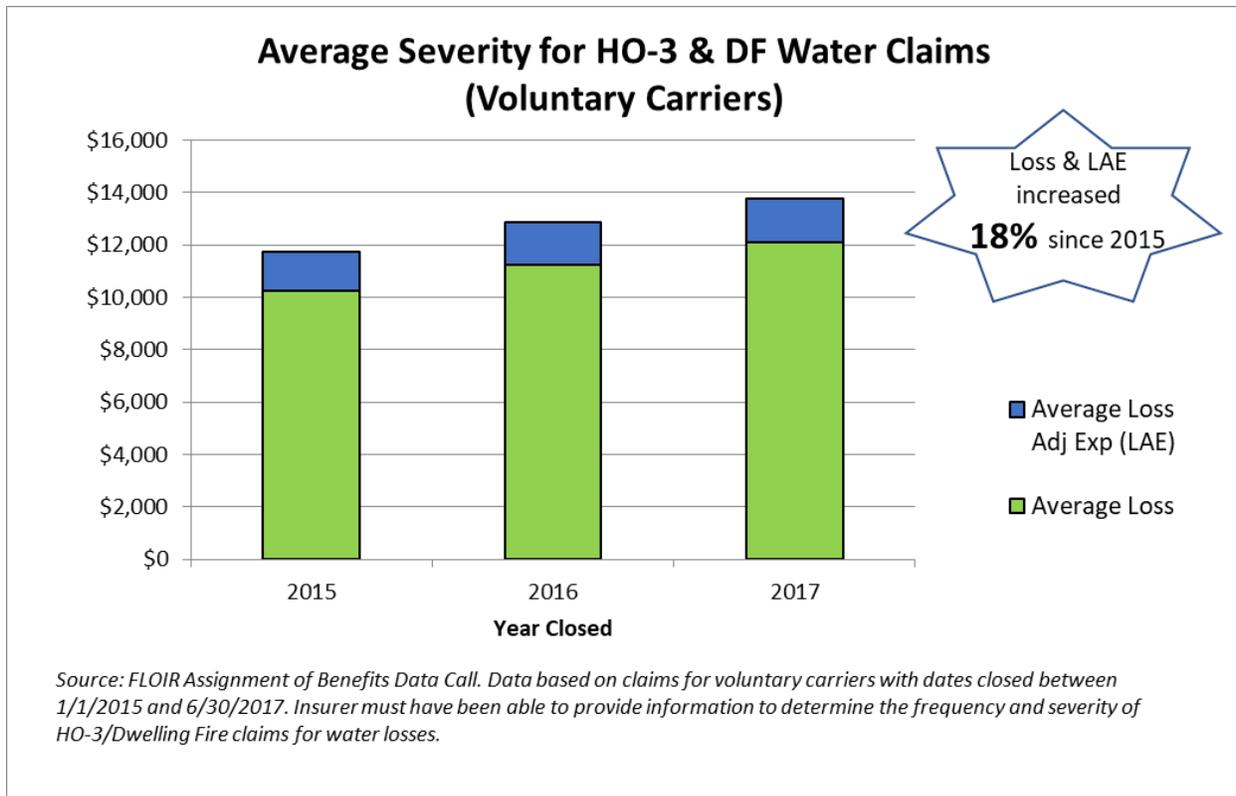


Southeast Florida has, by far, the largest frequency of water claims than any other region of the state. Between claims closed in 2015 and claims closed in the first two quarters of 2017, Southeast Florida experienced an increase in water claim frequency of 60%. While this is a significant increase in claim frequency, all regions of the state experienced double-digit increases between 2015 and 2017.

### Severity Analysis

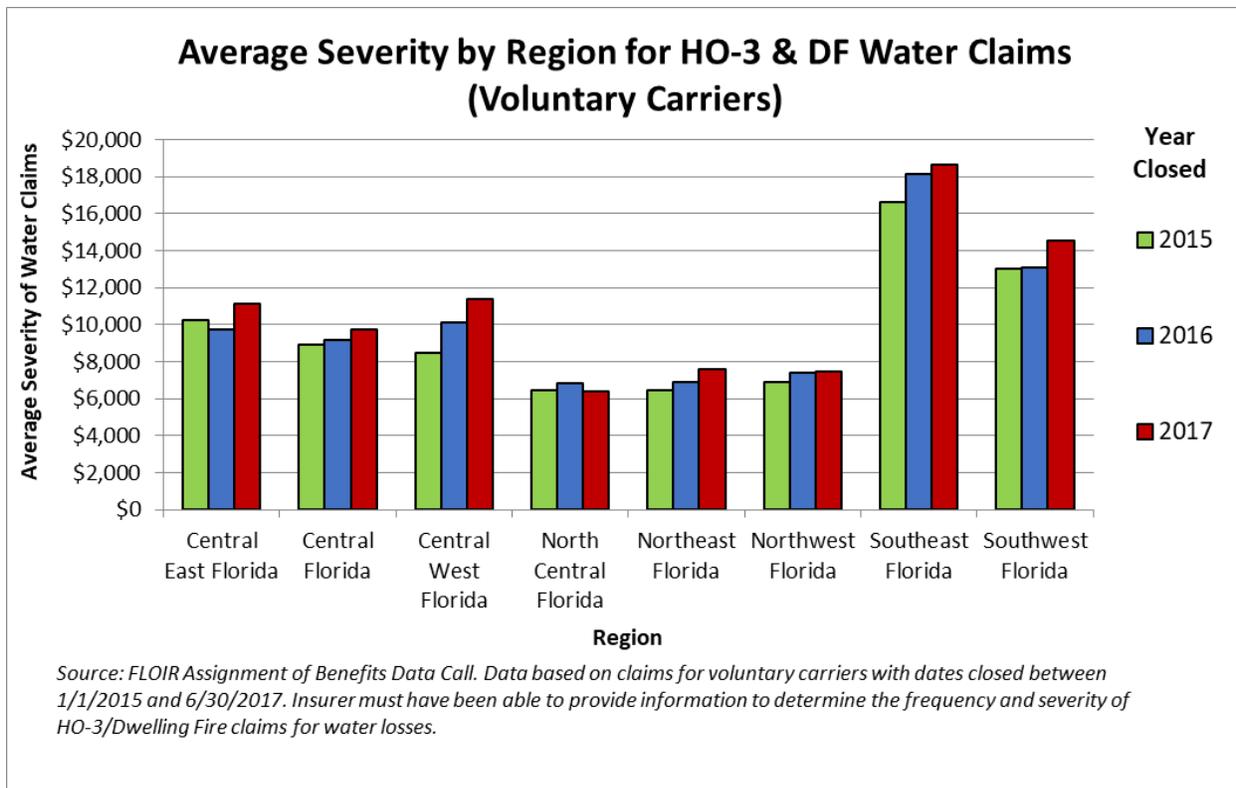
The second analysis involved examining the changes in severity<sup>5</sup> of water claims. Using the same subset of policies, the average severity of HO-3/DF water claims during this period increased by **18%** since 2015. This 18% increase in severity in just a two-and-a-half-year period compares to the 28% increase in severity shown in the prior report for the approximately six-year period between January 1, 2010 to September 30, 2015:

<sup>5</sup> Severity is the amount of losses paid for a claim.



This represents an average annualized increase in the severity of water claims of **11.4%** each year. This can be compared to the 5.4% average annualized increase shown in the prior report.

The chart on the next page examines the changes in severity of water losses by region for voluntary carriers. Again, the breakdown of the counties that comprise each region may be found in Appendix C.



Southeast Florida also has the highest average severity of water claims, but the highest increase in claim severity by region (35%) occurred in Central West Florida. All regions, except for North Central Florida, experienced an increase in claim severity of at least 8%. North Central Florida experienced a decrease in claim severity of 0.9%.

#### Combined Impact of Frequency and Severity Changes

The combined impact of changes in frequency and severity result in an average **42.1%** increase in water losses each year compared to the average 14.2% increase in water losses each year from the prior report.

Region	Change from 2015 - 2017			Average Annualized Trend		
	Frequency	Severity	Combined	Frequency	Severity	Combined
Central East Florida	32.2%	9.3%	44.4%	20.4%	6.1%	27.8%
Central Florida	36.8%	8.7%	48.8%	23.3%	5.7%	30.3%
Central West Florida	35.8%	34.6%	82.7%	22.6%	21.9%	49.5%
North Central Florida	16.3%	-0.9%	15.2%	10.6%	-0.6%	9.9%
Northeast Florida	32.5%	16.9%	54.9%	20.6%	11.0%	33.9%
Northwest Florida	25.9%	8.3%	36.4%	16.6%	5.5%	23.0%
Southeast Florida	59.9%	11.9%	79.0%	36.8%	7.8%	47.4%
Southwest Florida	27.0%	11.8%	42.0%	17.3%	7.7%	26.4%
<b>Statewide</b>	<b>44.1%</b>	<b>17.6%</b>	<b>69.5%</b>	<b>27.6%</b>	<b>11.4%</b>	<b>42.1%</b>

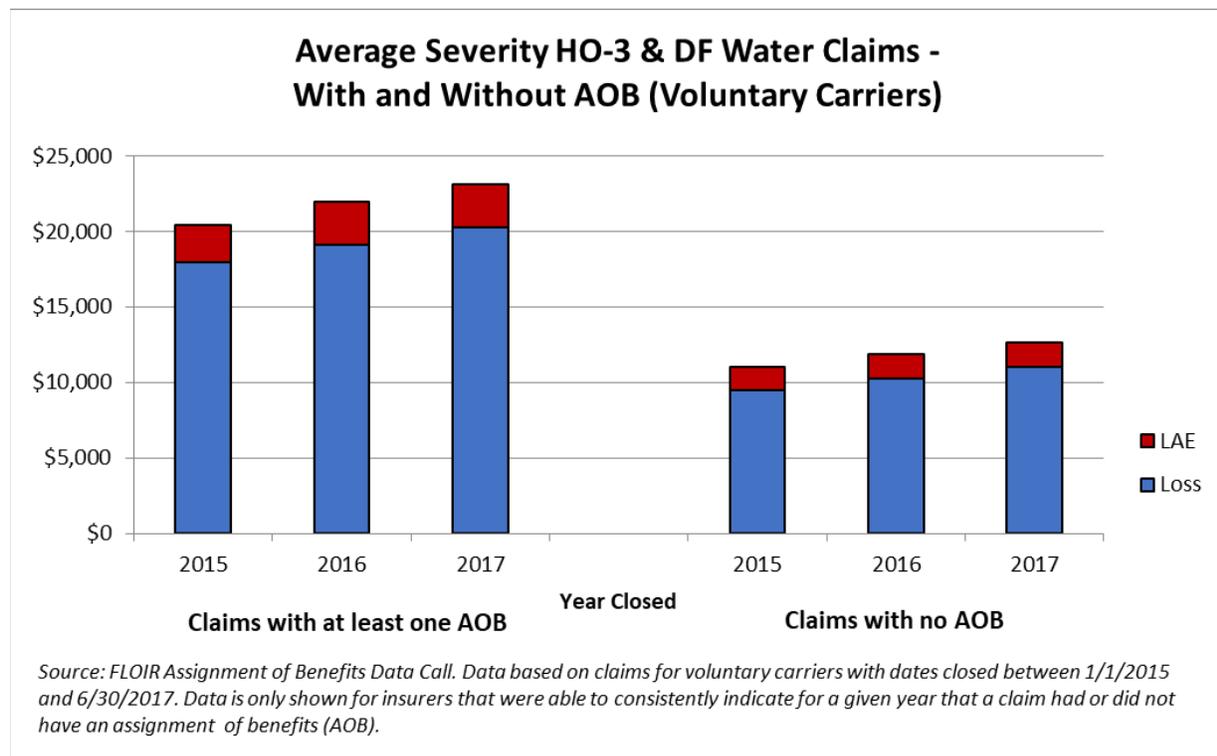
Assignment of Benefits

Many insurers have attributed the rising costs of water claims to an increase in the use of assignment of benefits (AOBs) in which the insured assigns its rights and benefits under its insurance policy to a third-party contractor, water mitigation company, etc. In the prior data call, very few of the insurers were able to consistently track the use of AOBs over the period of the data call. This year, most of the insurers could provide this information.

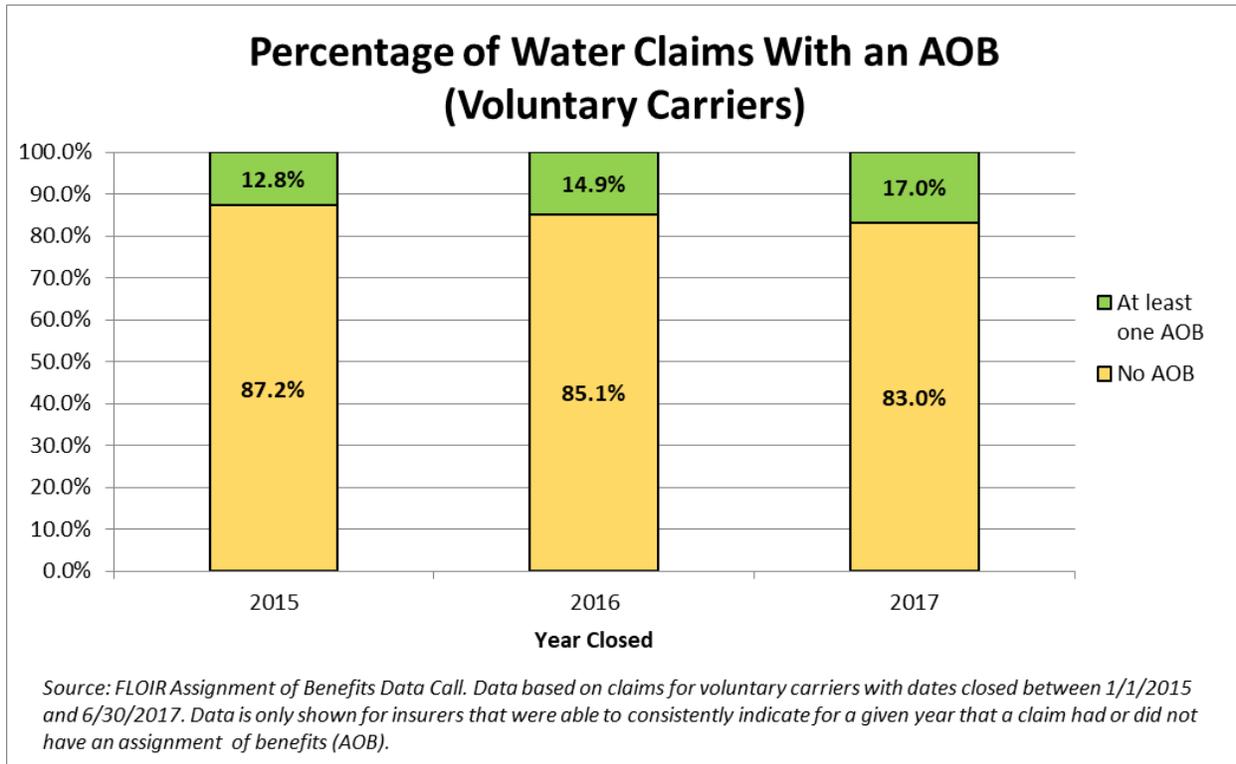
The data in the AOB portion of the analysis involved 110,255 claims. While this is a large number of claims for such analysis, there are areas of the state where the data associated with AOB claims is less likely to be fully credible due to the small number of claims utilizing AOBs.

The chart on the next page compares the average severity for water claims where there is at least one AOB associated with the claim or when there are no AOBs associated with the claim. The data shows that claims with an AOB have a much higher severity than claims without an AOB (generally at least 85% more). The reason for the higher severity of losses for a claim with an AOB cannot be determined from the information collected in this data call. One partial explanation may be that the AOBs could be generally used on the more serious claims. Others might argue that the costs are inflated for claims with an AOB.

The average severity for claims with an AOB and the average severity for claims without an AOB have both increased at approximately the same rate between 2015 and 2017. However, in the prior report these average severities remained relatively stable between 2010 and 2015.

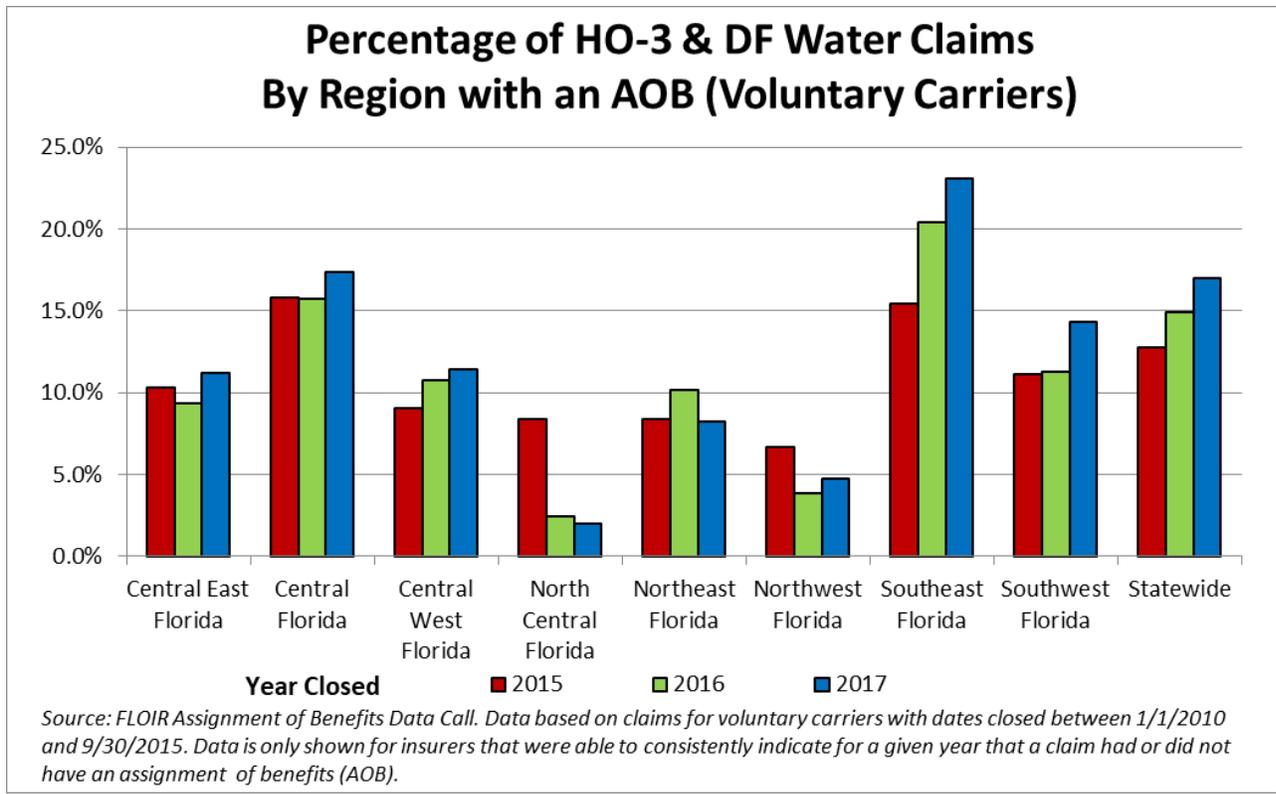


The percentage of claims that utilize an AOB has grown significantly since 2015:



In 2015, almost 13% of the water claims utilized an AOB. In 2017, that percentage was approximately 17%. Since there are more water claims with an AOB, and the severity of claims with an AOB are significantly higher, the overall water losses have increased rapidly.

In the prior report, Central Florida and Southwest Florida actually had a higher percentage of claims with an AOB. While these regions still have a large percentage of claims with an AOB, Southeast Florida has had the largest increase in the use of AOBs and now has the highest use of AOBs across all regions.



Conclusion

The significant increase in both the frequency and severity of water losses, the rising use of AOBs, and the acceleration of those trends over the last several years is resulting in tangible consumer harm. AOBs have been a part of Florida’s marketplace for more than a 100 years. Loopholes in the way it is being used in the marketplace are driving up costs for homeowners across the state due to unnecessary litigation associated with certain AOB claims. The escalating trends identified in this analysis are showing up in rate filings that are being submitted to the Office and are resulting in significant premium increases for almost all homeowners across the state. These trends, in addition to increasing premiums, are reducing consumer choice as insurers cease writing or begin nonrenewing policies in areas with high water losses. Absent any intervening changes in the way AOBs are being used today, it is expected that these trends will continue to deteriorate. This may cause availability issues as insurers struggle to control the rising costs and will result in higher homeowners premiums for all Florida homeowners.

*Appendix A*

**Assignment of Benefits  
Data Call**

# Assignment of Benefits Data Call

pursuant to Section 624.316, Florida Statutes

If you need any assistance during the filing process,  
please contact the Office at

[Sandra.Starnes@flor.com](mailto:Sandra.Starnes@flor.com)



FLORIDA OFFICE OF  
INSURANCE REGULATION

*Due by September 8, 2017*

## Assignment of Benefits Data Call

pursuant to Section 624.316, Florida Statutes

Scope Period: Claims Closed Between 1st Quarter 2015 to 2nd Quarter 2017

**The data call relates specifically to Florida Owners Type of Homeowners policies (HO-3 and equivalent) and Dwelling Fire policies.**

The Florida Office of Insurance Regulation (Office) is conducting an examination of Owners type of Homeowners policies (HO-3 and equivalent) and Dwelling Fire policies of certain insurers pursuant to Section 624.316, Florida Statutes.

This communication is being sent via email to the insurer's president (if email address is available) and the financial statement contact.

Currently the only companies requested to complete this data submission are the same companies that completed the prior data call (the top 25 Homeowners/Owners type and Dwelling Fire writers as of 2015). However, this examination is open to response for from all personal residential property writers.

The insurer's submission may be submitted made on an individual company basis or a group basis.

It is understood that an insurer's claim system may not collect all of the information requested in this data call. **The Office is not requiring that an insurer conduct a manual claim review in order to retrieve this information.** If the claim system does not collect the information for certain variables, please disclose this on the 'Contact Info' sheet.

**The items indicated below are to be submitted to the Office no later than 5 PM ET, September 8, 2017.**

It is requested that you perform a quality review of the data being provided. Some issues from the prior data call included companies providing:

- Data on policies other than HO-3 (or its equivalent) and Dwelling Fire.
- Data for claims on property located outside of Florida.
- The city of the mailing address rather than the city of the location of the property. (Some of the cities provided were located in foreign countries.)
- Claims with a closed date before or after the scope period of the data call.
- Dates of loss that were clearly incorrect, such as dates in the future.

Additionally, it is requested that your company's submission include a Notarized Affidavit, signed by the person submitting the data call or a company officer, stating that the information provided is accurate, to the best of their knowledge.

Please note: Additional underlying documentation shall be available upon request of the Office.

Your prompt cooperation in this effort will be greatly appreciated.

If there are any issues gathering the information requested in this data call, please contact Sandra Starnes at 850-413-5344 as soon as possible to discuss possible alternatives.

**Specific instructions:**

This data call encompasses Owners type of Homeowners policies (HO-3 and equivalent) and Dwelling Fire policies only.

**Wind-only policies should be excluded from this data call.**

Fill out all cells to the best of your ability. If data is not available, please insert "N/A".

**PLEASE DO NOT LEAVE ANY CELLS BLANK.**

No deductions for salvage, subrogation or reinsurance received or expected should be made.

The sheets are being left unlocked. **Do not move or revise the columns in this data call.** You may add additional columns at the end if needed.

**Section A - Specific Instructions**

Claims closed between January 1, 2015 and June 30, 2017 should be reported in this section. The only perils that should be reported are claims for water damage or roof damage.

If you use different perils than the ones listed in the heading in Col. P, please provide a mapping from your perils to: Water - Plumbing, Water -Appliance, Water - Other, and Roof.

Currently, there are columns set up for one water mitigation firm, two contractors, two attorneys and one public adjuster. If you have claims that exceed these set categories, copy the required fields for that type and paste after the end of the requested columns (currently Col. BJ) and rename the heading to reflect the new field type (e.g. there are three contractors for a claim, copy columns AA:AG and paste at Col BK:BQ. Then rename cell BK3 to Contractor 3).

**Section B - Specific Instructions**

For Section B - Claims for All Other Perils (excl. Sinkhole) would include the water and roof losses claims reported in Section A.

Name of person submitting data call:

--

Phone Number:

--

E-Mail Address:

--

Is this data call being submitted as trade secret?:

--

**(If yes, submit the affidavit required by s. 624.4213, Florida Statutes, and mark your email as "Trade Secret".)**

Please list all companies included in this data call:


Comments regarding information in data call:































**Section B**

**SUMMARY BY COUNTY OF ALL OTHER PERILS (AOP) CLAIM INFORMATION**

**HO-3 POLICIES (OR ITS EQUIVALENT)**

County	Earned House Years for 2015	Earned Premium Volume for 2015	AOP Claims (excl. Sinkhole) Closed in 2015			Earned House Years for 2016	Earned Premium Volume for 2016	AOP Claims (excl. Sinkhole) Closed in 2016		
			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid
ALACHUA										
BAKER										
BAY										
BRADFORD										
BREVARD										
BROWARD										
CALHOUN										
CHARLOTTE										
CITRUS										
CLAY										
COLLIER										
COLUMBIA										
DE SOTO										
DIKE										
DUVAL										
ESCAMBIA										
FLAGLER										
FRANKLIN										
GADSDEN										
GILCHRIST										
GLADES										
GULF										
HAMILTON										
HARDEE										
HENDRY										
HERNANDO										
HIGHLANDS										

<b>HO-3 POLICIES (OR ITS EQUIVALENT)</b>											
County	Earned House Years for 2015	Earned Premium Volume for 2015	AOP Claims (excl. Sinkhole) Closed in 2015			Earned House Years for 2016	Earned Premium Volume for 2016	AOP Claims (excl. Sinkhole) Closed in 2016			
			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid	
HILLSBOROUGH											
HOLMES											
INDIAN RIVER											
JACKSON											
JEFFERSON											
LAFAYETTE											
LAKE											
LEE											
LEON											
LEVY											
LIBERTY											
MADISON											
MANATEE											
MARION											
MARTIN											
MIAMI-DADE											
MONROE											
NAUSAU											
OKALOOSA											
OKEECHOBEE											
ORANGE											
OSCEOLA											
PALM BEACH											
PASCO											
PINELLAS											
POLK											
PUTNAM											
SANTA ROSA											
SARASOTA											
SEMINOLE											
ST JOHNS											

<b>HO-3 POLICIES (OR ITS EQUIVALENT)</b>										
County	Earned House Years for 2015	Earned Premium Volume for 2015	AOP Claims (excl. Sinkhole) Closed in 2015			Earned House Years for 2016	Earned Premium Volume for 2016	AOP Claims (excl. Sinkhole) Closed in 2016		
			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid
ST LUCIE										
SUNTER										
SUWANNEE										
TAYLOR										
UNION										
VOLUSIA										
WAKULLA										
WALTON										
WASHINGTON										

**Section B**

**SUMMARY BY COUNTY OF ALL OTHER PERILS (AOP) CLAIM INFORMATION**

**HO-3 POLICIES (OR ITS EQUIVALENT)**

County	Earned House Years for Jan. 1, 2017 - June 30, 2017	Earned Premium Volume for Jan. 1, 2017 - June 30, 2017	AOP Claims (excl. Sinkhole) Closed Between Jan. 1, 2017 - June 30, 2017			AOP Claims Pending (excl. Sinkhole) as of 7/1/2017						
			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid	Number of Pending AOP Claims	Est. Amount of Indemnity Losses for AOP Claims	Est. Amount of LAE for AOP Claims	Number of Pending Water/Roof Claims	Est. Amount of Indemnity Losses for Water/Roof Claims	Est. Amount of LAE for Water/Roof Claims	
ALACHUA												
BAKER												
BAY												
BRADFORD												
BREVARD												
BROWARD												
CAUHOUN												
CHARLOTTE												
CITRUS												
CLAY												
COLLIER												
COLUMBIA												
DE SOTO												
DIXIE												
DUVAL												
ESCAMBIA												
FLAGLER												
FRANKLIN												
GADSDEN												
GILCHRIST												
GLADES												
GULF												
HAMILTON												
HARDEE												
HENDRY												
HERNANDO												
HIGHLANDS												

<b>HO-3 POLICIES (OR ITS EQUIVALENT)</b>											
County	Earned House Years for Jan. 1, 2017 - June 30, 2017	Earned Premium Volume for Jan. 1, 2017 - June 30, 2017	AOP Claims (excl. Sinkhole) Closed Between Jan. 1, 2017 - June 30, 2017			AOP Claims Pending (excl. Sinkhole) as of 7/1/2017					
			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid	Number of Pending AOP Claims	Est. Amount of Indemnity Losses for AOP Claims	Est. Amount of LAE for AOP Claims	Number of Pending Water/Roof Claims	Est. Amount of Indemnity Losses for Water/Roof Claims	Est. Amount of LAE for Water/Roof Claims
HILLSBOROUGH											
HOLMES											
INDIAN RIVER											
JACKSON											
JEFFERSON											
LAFAYETTE											
LAKE											
LEE											
LEON											
LEVY											
LIBERTY											
MADISON											
MANATEE											
MARION											
MARTIN											
MIAMI-DADE											
MONROE											
NASSAU											
OKALOOSA											
OKECHOBEE											
ORANGE											
OSCEOLA											
PALM BEACH											
PASCO											
PINELLAS											
POLK											
PUTNAM											
SANTA ROSA											
SARASOTA											
SEMINOLE											
ST JOHNS											

<b>HO-3 POLICIES (OR ITS EQUIVALENT)</b>												
County	Earned House Years for Jan. 1, 2017 - June 30, 2017	Earned Premium Volume for Jan. 1, 2017 - June 30, 2017	AOP Claims (excl. sinkhole) Closed Between Jan. 1, 2017 - June 30, 2017				AOP Claims Pending (excl. sinkhole) as of 7/1/2017					
			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid	Number of Pending AOP Claims	Est. Amount of Indemnity Losses for AOP Claims	Est. Amount of LAE for AOP Claims	Number of Pending Water/Roof Claims	Est. Amount of Indemnity Losses for Water/Roof Claims	Est. Amount of LAE for Water/Roof Claims	
ST LUCIE												
SUMTER												
SUWANNEE												
TAYLOR												
UNION												
VOLUSIA												
WAKULLA												
WALTON												
WASHINGTON												

<b>Section B</b>										
<b>SUMMARY BY COUNTY OF ALL OTHER PERILS (AOP) CLAIM INFORMATION</b>										
<b>DWELLING FIRE POLICIES</b>										
<b>County</b>	<b>Earned House Years for 2015</b>	<b>Earned Premium Volume for 2015</b>	<b>AOP Claims (excl. Sinkhole) Closed in 2015</b>			<b>Earned House Years for 2016</b>	<b>Earned Premium Volume for 2016</b>	<b>AOP Claims (excl. Sinkhole) Closed in 2016</b>		
			<b>Number of Claims</b>	<b>Indemnity Amount Paid</b>	<b>Loss Adjustment Expenses Paid</b>			<b>Number of Claims</b>	<b>Indemnity Amount Paid</b>	<b>Loss Adjustment Expenses Paid</b>
ALACHUA										
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COLUMBIA										
DE SOTO										
DIXIE										
DUVAL										
ESCAMBIA										
FLAGLER										
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GADSDEN										
GILCHRIST										
GLADES										
GULF										
HAMILTON										
HARDEE										
HENDRY										
HERNANDO										
HIGHLANDS										

DWELLING FIRE POLICIES										
County	Earned House Years for 2015	Earned Premium Volume for 2015	AOP Claims (excl. Sinkhole) Closed in 2015			Earned House Years for 2016	Earned Premium Volume for 2016	AOP Claims (excl. Sinkhole) Closed in 2016		
			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid
HILLSBOROUGH										
HOLMES										
INDIAN RIVER										
JACKSON										
JEFFERSON										
LAFAYETTE										
LAKE										
LEE										
LEON										
LEVY										
LIBERTY										
MADISON										
MANATEE										
MARION										
MARTIN										
MIAMI-DADE										
MONROE										
NASSAU										
OKALOOSA										
OKEECHOBEE										
ORANGE										
OSCEOLA										
PALM BEACH										
PASCO										
PINELLAS										
POLK										
PUTNAM										
SANTA ROSA										
SARASOTA										
SEMINOLE										
ST. JOHNS										

DWELLING FIRE POLICIES										
County	Earned House Years for 2015	Earned Premium Volume for 2015	AOP Claims (excl. Sinkhole) Closed in 2015			Earned House Years for 2016	Earned Premium Volume for 2016	AOP Claims (excl. Sinkhole) Closed in 2016		
			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid
ST LUCIE										
SUMTER										
SUWANNEE										
TAYLOR										
UNION										
VOLUSIA										
WAKULLA										
WALTON										
WASHINGTON										

**Section B**

**SUMMARY BY COUNTY OF ALL OTHER PERILS (AOP) CLAIM INFORMATION**

**DWELLING FIRE POLICIES**

County	Earned House Years for Jan. 1, 2017 - June 30, 2017	Earned Premium Volume for Jan. 1, 2017 - June 30, 2017	AOP Claims (excl. Sinkhole) Closed Between Jan. 1, 2017 - June 30, 2017			AOP Claims Pending (excl. Sinkhole) as of 7/1/2017						
			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid	Number of Pending AOP Claims	Est. Amount of Indemnity Losses for AOP Claims	Est. Amount of LAE for AOP Claims	Number of Pending Water/Roof Claims	Est. Amount of Indemnity Losses for Water/Roof Claims	Est. Amount of LAE for Water/Roof Claims	
ALACHUA												
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CITRUS												
CLAY												
COLLER												
COLUMBIA												
DE SOTO												
DIXIE												
DUVAL												
ESCAMBIA												
FLAGLER												
FRANKLIN												
GADSDEN												
GILCHRIST												
GLADES												
GULF												
HAMILTON												
HARDEE												
HENDRY												
HERNANDO												
HIGHLANDS												

<b>DWELLING FIRE POLICIES</b>												
County	Earned House Years for Jan. 1, 2017 - June 30, 2017	Earned Premium Volume for Jan. 1, 2017 - June 30, 2017	AOP Claims (excl. Sinkhole) Closed Between Jan. 1, 2017 - June 30, 2017				AOP Claims Pending (excl. Sinkhole) as of 7/1/2017					
			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid	Number of Pending AOP Claims	Est. Amount of Indemnity Losses for AOP Claims	Est. Amount of LAE for AOP Claims	Number of Pending Water/Roof Claims	Est. Amount of Indemnity Losses for Water/Roof Claims	Est. Amount of LAE for Water/Roof Claims	
HILLSBOROUGH												
HOLMES												
INDIAN RIVER												
JACKSON												
JEFFERSON												
LAFAYETTE												
LAKE												
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LEON												
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LIBERTY												
MADISON												
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MIAMI-DADE												
MONROE												
NASSAU												
OKALOOSA												
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PINELLAS												
POLK												
PUTNAM												
SANTA ROSA												
SARASOTA												
SEMINOLE												
ST. JOHNS												

<b>DWELLING FIRE POLICIES</b>											
County	Earned House Years for Jan. 1, 2017 - June 30, 2017	Earned Premium Volume for Jan. 1, 2017 - June 30, 2017	AOP Claims (excl. Sinkhole) Closed Between Jan. 1, 2017 - June 30, 2017				AOP Claims Pending (excl. Sinkhole) as of 7/1/2017				
			Number of Claims	Indemnity Amount Paid	Loss Adjustment Expenses Paid	Number of Pending AOP Claims	Est. Amount of Indemnity Losses for AOP Claims	Est. Amount of LAE for AOP Claims	Number of Pending Water/Roof Claims	Est. Amount of Indemnity Losses for Water/Roof Claims	Est. Amount of LAE for Water/Roof Claims
ST LUCIE											
SUMTER											
SUWANNEE											
TAYLOR											
UNION											
VOLUSIA											
WAKULLA											
WALTON											
WASHINGTON											

*Appendix B*

**Insurers that  
Submitted Data**

## Appendix B – Insurers that Submitted Data

Below are the insurers that submitted data for the Assignment of Benefits Data Call:

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**American Integrity Insurance Company of Florida**

**American Strategic Insurance Corporation**

**ASI Assurance Corporation**

**ASI Preferred Insurance Corporation**

**Castle Key Insurance Company**

**Citizens Property Insurance Corporation**

**Federated National Insurance Company**

**First Protective Insurance Company**

**Florida Family Insurance Company**

**Florida Peninsula Insurance Company**

**Garrison Property and Casualty Insurance Company**

**Heritage Property & Casualty Insurance Company**

**Homeowners Choice Property & Casualty Insurance Company, Inc.**

**Lakeview Insurance Company**

**Monarch National Insurance Company**

**Olympus Insurance Company**

**Omega Insurance Company**

**People's Trust Insurance Company**

**Progressive Property Insurance Company**

**Security First Insurance Company**

**Southern Fidelity Insurance Company**

**St. Johns Insurance Company, Inc.**

**State Farm Florida Insurance Company**

**Tower Hill Preferred Insurance Company**

**Tower Hill Prime Insurance Company**

**Tower Hill Select Insurance Company**

**Tower Hill Signature Insurance Company**

**United Property & Casualty Insurance Company**

**United Services Automobile Association**

**Universal Property & Casualty Insurance Company**

**USAA Casualty Company**

**USAA General Indemnity Company**

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*Appendix C*

**Mapping of  
Counties to Regions**

## Appendix C – Mapping of Counties to Regions

Below is the mapping of Florida counties to the regions shown in this report:

<b>County</b>	<b>Region</b>
Alachua	North Central Florida
Baker	Northeast Florida
Bay	Northwest Florida
Bradford	North Central Florida
Brevard	Central East Florida
Broward	Southeast Florida
Calhoun	Northwest Florida
Charlotte	Southwest Florida
Citrus	Central West Florida
Clay	Northeast Florida
Collier	Southwest Florida
Columbia	North Central Florida
Miami-Dade	Southeast Florida
De Soto	Central West Florida
Dixie	North Central Florida
Duval	Northeast Florida
Escambia	Northwest Florida
Flagler	Northwest Florida
Franklin	Northwest Florida
Gadsden	North Central Florida
Gilchrist	North Central Florida
Glades	Southwest Florida
Gulf	Northwest Florida
Hamilton	North Central Florida
Hardee	Central Florida
Hendry	Southwest Florida
Hernando	Central West Florida
Highlands	Central Florida
Hillsborough	Central West Florida
Holmes	Northwest Florida
Indian River	Central East Florida
Jackson	Northwest Florida
Jefferson	North Central Florida
Lafayette	North Central Florida
Lake	Central Florida
Lee	Southwest Florida
Leon	North Central Florida
Levy	North Central Florida
Liberty	Northwest Florida
Madison	North Central Florida
Manatee	Central West Florida
Marion	Central Florida
Martin	Southeast Florida
Monroe	Southeast Florida
Nassau	Northeast Florida

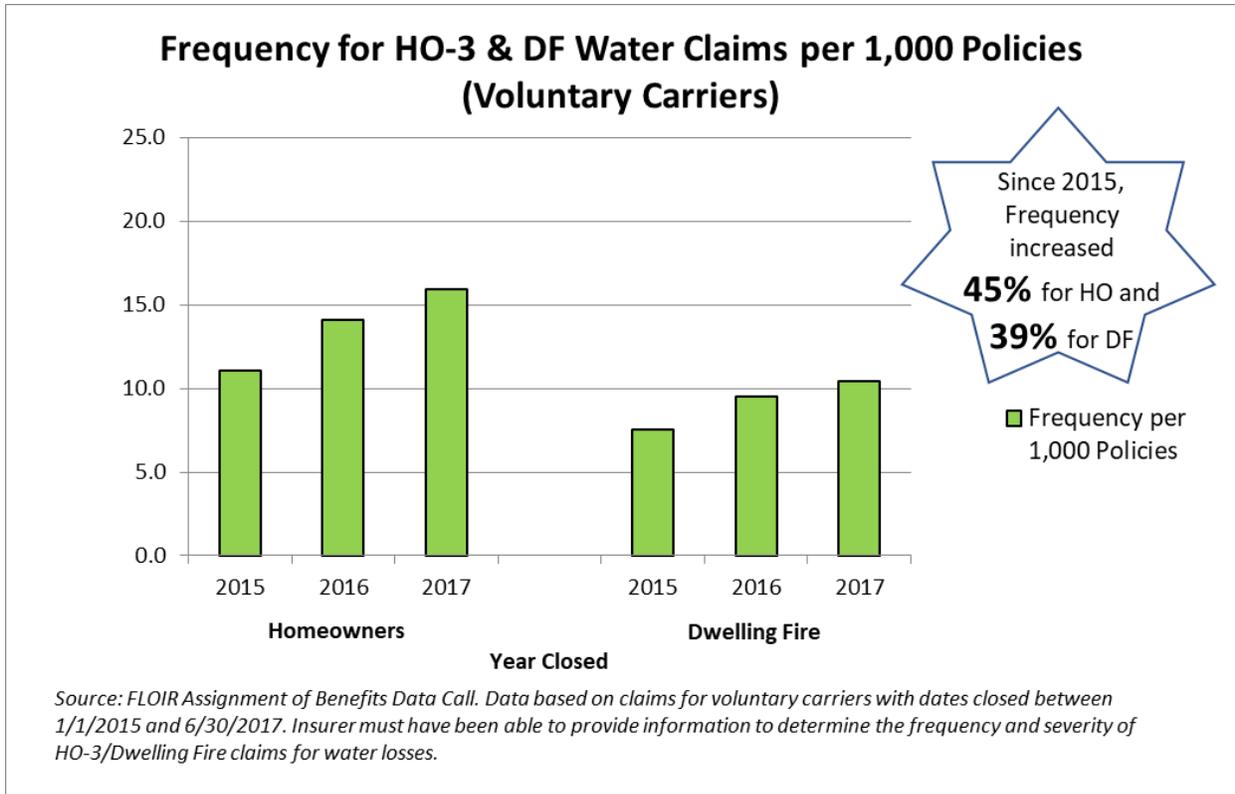
## Appendix C – Mapping of Counties to Regions

<b>County</b>	<b>Region</b>
<b>Okaloosa</b>	Northwest Florida
<b>Okeechobee</b>	Central East Florida
<b>Orange</b>	Central Florida
<b>Osceola</b>	Central Florida
<b>Palm Beach</b>	Southeast Florida
<b>Pasco</b>	Central West Florida
<b>Pinellas</b>	Central West Florida
<b>Polk</b>	Central Florida
<b>Putnam</b>	Northeast Florida
<b>St Johns</b>	Northeast Florida
<b>St Lucie</b>	Central East Florida
<b>Santa Rosa</b>	Northwest Florida
<b>Sarasota</b>	Central West Florida
<b>Seminole</b>	Central Florida
<b>Sumter</b>	Central Florida
<b>Suwannee</b>	North Central Florida
<b>Taylor</b>	North Central Florida
<b>Union</b>	North Central Florida
<b>Volusia</b>	Central East Florida
<b>Wakulla</b>	North Central Florida
<b>Walton</b>	Northwest Florida
<b>Washington</b>	Northwest Florida

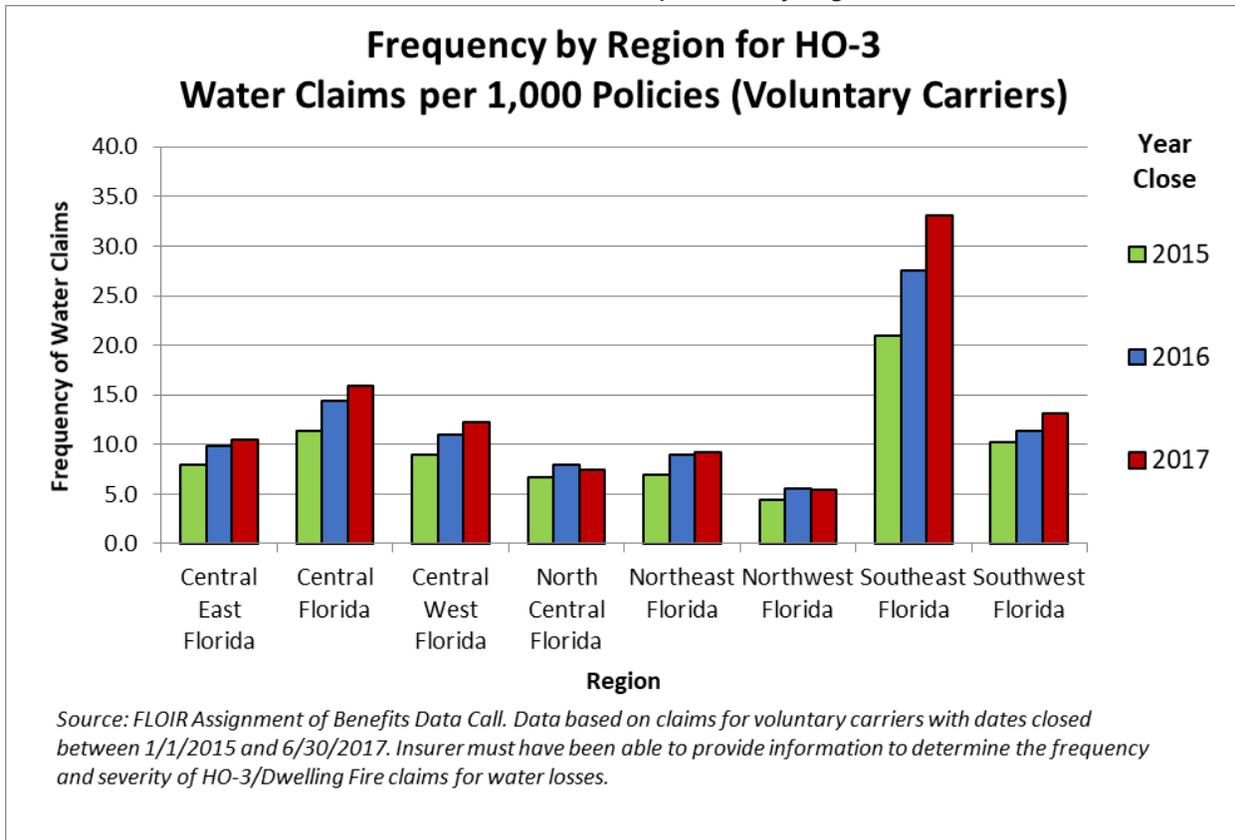
*Appendix D*

**Graphs and Charts for  
HO-3 and DF Policies  
Separately**

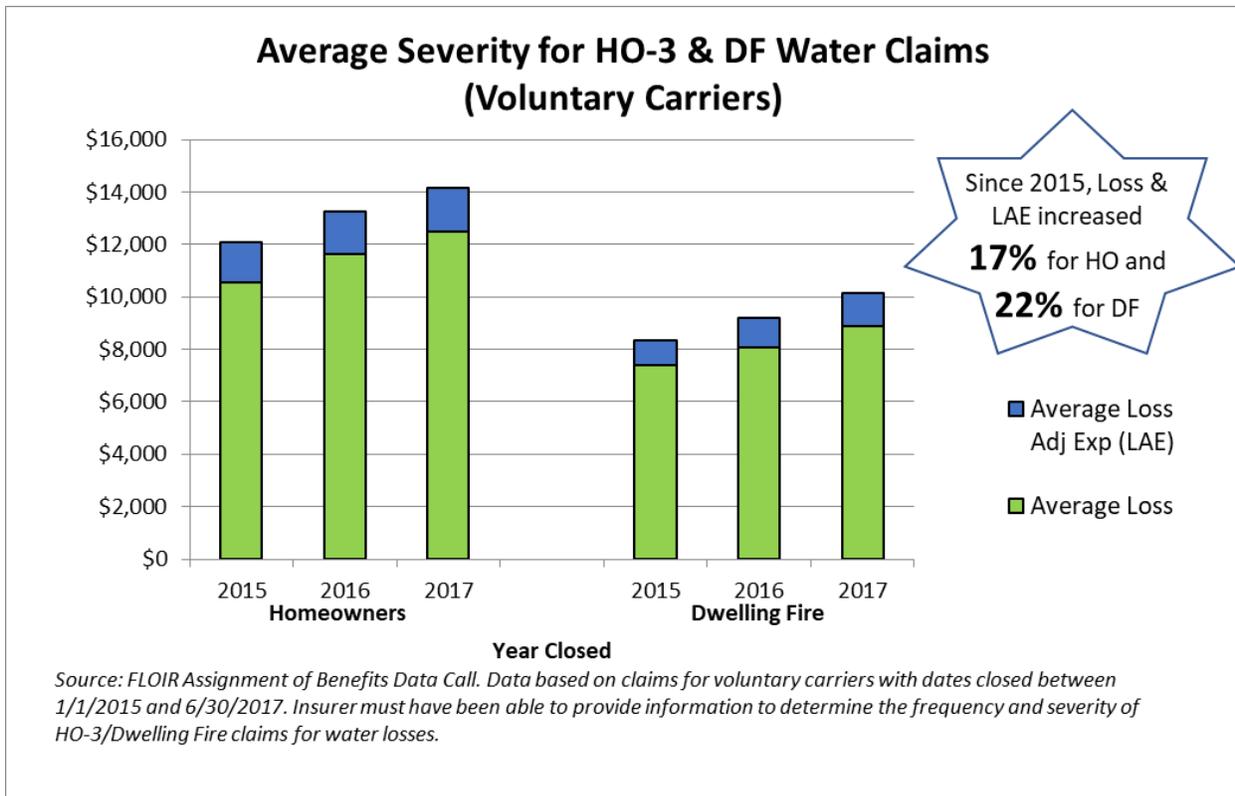
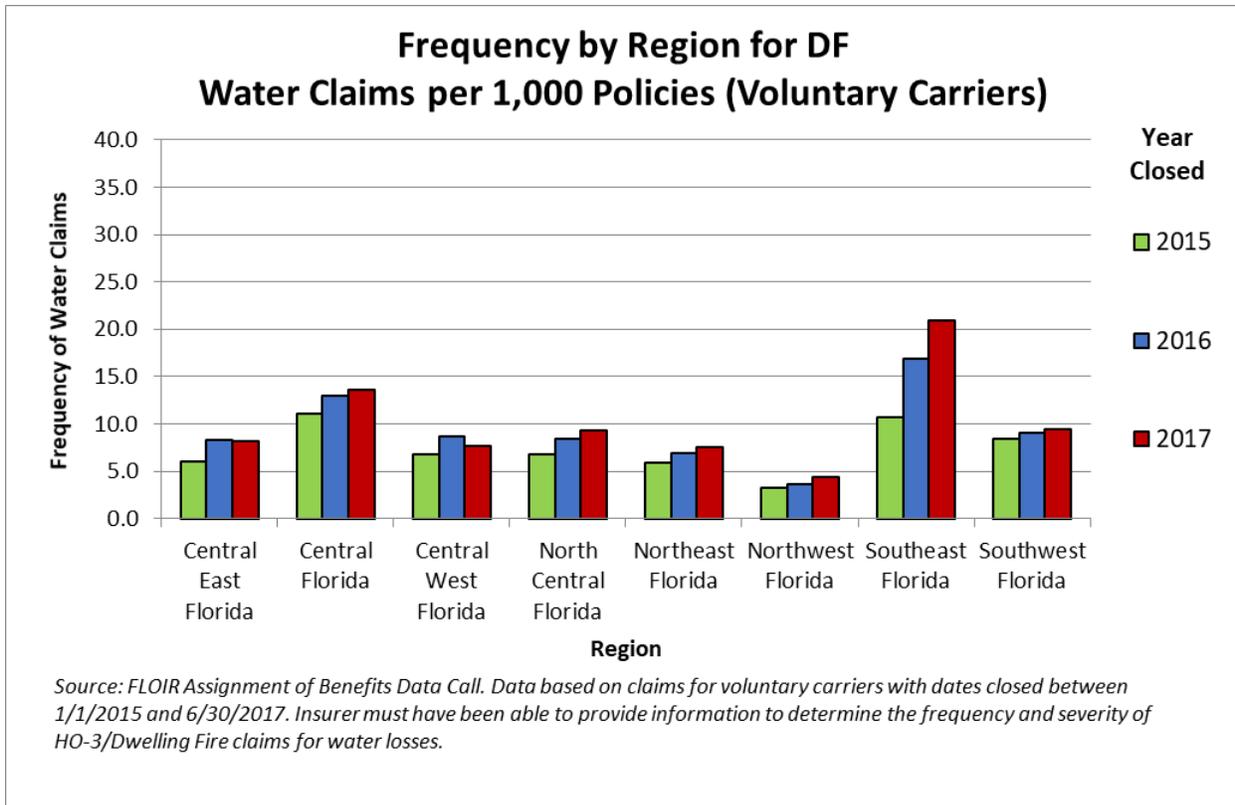
Appendix D – Graphs and Charts for HO-3 and DF Policies Separately



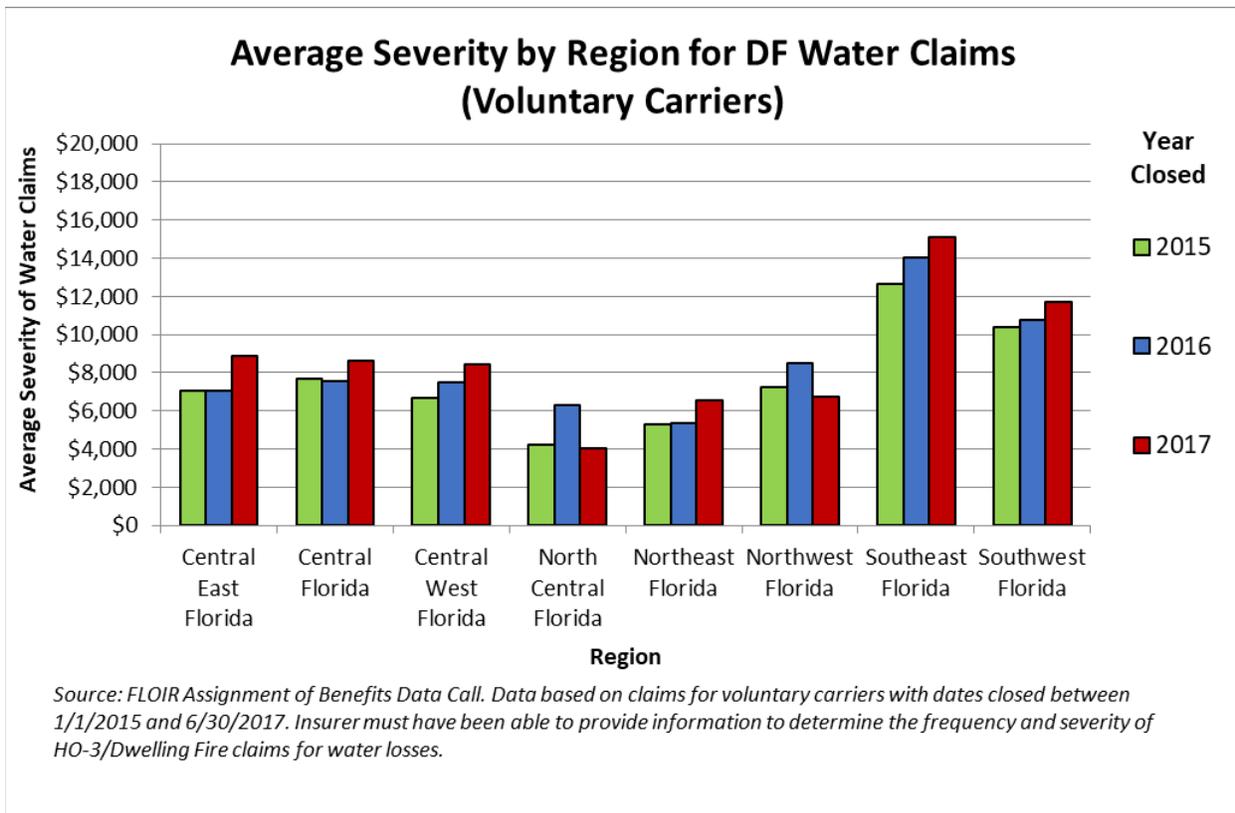
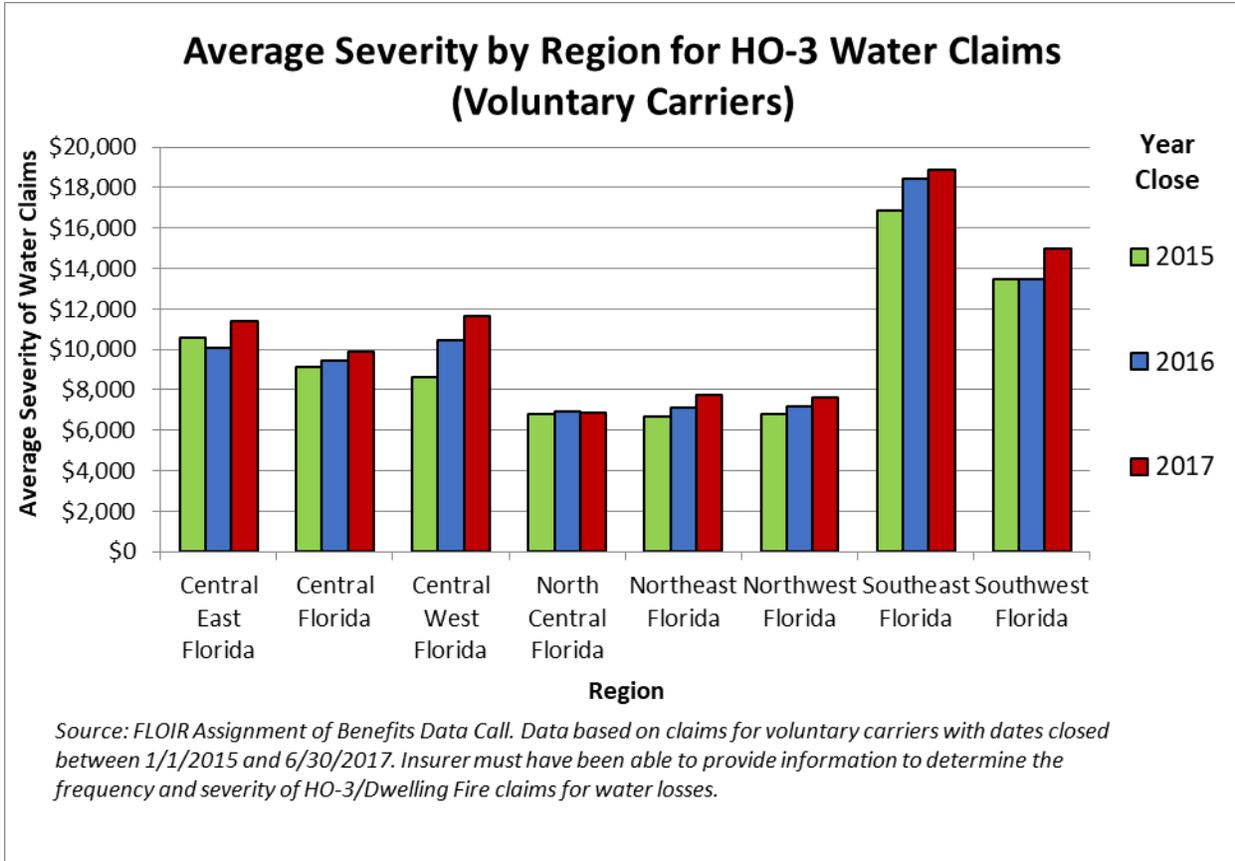
Similar trends are observed for both HO-3 and DF policies by region, as well.



Appendix D – Graphs and Charts for HO-3 and DF Policies Separately



Appendix D – Graphs and Charts for HO-3 and DF Policies Separately

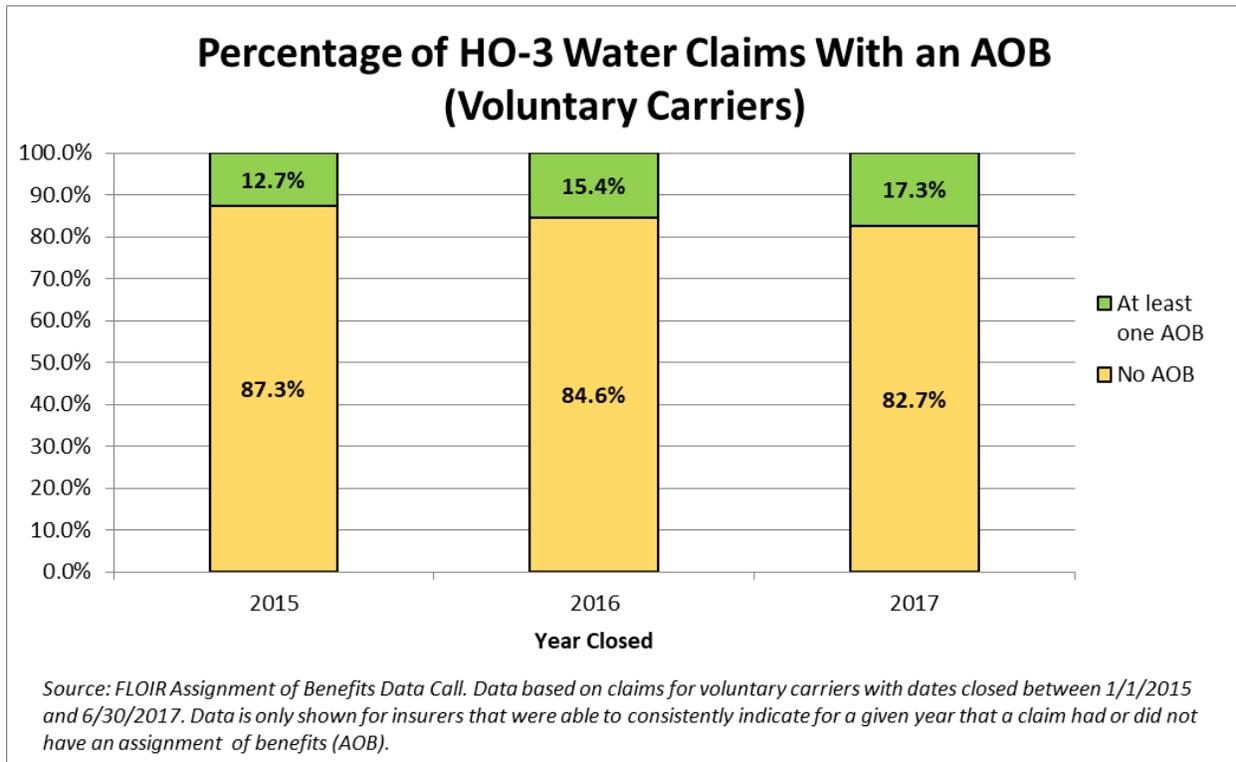
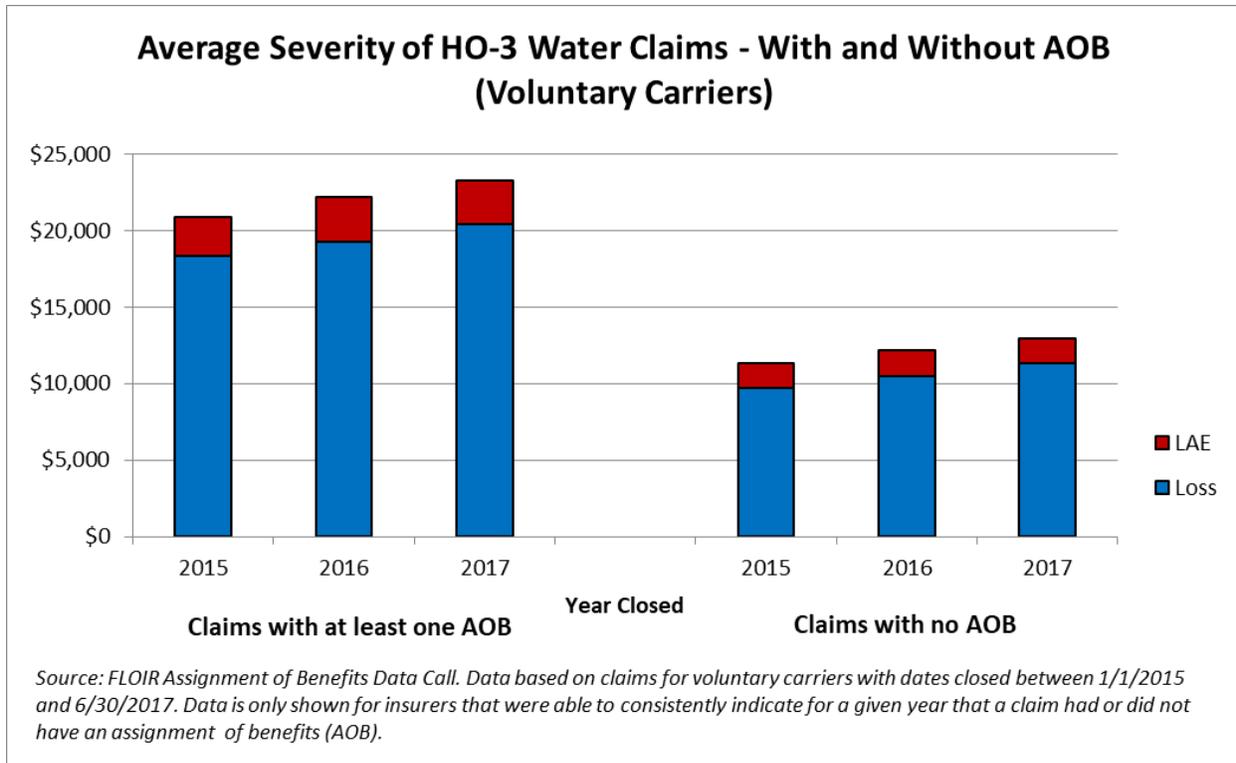


Appendix D – Graphs and Charts for HO-3 and DF Policies Separately

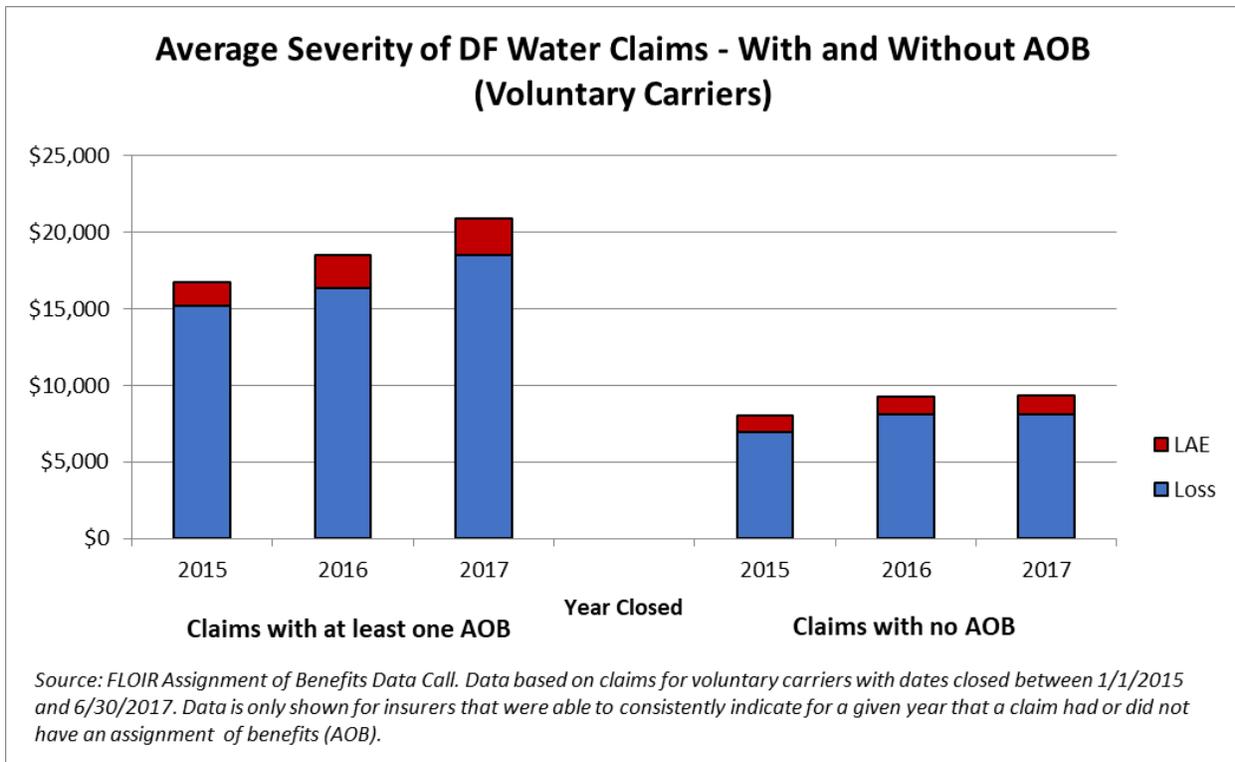
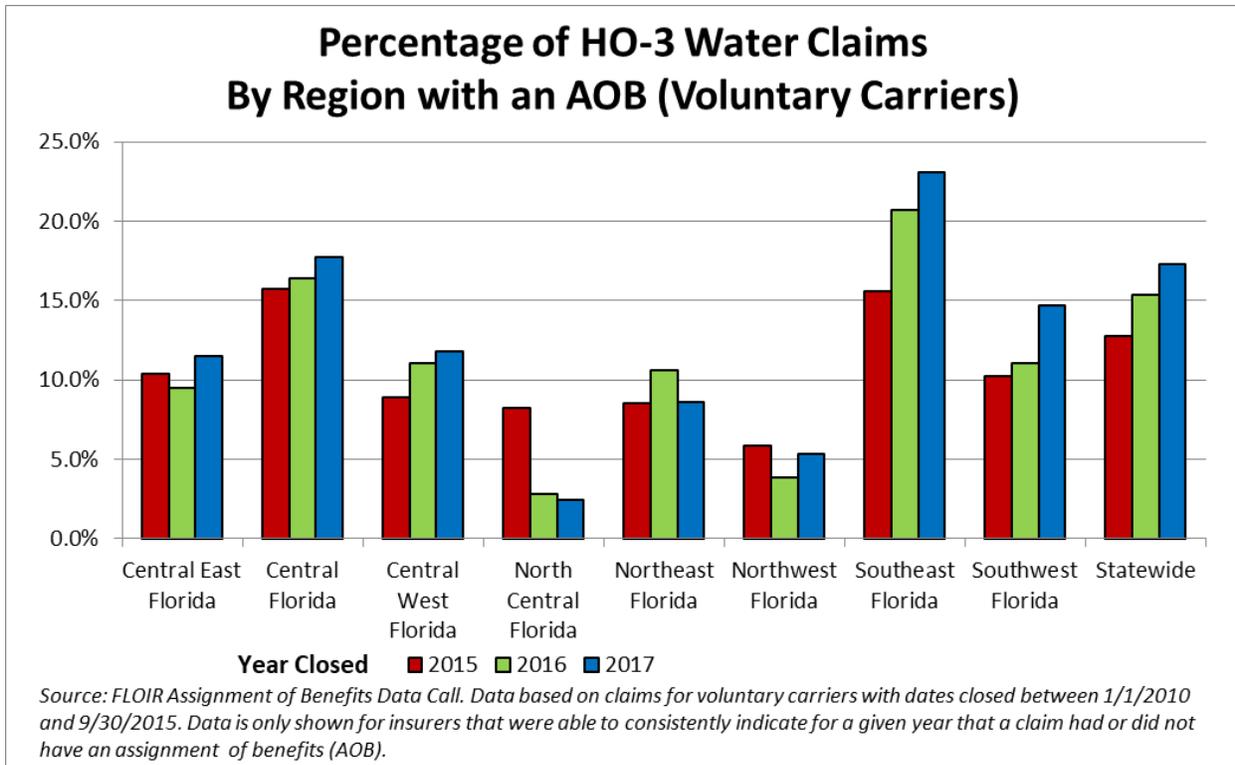
<b>Homeowners</b>	<b>Change from 2015 - 2017</b>			<b>Average Annualized Trend</b>		
<b>Region</b>	<b>Frequency</b>	<b>Severity</b>	<b>Combined</b>	<b>Frequency</b>	<b>Severity</b>	<b>Combined</b>
Central East Florida	31.7%	8.1%	42.4%	20.2%	5.3%	26.6%
Central Florida	39.5%	8.0%	50.7%	24.9%	5.2%	31.4%
Central West Florida	38.0%	34.7%	85.9%	24.0%	21.9%	51.2%
North Central Florida	12.3%	0.8%	13.2%	8.0%	0.6%	8.6%
Northeast Florida	33.0%	15.9%	54.2%	21.0%	10.3%	33.5%
Northwest Florida	23.4%	12.0%	38.3%	15.1%	7.8%	24.1%
Southeast Florida	57.6%	11.8%	76.2%	35.4%	7.7%	45.9%
Southwest Florida	29.4%	11.2%	43.9%	18.8%	7.3%	27.5%
<b>Statewide</b>	<b>44.7%</b>	<b>17.1%</b>	<b>69.5%</b>	<b>27.9%</b>	<b>11.1%</b>	<b>42.2%</b>

<b>Dwelling Fire</b>	<b>Change from 2015 - 2017</b>			<b>Average Annualized Trend</b>		
<b>Region</b>	<b>Frequency</b>	<b>Severity</b>	<b>Combined</b>	<b>Frequency</b>	<b>Severity</b>	<b>Combined</b>
Central East Florida	36.2%	26.3%	72.0%	22.8%	16.8%	43.5%
Central Florida	22.8%	12.6%	38.3%	14.7%	8.2%	24.1%
Central West Florida	13.2%	25.4%	42.0%	8.6%	16.3%	26.3%
North Central Florida	37.7%	-3.7%	32.6%	23.8%	-2.5%	20.7%
Northeast Florida	28.4%	23.4%	58.5%	18.1%	15.1%	35.9%
Northwest Florida	38.1%	-6.9%	28.6%	24.0%	-4.6%	18.3%
Southeast Florida	95.7%	19.0%	133.0%	56.5%	12.3%	75.7%
Southwest Florida	12.0%	12.9%	26.4%	7.9%	8.4%	16.9%
<b>Statewide</b>	<b>38.5%</b>	<b>21.6%</b>	<b>68.4%</b>	<b>24.3%</b>	<b>13.9%</b>	<b>41.6%</b>

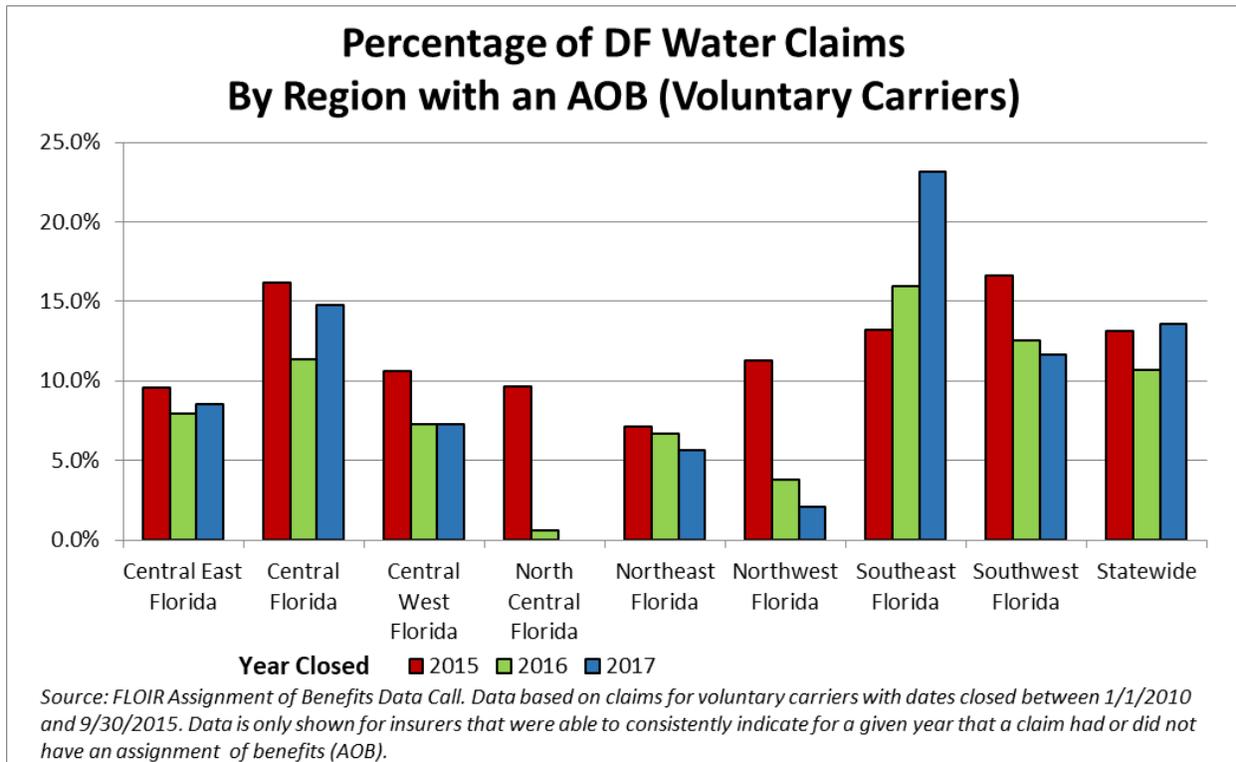
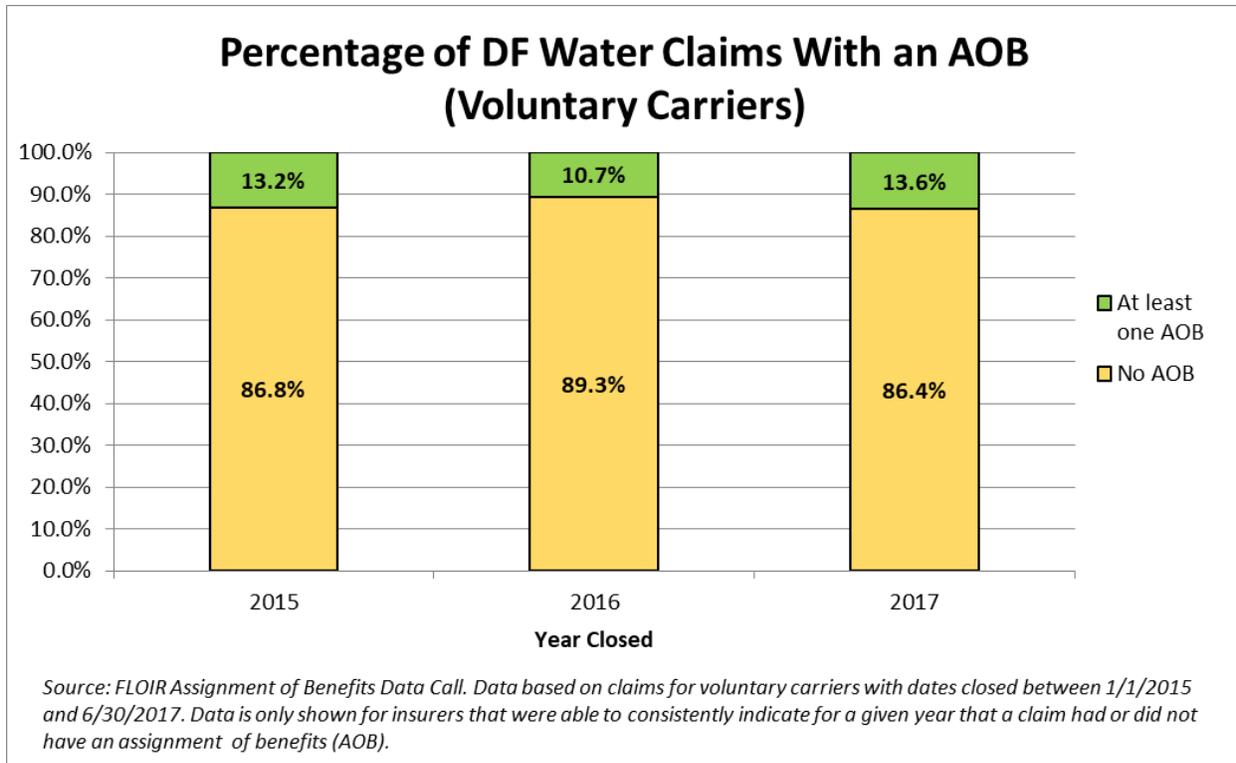
Appendix D – Graphs and Charts for HO-3 and DF Policies Separately



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Appendix D – Graphs and Charts for HO-3 and DF Policies Separately





**FLORIDA OFFICE OF INSURANCE REGULATION**

**David Altmaier, Insurance Commissioner**  
**200 E. Gaines Street - Tallahassee, Florida 32399**

**Phone: (850) 413-3140**

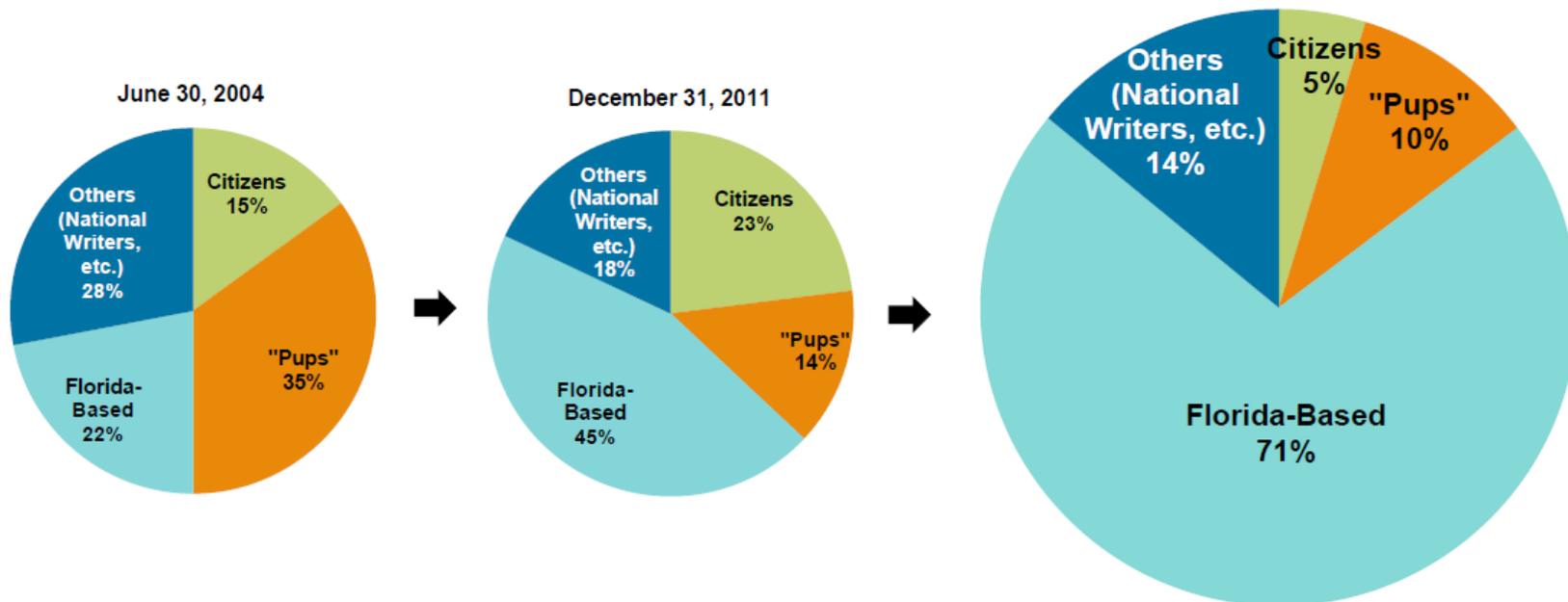
**[www.floir.com](http://www.floir.com)**

# Citizens Property Insurance Corporation Overview

Barry Gilway  
President



**For Policies that Include Wind Coverage  
Florida Residential Property Insurance Market  
Includes State Farm Florida  
QUASR data as of June 30, 2018**

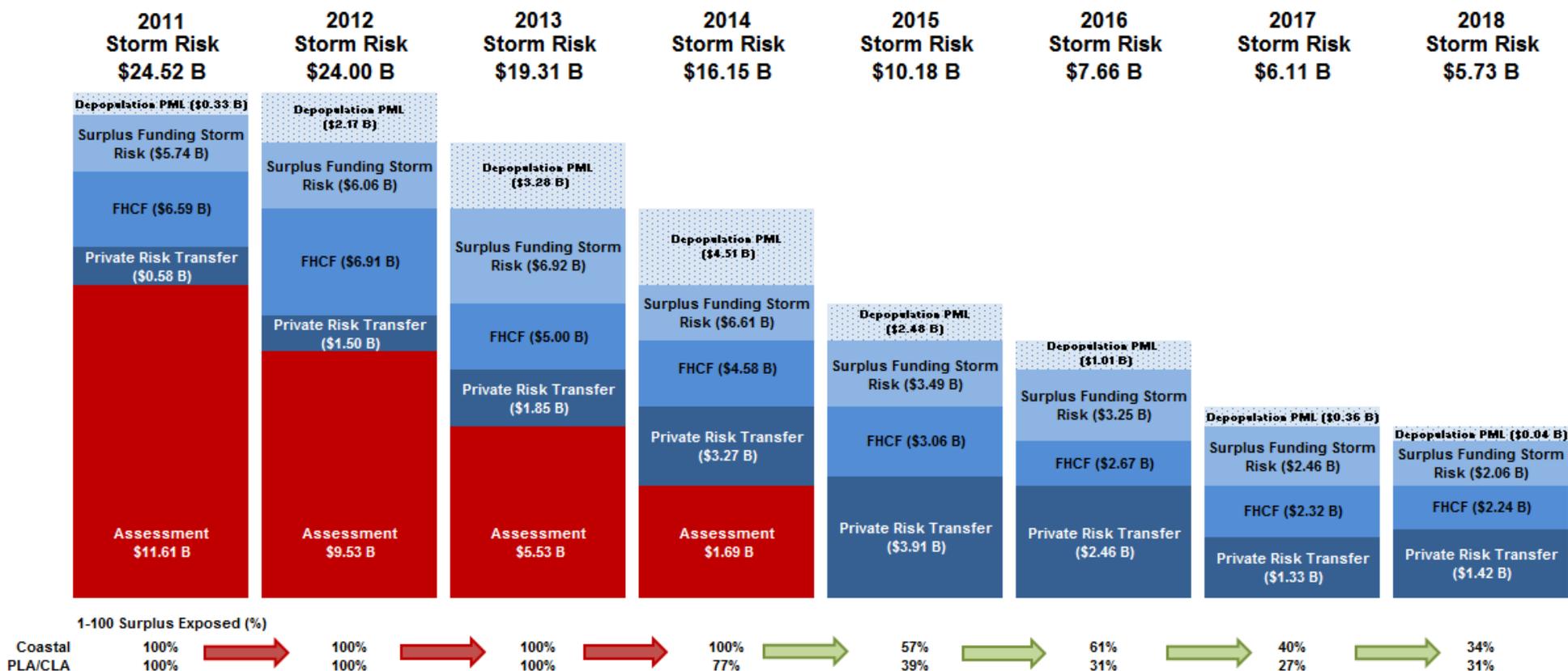


Insurer Category	Total Insured Value
Citizens	\$106,284,553,696
"Pups"	\$233,041,758,285
Florida-Based	\$1,612,889,890,922
Others	\$319,869,629,249
<b>Total</b>	<b>\$2,272,085,832,151</b>

The Florida Residential Property Insurance Admitted Market is divided into 4 major parts: (i) Citizens; (ii) Florida only subsidiaries "pups" of major national writers; (iii) Florida-based domestic companies; and (iv) non-domestic nationwide property writers, such as USAA, etc.

# Storm Risk: 1 in 100 year PML

## Public Summary of Citizens Assessment Reduction Efforts Over Time



**Notes:**

- Storm Risk is as measured by 1-in-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. In general, the PMLs presented are as projected at the beginning of storm season; with the exception of 2017 which is as of August 31, 2017.
- Surplus 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 - 2018, not all surplus in PLA/CLA and the Coastal Account is needed to fund storm risk. Remaining surplus is available to fund a second event.
- Florida Hurricane Catastrophe Fund (FHCF) is as projected at beginning of storm season; with the exception of 2017 and 2018 which are Citizens' initial data submission to the FHCF.
- Depopulation PMLs are not included in storm risk totals and are presented as year end totals; with the exception of 2018, which is as of May 31, 2018. PMLs from 2011-2014 use a weighted average of 1/3 Standard Sea Surface Temperature (SSST) and 2/3 Warm Sea Surface Temperature (WSST). 2015 - 2018 PMLs reflect only SSST event catalog.

Litigation has been increasing steadily for all carriers.

	2013	2014	2015	2016	2017	2018
<b>Citizens Property Insurance Company</b>						
All	9,146	9,525	7,653	10,061	7,624	13,363
AOB	860	1,062	1,250	3,242	2,718	3,631
AOB %	9%	11%	16%	32%	36%	27%
<b>All Other Carriers</b>						
All	18,270	22,122	30,167	31,790	41,524	69,300
AOB	4,613	4,820	6,645	5,968	9,772	17,421
AOB %	25%	22%	22%	19%	24%	25%
<b>Total All</b>	<b>27,416</b>	<b>31,647</b>	<b>37,820</b>	<b>41,851</b>	<b>49,148</b>	<b>82,663</b>
<b>Total AOB</b>	<b>5,473</b>	<b>5,882</b>	<b>7,895</b>	<b>9,210</b>	<b>12,490</b>	<b>21,052</b>
<b>Total AOB %</b>	<b>20%</b>	<b>19%</b>	<b>21%</b>	<b>22%</b>	<b>25%</b>	<b>25%</b>

Data source – DFS LSOP 2013-2018 Q4

Note: 2018 Q3 data includes Hurricane Irma which represents around 60% of all new Litigation for Citizens Property Insurance in 2018.

## Legal Service of Process 2013-2018 All State of Florida Carriers

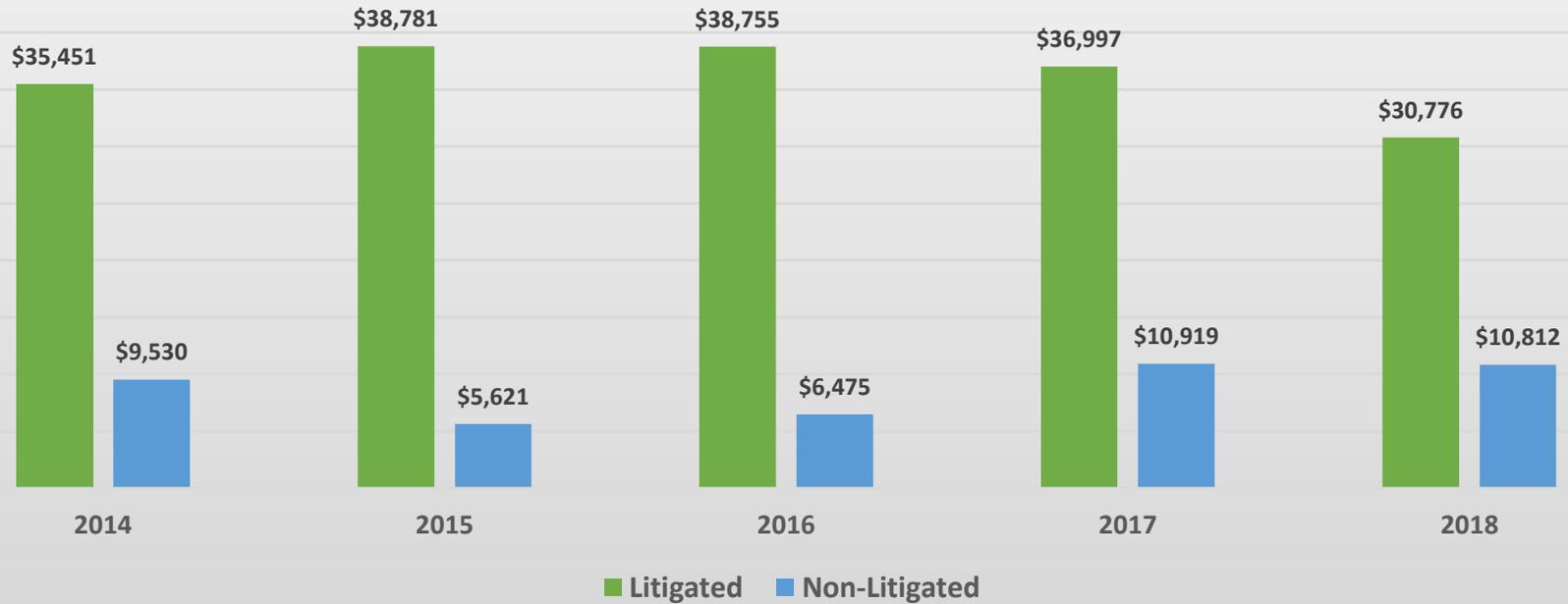
	Miami-Dade	Broward	Palm Beach	Orange	Hillsborough	Duval	Polk
2013	10,759	4,383	2,116	1,578	2,064	725	326
2014	12,287	5,932	2,337	1,815	2,025	780	401
2015	13,133	8,309	3,184	2,101	2,019	960	363
2016	14,718	9,605	3,493	1,994	2,424	1,047	449
2017	13,993	11,137	4,403	2,980	2,913	1,487	623
2018	25,736	17,281	6,139	6,232	3,594	2,027	1,284



# Legal Service of Process – AOB Litigation

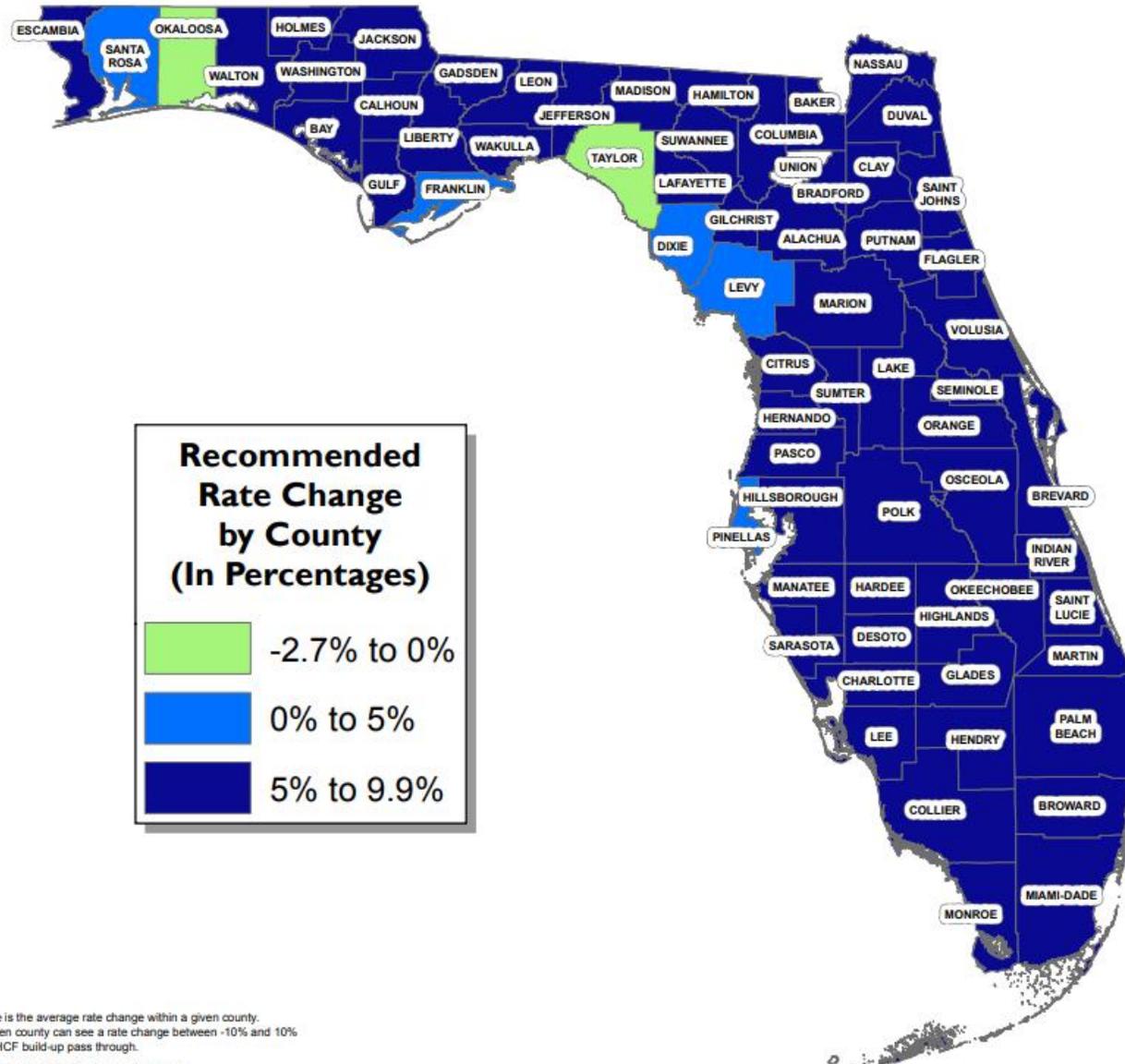
	Miami-Dade		Broward		Palm Beach		Orange		Hillsborough		Duval		Polk	
	AOB	%	AOB	%	AOB	%								
<b>2013</b>	<b>2,782</b>	<b>26%</b>	<b>775</b>	<b>18%</b>	<b>355</b>	<b>17%</b>	<b>723</b>	<b>46%</b>	<b>133</b>	<b>6%</b>	<b>65</b>	<b>9%</b>	<b>47</b>	<b>14%</b>
<b>2014</b>	<b>2,872</b>	<b>23%</b>	<b>1,155</b>	<b>19%</b>	<b>286</b>	<b>12%</b>	<b>766</b>	<b>42%</b>	<b>34</b>	<b>2%</b>	<b>94</b>	<b>12%</b>	<b>44</b>	<b>11%</b>
<b>2015</b>	<b>3,240</b>	<b>25%</b>	<b>2,170</b>	<b>26%</b>	<b>580</b>	<b>18%</b>	<b>536</b>	<b>25%</b>	<b>26</b>	<b>1%</b>	<b>95</b>	<b>10%</b>	<b>65</b>	<b>18%</b>
<b>2016</b>	<b>3,772</b>	<b>25%</b>	<b>2,886</b>	<b>30%</b>	<b>719</b>	<b>21%</b>	<b>413</b>	<b>21%</b>	<b>95</b>	<b>4%</b>	<b>58</b>	<b>6%</b>	<b>63</b>	<b>14%</b>
<b>2017</b>	<b>4,464</b>	<b>32%</b>	<b>3,821</b>	<b>34%</b>	<b>1,052</b>	<b>24%</b>	<b>658</b>	<b>22%</b>	<b>209</b>	<b>7%</b>	<b>193</b>	<b>13%</b>	<b>76</b>	<b>12%</b>
<b>2018</b>	<b>6,940</b>	<b>27%</b>	<b>5,227</b>	<b>30%</b>	<b>1,346</b>	<b>22%</b>	<b>2,276</b>	<b>37%</b>	<b>636</b>	<b>18%</b>	<b>440</b>	<b>22%</b>	<b>263</b>	<b>20%</b>

## Severity of Litigated vs. Non-Litigated Water Claims



# Homeowners Multiperil Rates

**Exhibit 2 - Percent of 2019 Recommended Rate Change by County**  
Multi-Peril HO-3 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.
3. In-force as of 06/30/2018.
4. Counties with no color have no HO-3 policies as of 06/30/2018.

- Citizens current average actuarial rate indication for multiperil homeowners is 25.2% with a capped indication of 8.5%
- Actuarial rate need for homeowners multiperil policies ranges among Senate districts from 0.1% to 51.6%
- 97% of homeowners multiperil policyholders will see rate increases in 2019
- 70% of homeowners customers received rate decreases in 2015
- If AOB reform is successful the actuarial rate indication for homeowners multiperil would be reduced from 25.2% to 10.1%
- If overall litigation rates can be reduced to pre-2015 levels the actuarial rate indication for homeowners multiperil would be reduced from 25.2 to 1.5%

## Available for Non-Weather Water Losses for Citizens' HO-3 and DP-3 Policies

- Voluntary program offered at time of loss for water losses caused by accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning, automatic fire protective sprinkler system or household appliance
- **Emergency Water Removal Services**
  - No deductible
  - No cost to policyholder even if loss is not covered by Citizens
  - If the policyholder agrees to participate, Citizens provides a Citizens-approved contractor(s) to provide water removal and drying services to protect insured structures from further damage
- **Managed Repair Contractor Network Program**
  - Provides permanent repair services for covered damage
  - Policyholder works with licensed and insured contractors within the network
  - All contractors' claim related work is guaranteed for three years

## 2018 Policy Changes

- Effective for HO-3 and dwelling DP-3 new business and renewals August 1, 2018
- \$10,000 Sublimit for Coverages A and B if Managed Repair Contractor Network not used
- Requires all claimants other than insured, their agent, representative or a public adjuster representing claimant to:
  - Provide documentation supporting the right to make a claim
  - Provide documentation detailing the scope and amount of loss
  - Participate in appraisal or alternative dispute resolution



## Citizens 2019 Rates

### Frequently Asked Questions

1. [Why will most Citizens policyholders see additional rate increases when Florida has weathered only three storms in the past decade?](#)
2. [Are Floridians more at risk of assessments as a result of Citizens increased rate need?](#)
3. [What is Assignment of Benefits \(AOB\) and how is it affecting 2019 rates?](#)
4. [Are water losses and AOB abuses limited to South Florida? Is it spreading to other parts of the state?](#)
5. [What is Citizens doing to address water losses and AOB abuse?](#)
6. [What would happen to rates if the AOB and water litigation problems were resolved?](#)
7. [How can policyholders' actions after a loss affect rates?](#)

1. **Why will most Citizens policyholders see additional rate increases when Florida has weathered only three storms in the past decade?**

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 nonweather 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. For the first time since its creation, Citizens can now handle a 1-in-100 year storm followed by a 1-in-41 year event without having to levy assessments on Florida policyholders.

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 nonweather 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 2019 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 of three times more than claims without an AOB and are 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. 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 that resulted in litigation had legal or AOB representation before the claim was even reported to Citizens. Nearly 94 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.

Claims reported with AOB representation cost more than double than nonrepresented claims to resolve. This cost increases to nearly five times if the case requires litigation.

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

Last year, the Florida Office of Insurance Regulation approved a set of focused [policy changes](#) for Citizens regarding loss reporting, including the establishment of a threshold for nonapproved 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 above the threshold.

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 the loss being reported, the policyholder can authorize or begin permanent repairs covered under the policy.

Another option for eligible policyholders is the Citizens [Managed Repair Program](#) which includes two voluntary services to help customers recover when their home is damaged from water damage not caused by weather. The Emergency Water Removal Services Program offers **free** water removal and drying services following eligible water losses not caused by weather. Citizens also offers a Managed Repair Contractor Network to connect customers connected with a network of approved contractors who can make permanent repairs for covered damages.

Effective August 1, 2018, if a customer opts to use a contractor outside the Managed Repair Contractor Network, there is a \$10,000 limit on covered damage resulting from water losses not caused by weather. This limit includes up to \$3,000 for emergency water removal services. Customers who do use Citizens' Managed Repair Program would not be subject to the sublimit.

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## 6. What would happen to rates if the AOB and water litigation problems were resolved?

Resolving the AOB and water litigation problems may contribute to a decrease of litigation rates, which would in turn reduce the statewide rate indication. Citizens expects a litigation rate of nearly 50 percent of all water claims versus previous levels of 12 to 15 percent. If litigation rates returned to the lower, historic levels, many South Florida policyholders would see rate decreases in 2019 and the overall average rate increase would be 1.5 percent.

Citizens' [Managed Repair Program](#) offers valuable services to qualified HO-3 and DP-3 customers whose homes have been damaged. Emergency Water Removal Services

provides water removal services to protect a policyholder's home from further damage caused by a nonweather water loss. The Managed Repair Contractor Network Program provides permanent repair services to return the customer's home to its pre-loss condition following a qualified loss. Permanent repairs include flooring, insulation, drywall, paint, and cabinetry.

Citizens continues to educate its customers about AOB abuse and common scenarios where AOB-related fraud can occur such as offers for repairs for damage you were unaware of, a proposal of "*something for nothing*," such as a free roof or large insurance payouts, or pressure to sign a contract they don't fully understand.

## 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, submitting a claim online through myPolicy or by 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.

Citizens also advises our customers to be wary of unsolicited vendors canvassing their neighborhood offering something for nothing, such as a free roof or large insurance payouts. Finally, never sign a contract you don't fully understand.

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# ACTION ITEM

A&U Committee Meeting, December 11, 2018  
Board of Governors Meeting, December 12, 2018

<b>CONTRACT ID:</b>	<b>Annual Recommended Rate Filings – Effective September 1, 2019</b>
<b>BUDGETED ITEM</b>	N/A
<b>CONTRACT AMOUNT</b>	N/A
<b>PURPOSE / SCOPE</b>	<p><b>Purpose:</b></p> <p>As required by statute, Citizens has completed the annual analysis of recommended rates for 9/1/2019 – 8/31/2020. 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><b>Scope:</b></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"> <li>• Comply with the requirement in Florida law that Citizens recommend actuarially sound rates</li> <li>• 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</li> <li>• Comply with the statutory “glide path”</li> <li>• Considers the Florida Public Hurricane Model, as required by law</li> <li>• Include an appropriate charge to pass through the Florida Hurricane Catastrophe Fund Rapid Cash build-up</li> </ul> <p>For personal lines, the overall statewide indicated rate change is 25.9%. After the application of the glide-path capping, the recommended rate impact is 8.2%.</p> <p>For commercial lines, the overall statewide indicated rate change is 54.2%. After the application of the glide-path capping, the recommended rate impact is 9.0%.</p>
<b>CONTRACT TERM(S)</b>	N/A
<b>PROCUREMENT METHOD</b>	N/A
<b>RECOMMENDATION</b>	<p>Citizens’ Actuarial and Underwriting Committee recommends that Citizens’ Board of Governors:</p> <ol style="list-style-type: none"> <li>a) Approve and recommend the 2019 Annual Recommended Rate Filings.</li> <li>b) Upon approval, the presented rate changes will be filed with the Office of Insurance Regulation.</li> </ol>
<b>CONTACTS</b>	Brian Donovan, FCAS, MAAA - Sr Director, Chief Actuary

# Executive Summary

Actuarial & Underwriting Committee Meeting, December 11, 2018

Board of Governors Meeting, December 12, 2018

## Annual Recommended 2019 Rate Filings

As required by statute, Citizens has completed the annual analysis of recommended rates for 2019. The Office of Insurance Regulation uses this information as it establishes Citizens rates to be implemented for policy effective dates beginning September 2019. 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 +25.9%. The premium impact after the application of the glide path cap is 8.2%. 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.

# Executive Summary

Actuarial & Underwriting Committee Meeting, December 11, 2018

Board of Governors Meeting, December 12, 2018

The average statewide indicated rate change over all commercial lines of business is +54.2%. 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.

## 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 (see below example for illustration of impact of litigation on current rates). Before consideration of the Managed Repair Program and the \$10K sublimit on water claims, the expectation is that 50% of all water claims in 2019 will end up in litigation. Litigated claims cost almost five times as expensive to settle as non-litigated claims (\$9K versus \$41K for loss and loss expenses). In 2017, South East Florida, while accounting for 57% of HO-3 exposure, accounted for 94% of all litigated claims.

On 8/1/2018, changes to Citizens' policy language became effective that address the costs of this excessive litigation, and the rate increases that they create for policyholders. At the time of a water loss, a policyholder will have the option to enter Citizens' Managed Repair Program. Policyholders who do not use the program will have their water losses subjected to a \$10,000 sublimit. Policyholders who do use Citizens' Managed Repair Program will not be subject to any sublimit. The rate indication explicitly contemplates the effect of this new program. It is expected to reduce litigation, which lowers the water rate need by 30%. Without the new program, the statewide HO3 water indication would be 43.6%. Instead, the proposed rates include an adjusted water indication of 30.5%. This leads to an overall HO3 indication reduction of 19%.

### Impact of Litigation on Average HO-3 Premium

As stated above and noted in the past several rate filings, the Multi-Peril HO-3 rate need is primarily driven by the increased litigation rate. In **Table 1** below we compare the HO-3 indication, based on the current litigation rates (50%) versus what the indication would have been had litigation rates remained at the earlier levels (15%). The results in Table 1 are based on statewide results. It is important to note that the change in the areas of the state where litigation is most prevalent have an even more dramatic difference. As shown, statewide, the overall indication decreases from 25.2% to 1.5%. In Miami-Dade, the indication decreases from 26.5% to -2.9%. That is, we would have recommended a decrease instead of an

# Executive Summary

Actuarial & Underwriting Committee Meeting, December 11, 2018

Board of Governors Meeting, December 12, 2018

increase. **Table 2** illustrates how that would impact the average premiums in Miami-Dade. For Miami-Dade, the current average premium is \$3,687. Under current market conditions (i.e. current litigation rates), the actuarially sound premium is \$4,664. If litigation rates were at earlier levels, the actuarially sound premium would be \$3,581.

<b>Table 1</b>	Current Indication <sup>1</sup>		Adjusted Indication <sup>2</sup>	
	Uncapped Indication	Proposed Change	Uncapped Indication	Proposed Change
Product Line - Personal Total Multi-Peril Homeowners	25.2%	8.5%	1.5%	0.2%

**1 Current Indication** - This is the current indication from Exhibit 1 based on current litigation rates  
**2 Adjusted Indication** - This is what the current indication would be had litigation rates remained steady

<b>Table 2</b>	Current Premium	Actuarially Sound Premium	
		Current Indication <sup>1</sup>	Adjusted Indication <sup>2</sup>
Miami-Dade	\$3,687	\$4,664	\$3,581

**1 Current Indication** - This is the fully indicated uncapped HO-3 average premium based on unadjusted indication. It should be noted that the proposed charge premium is \$4,033 after application of glide-path  
**2 Adjusted Indication** - This is the fully indicated HO-3 average premium had litigation rates remained at historical levels.

## 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 (v16.0.0, Touchstone 5.0.0), RMS (Risklink v17.0), CoreLogic RQE (Florida Hurricane Model v2017a), and the FPM (v6.2). 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 statewide and individual territory wind rate indications, we selected the median of the four models. This is in alignment with the approach that was introduced with last year's rate filing. We view this approach as appropriate because it provides a statistically sound method for recognizing the range of model results in every territory while also

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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 fourth year in a row, Citizens can sustain a so-called “1-in-100 year” storm, in the Coastal Account without triggering assessments. Because Citizens is only exposing 34% (down from 50% from 2017) of its Coastal surplus to such a storm, it can also sustain a 1-in-41 year storm following a 1-in-100 year event.

Last year, Citizens transferred \$1.33 billion of Coastal Account risk to private reinsurers at a net cost of \$56 million. This year, Citizens transferred \$1.42 billion of Coastal Account risk to the private sector at an estimated net cost of \$55 million. “Net cost” refers to the gross expenditure on risk transfer less the expected hurricane losses that would be subject to the agreements. Last year’s Homeowners indication included a provision of 5.5% for the cost of private reinsurance. This year the provision is 5.7%, meaning that 5.7 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 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

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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 +1.9%.

## 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 fifth 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.

## Monroe County

In the rate order issued regarding the personal lines 2018 rates (Order # 211627-17), the OIR held Monroe rates’ at the 2017 levels and directed Citizens to complete the following analyses:

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## 1. **An evaluation and study of appropriate rating territories for Monroe County for wind-only and multi-peril policies**

### Results

We have investigated the effects of segmenting Monroe into three separate geographical territories: the upper, middle and lower keys. The three of the four models suggest that rates on policies written in the lower keys are not as inadequate as in the middle and upper keys. Due to the 10% glide path, this would have very little effect this year. But eventually, policyholders in the upper and middle keys could pay more premium, which would allow policyholders in the lower keys to pay less.

While staff will continue to monitor this option, we recommend continuing to use only one Monroe rating territory in 2019, for these reasons:

#### A. Increased uncertainty with more granularity

As required by statute, we calculate the indicated wind premium using modeled hurricane losses from approved models. There is uncertainty in any model results, which is why we consider the results of four models. Segmenting the Monroe territory means asking the models for more granular precision when there is a lack of actual historical hurricane data for this area. This will only increase the uncertainty of the model results.

#### B. Little Impact to recommended rate changes in 2019

Splitting Monroe into more granular rating territories would have little impact on the recommended rate changes for Monroe policyholders in 2019. This is because every split territory still has an indication that is much greater than 10%. It would be two to three years before Citizens' recommended rate changes would be different for the split territories as compared to the single territory.

#### C. Not Actuarially Justified

Whether to segment the Monroe into more granular territories is a decision that requires careful deliberation. It would lead to higher uncapped indications for some policyholders, and also creates internal costs to implement the new territories. Additionally, the four models are not in total agreement on which segments of the Keys should be higher or lower. Keeping a single territory for now has little impact on 2019 premiums paid by policyholders, and allows for a more careful decision. In particular, it may allow the models to incorporate the results from Hurricane Irma. Since Irma did impact the Keys, this may be an important data point for calibrating models.

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2. **Review the study of Applied Research Associates, Inc. which evaluated the effectiveness of Plywood (Class C) shutters, for consideration by Citizens to provide a credit for this wind mitigation feature**

## Results

We have conducted a detailed review of the 2003 Applied Research Associate, Inc., (ARA) study referenced by the order. We do not recommend that Citizens provide credit for this wind mitigation feature, for reasons explained below.

- A. Plywood shutters cannot be verified

Because plywood shutters must be manually installed by policyholders as a storm approaches, their use cannot be verified when a policy is written. This makes them unsuitable for a premium credit under actuarial standards of practice.

- B. Practical concerns

Even if an insured purchases plywood shutters, ARA points out that their effectiveness depends upon several factors. For example, they must be new and not warped. As they age, stored plywood shutters can warp, especially if they are deployed at some point, get wet, and are stored again. Also, the nail holes used to install the shutters must be “virgin”. That is, each time shutters are deployed, new nail holes must be used. Finally, ARA found that even under ideal conditions, the plywood shutters were expected to fail at wind speeds over 130. Monroe is rated as a 180 wind zone.

- C. Would need to be offered statewide

To be actuarially fair, the new credit could not be offered only in Monroe County. It would need to be offered statewide. Implementing the new credits would create new costs. Finally, there might be unintended consequences. In particular, making the credit consistent with other mitigation credits offered by Citizens, and with current hurricane models (the ARA study was published in 2003), might require updating all the mitigation credits offered by Citizens.

3. **Collaborate with Monroe County on the completion of its detailed study to evaluate the effect of building code standards in Monroe County and the impact of those standards on wind mitigation credits**

## Results

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Citizens did this. Staff collaborated with FIRM on their study by providing policy data, and by analyzing FIRM's survey results using the AIR hurricane model. That study is now complete

4. **An evaluation and study of the models accepted by the Florida Commission on Hurricane Loss Projection Methodology using the 2017 standards, which includes the requirement that county building codes be reflected in the model results**

## Results

Citizens cannot yet complete this task. This is because the standards set in 2017 apply to models that are not approved and available for use until 2019. We cannot use current models instead because, prior to 2017, the standards did not require that county building codes be reflected in the model results.

## **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 6/30/2018.

### **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

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- 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
- 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

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## **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
- 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

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## **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 6-30-2018

## **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 6-30-2018

## **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 6-30-2018

## **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 6-30-2018

## 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		
	(1) In-Force Premium	(2) Uncapped Indication	(3) Proposed Change	(4) In-Force Premium	(5) Uncapped Indication	(6) Proposed Change		(8) In-Force Premium	(8) Uncapped Indication		(10) In-Force Premium	(11) Uncapped Indication	(12) Proposed Change
<u>Product Line - Personal</u>													
Homeowners	346,043,344	23.1%	8.3%	76,032,128	34.8%	9.5%	93,665,105	23.8%	8.4%	515,740,577	24.9%	8.5%	
Renters	769,910	-18.8%	-12.3%	745,856	-4.1%	-3.5%	154,398	5.8%	5.6%	1,670,164	-9.9%	-6.7%	
Condo Units	15,541,107	25.3%	8.5%	14,411,170	29.7%	8.2%	11,100,353	38.3%	8.0%	41,052,630	30.4%	8.2%	
Dwelling - DP3	91,879,455	32.9%	8.8%	33,026,253	45.2%	9.2%	23,917,109	28.0%	7.7%	148,822,817	34.8%	8.7%	
Dwelling - DP1	17,928,440	9.8%	5.5%	7,115,830	27.5%	8.4%	n/a	n/a	n/a	25,044,270	14.9%	6.3%	
Mobile Homeowners	23,109,490	1.2%	0.9%	2,867,584	20.2%	5.7%	3,217,390	29.9%	9.7%	29,194,464	6.3%	2.4%	
<u>Dwelling Mobile Home</u>	<u>12,485,120</u>	<u>13.2%</u>	<u>7.8%</u>	<u>1,320,433</u>	<u>41.8%</u>	<u>9.2%</u>	<u>326,189</u>	<u>43.6%</u>	<u>9.5%</u>	<u>14,131,742</u>	<u>16.6%</u>	<u>8.0%</u>	
Total Personal Lines	507,756,866	23.1%	7.9%	135,519,254	36.0%	9.1%	132,380,544	25.9%	8.3%	775,656,664	25.9%	8.2%	

	(1) Multi-Peril			(7)	(8) Wind-Only		(9)	(10) Total		
	(1) In-Force Premium	(2) Uncapped Indication	(3) Proposed Change		(8) In-Force Premium	(8) Uncapped Indication		(10) In-Force Premium	(11) Uncapped Indication	(12) Proposed Change
<u>Product Line - Commercial</u>										
Commercial Residential	19,350,085	37.4%	5.2%	29,482,000	101.6%	10.5%	48,832,085	76.1%	8.4%	
<u>Commercial Non-Residential</u>	<u>1,874,282</u>	<u>5.0%</u>	<u>5.0%</u>	<u>33,617,032</u>	<u>25.0%</u>	<u>10.0%</u>	<u>35,491,315</u>	<u>24.0%</u>	<u>9.7%</u>	
Total Commercial Lines	21,224,367	34.5%	5.2%	63,099,032	60.8%	10.2%	84,323,399	54.2%	9.0%	

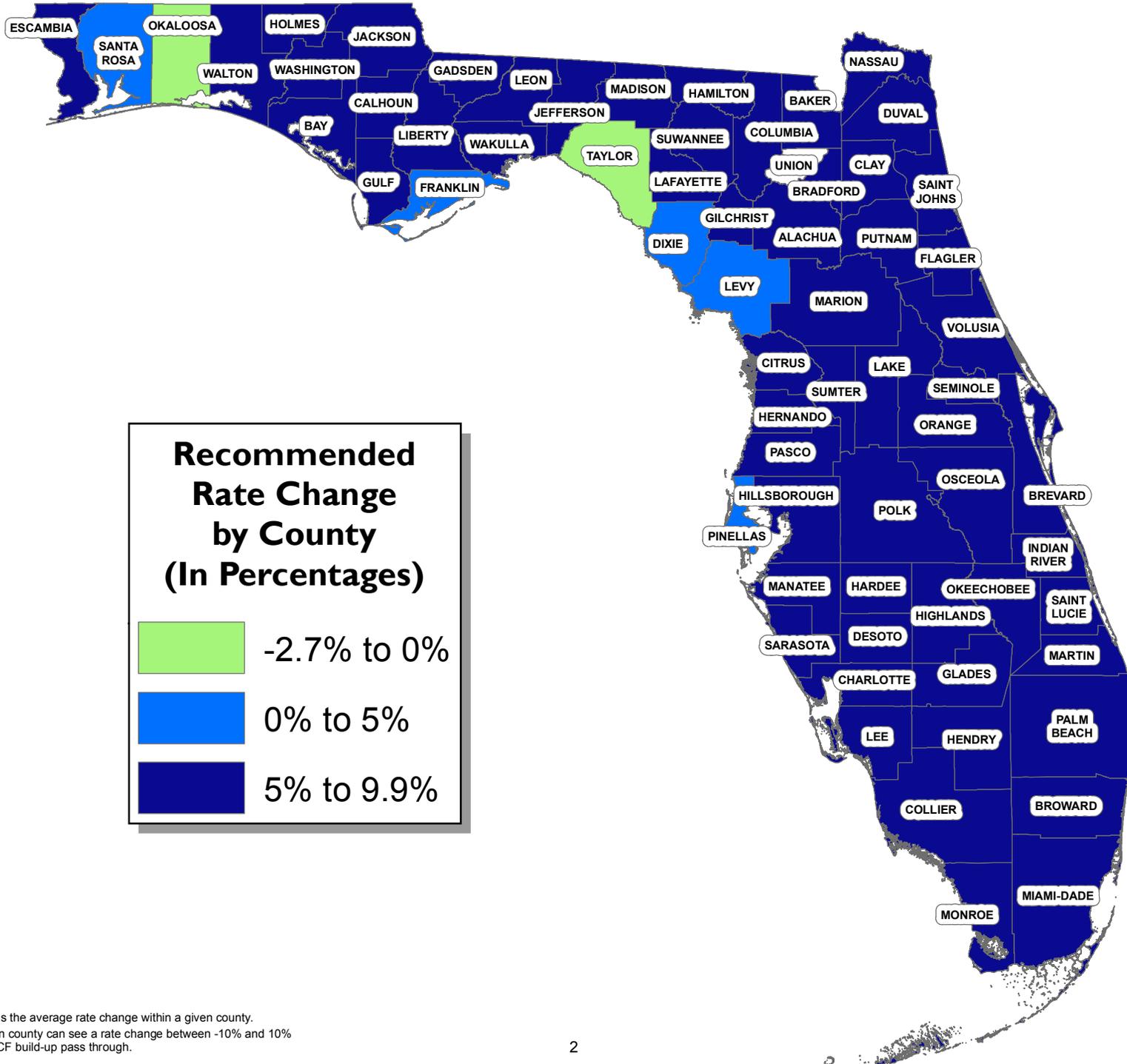
	(1) Multi-Peril			(7)	(8) Wind-Only		(9)	(10) Total		
	(1) In-Force Premium	(2) Uncapped Indication	(3) Proposed Change		(8) In-Force Premium	(8) Uncapped Indication		(10) In-Force Premium	(11) Uncapped Indication	(12) Proposed Change
<u>Product Line</u>										
Personal	643,276,120	25.9%	8.2%	132,380,544	25.9%	8.3%	775,656,664	25.9%	8.2%	
<u>Commercial</u>	<u>21,224,367</u>	<u>34.5%</u>	<u>5.2%</u>	<u>63,099,032</u>	<u>60.8%</u>	<u>10.2%</u>	<u>84,323,399</u>	<u>54.2%</u>	<u>9.0%</u>	
Total	664,500,487	26.1%	8.1%	195,479,576	37.2%	8.9%	859,980,063	28.6%	8.3%	

**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 2019 Recommended Rate Change by County

Multi-Peril HO-3 Policies

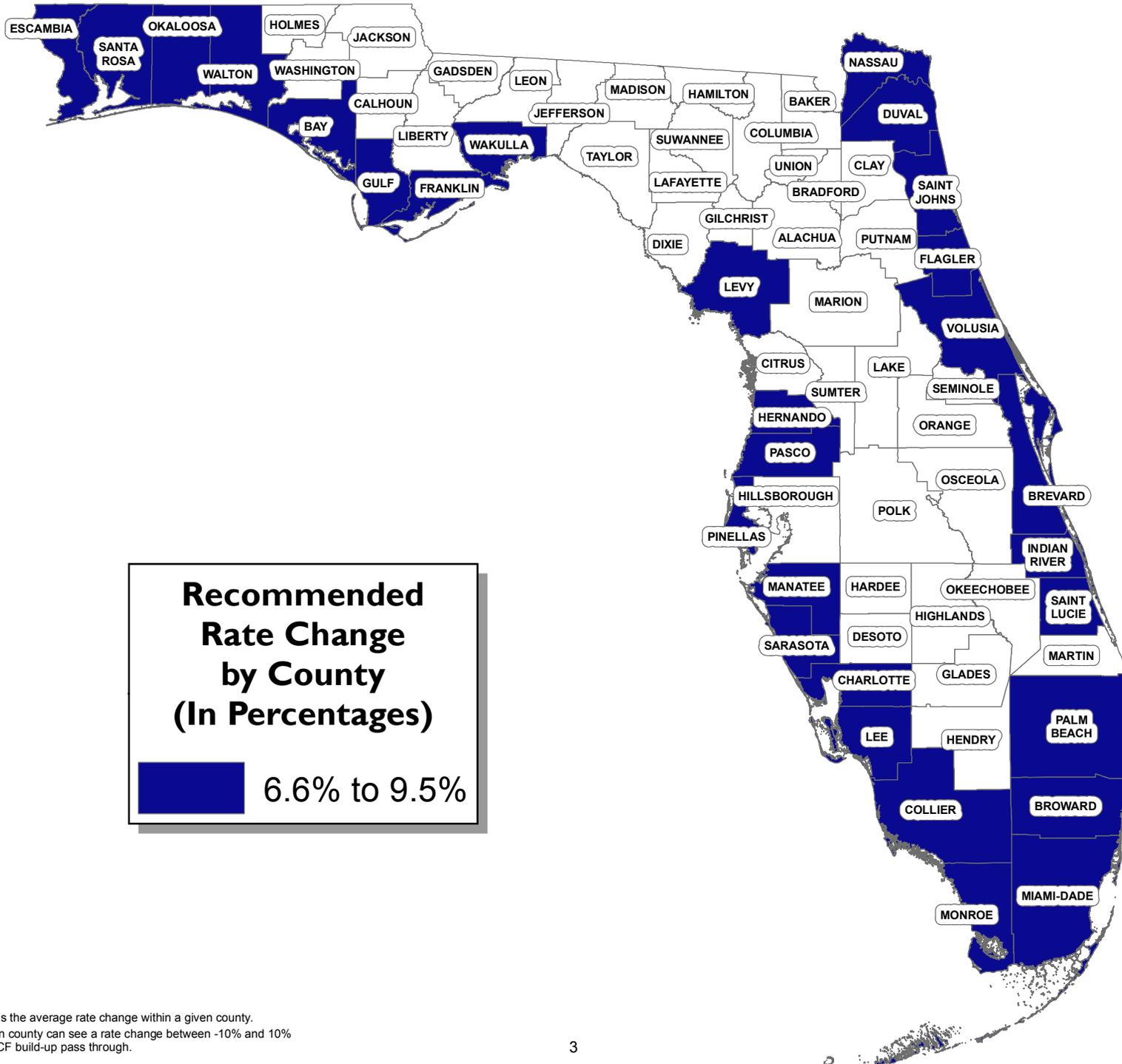


**Notes:**

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.
3. In-force as of 06/30/2018.
4. Counties with no color have no HO-3 policies as of 06/30/2018.

# Exhibit 3 - Percent of 2019 Recommended Rate Change by County

Wind-Only HW-2 Policies



**Recommended Rate Change by County (In Percentages)**

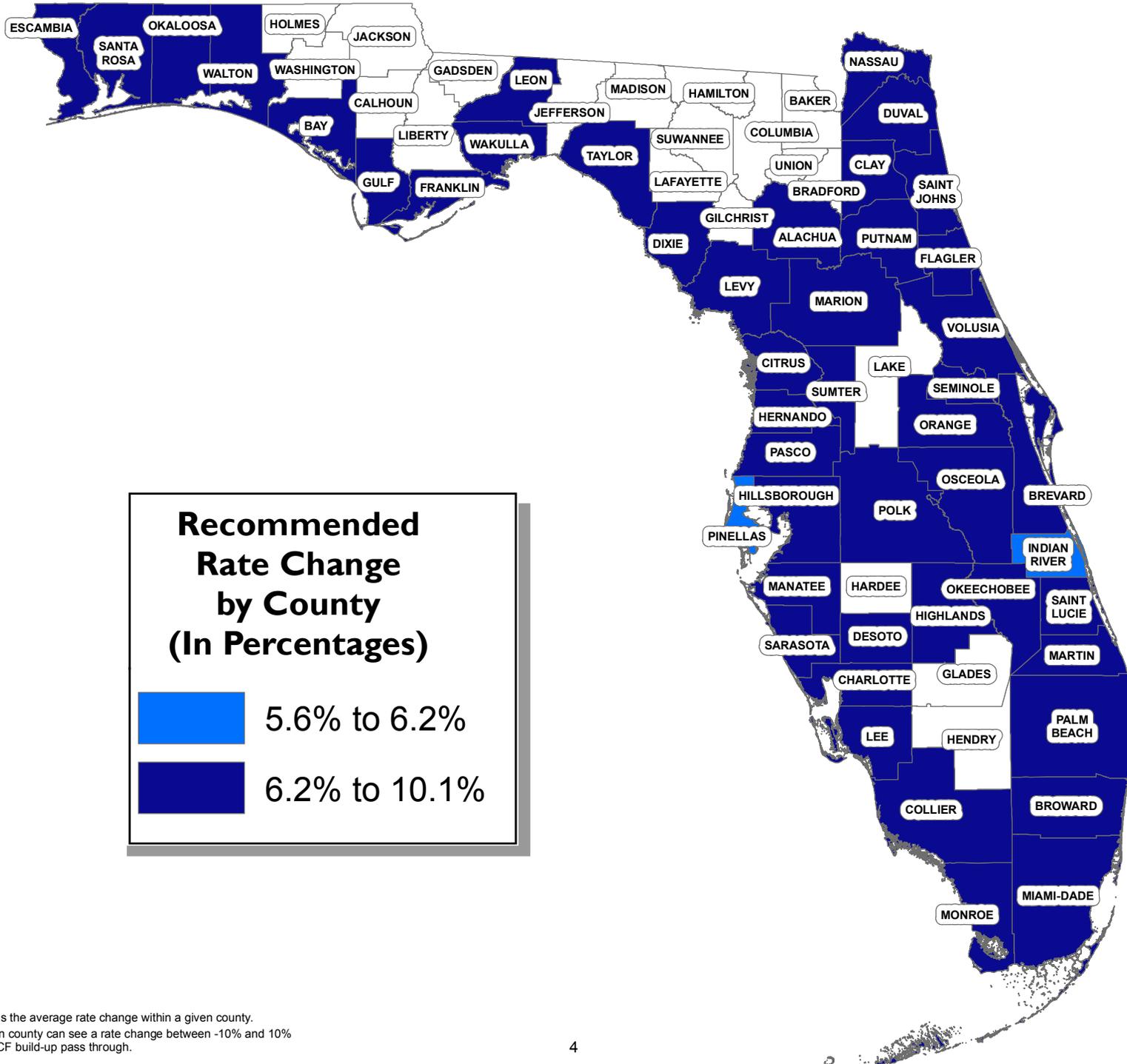
6.6% to 9.5%

**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.
3. In-force as of 06/30/2018.
4. Counties with no color have no HW-2 policies as of 06/30/2018.

# Exhibit 4 - Percent of 2019 Recommended Rate Change by County

Multi-Peril HO-6 Policies

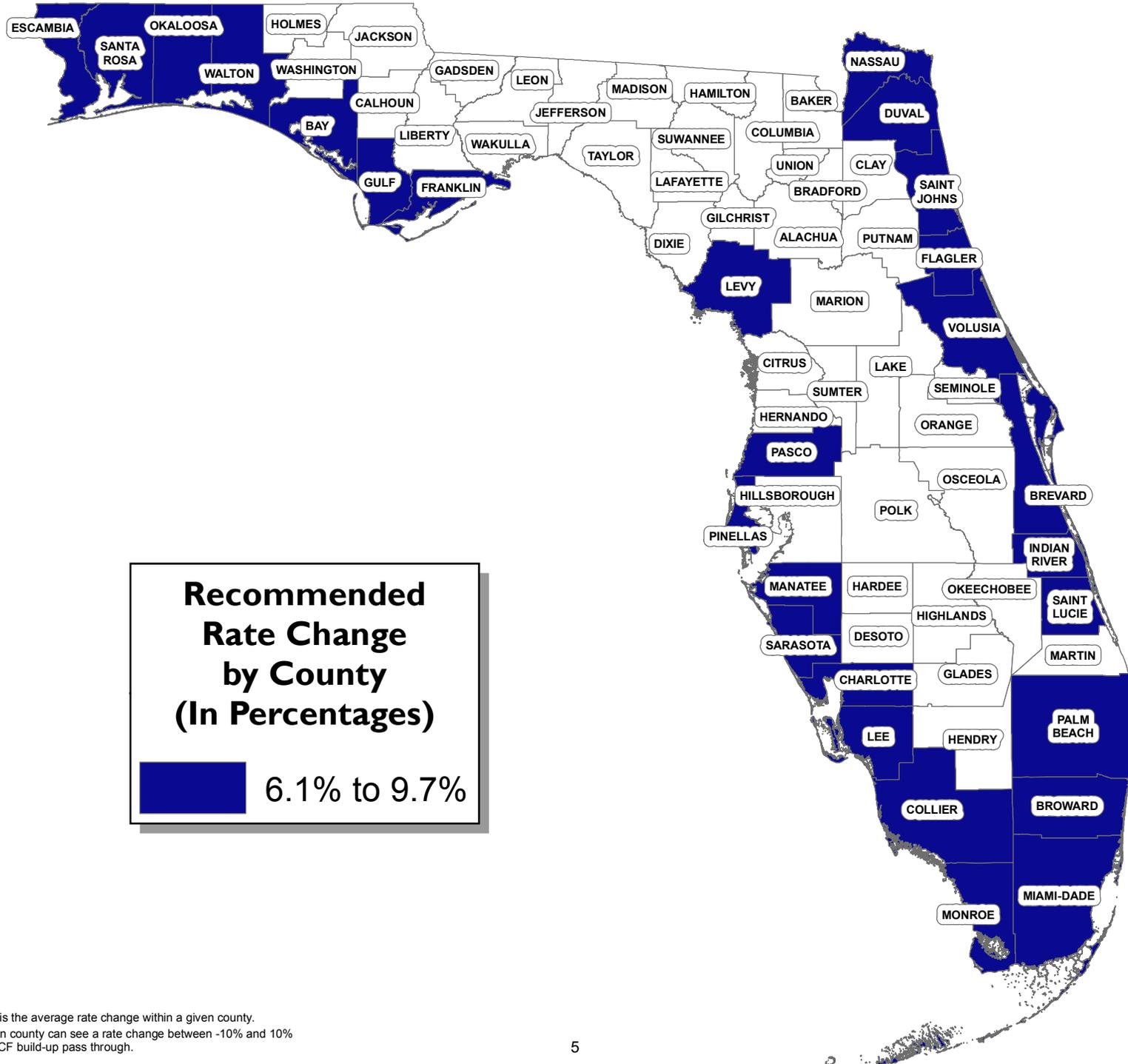


**Notes:**

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.
3. In-force as of 06/30/2018.
4. Counties with no color have no HO-6 policies as of 06/30/2018.

# Exhibit 5 - Percent of 2019 Recommended Rate Change by County

Wind-Only HW-6 Policies



**Recommended  
Rate Change  
by County  
(In Percentages)**

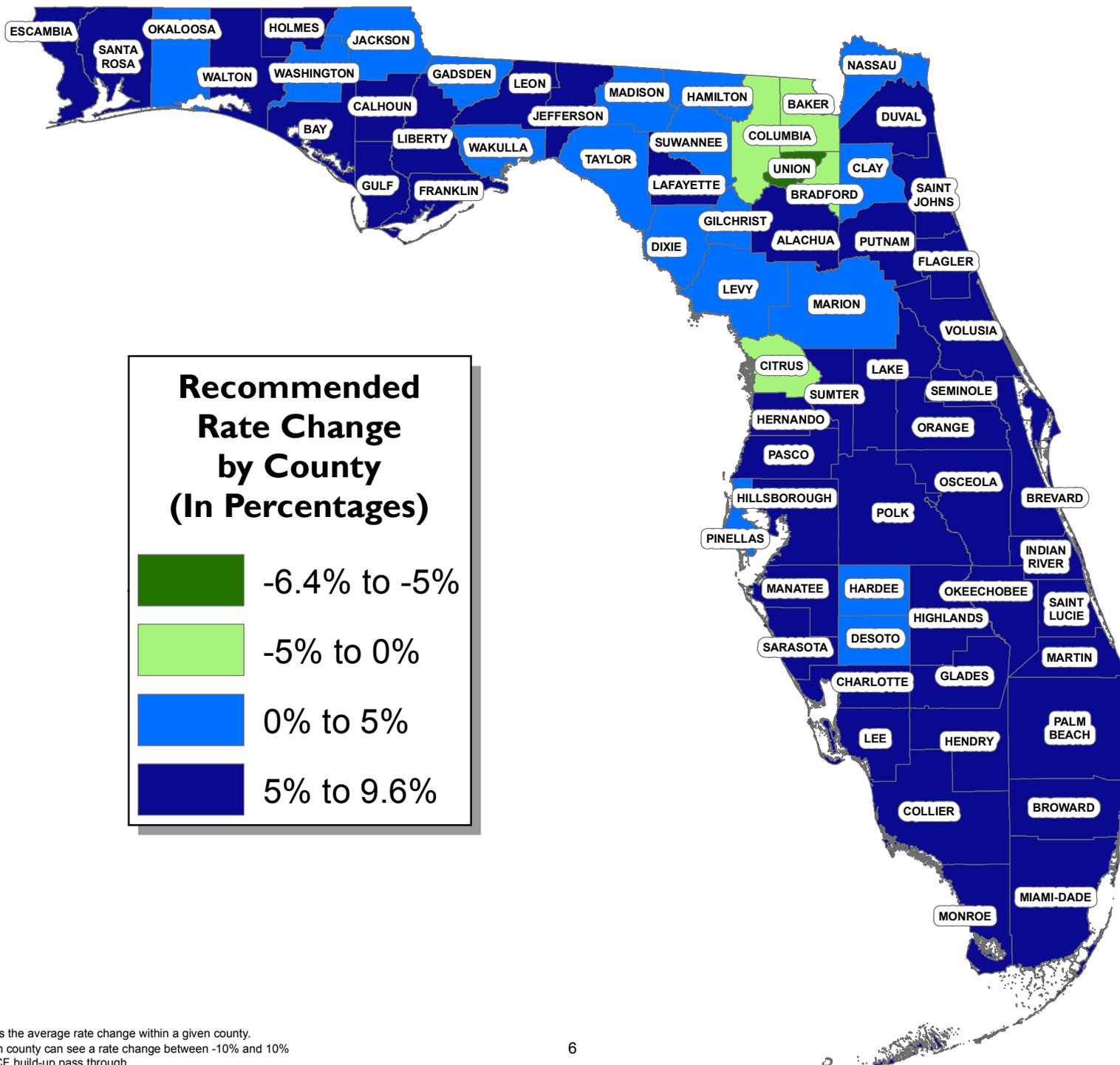
6.1% to 9.7%

**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.
3. In-force as of 06/30/2018.
4. Counties with no color have no HW-6 policies as of 06/30/2018.

# Exhibit 6 - Percent of 2019 Recommended Rate Change by County

Multi-Peril DP-1 and DP-3 Policies

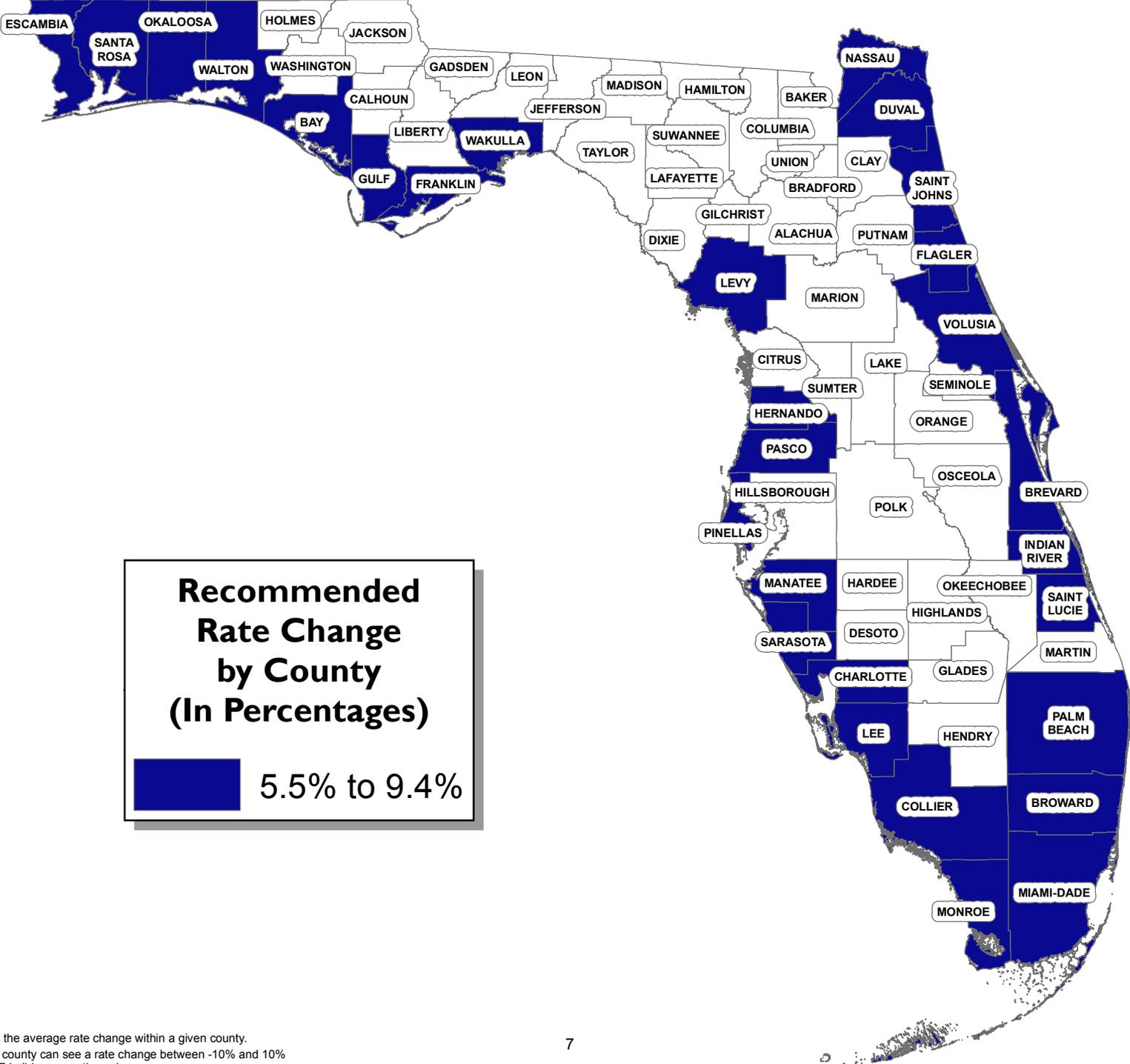


**Notes:**

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.
3. In-force as of 06/30/2018.

# Exhibit 7 - Percent of 2019 Recommended Rate Change by County

Wind-Only DW-2 Policies



**Recommended Rate Change by County (In Percentages)**

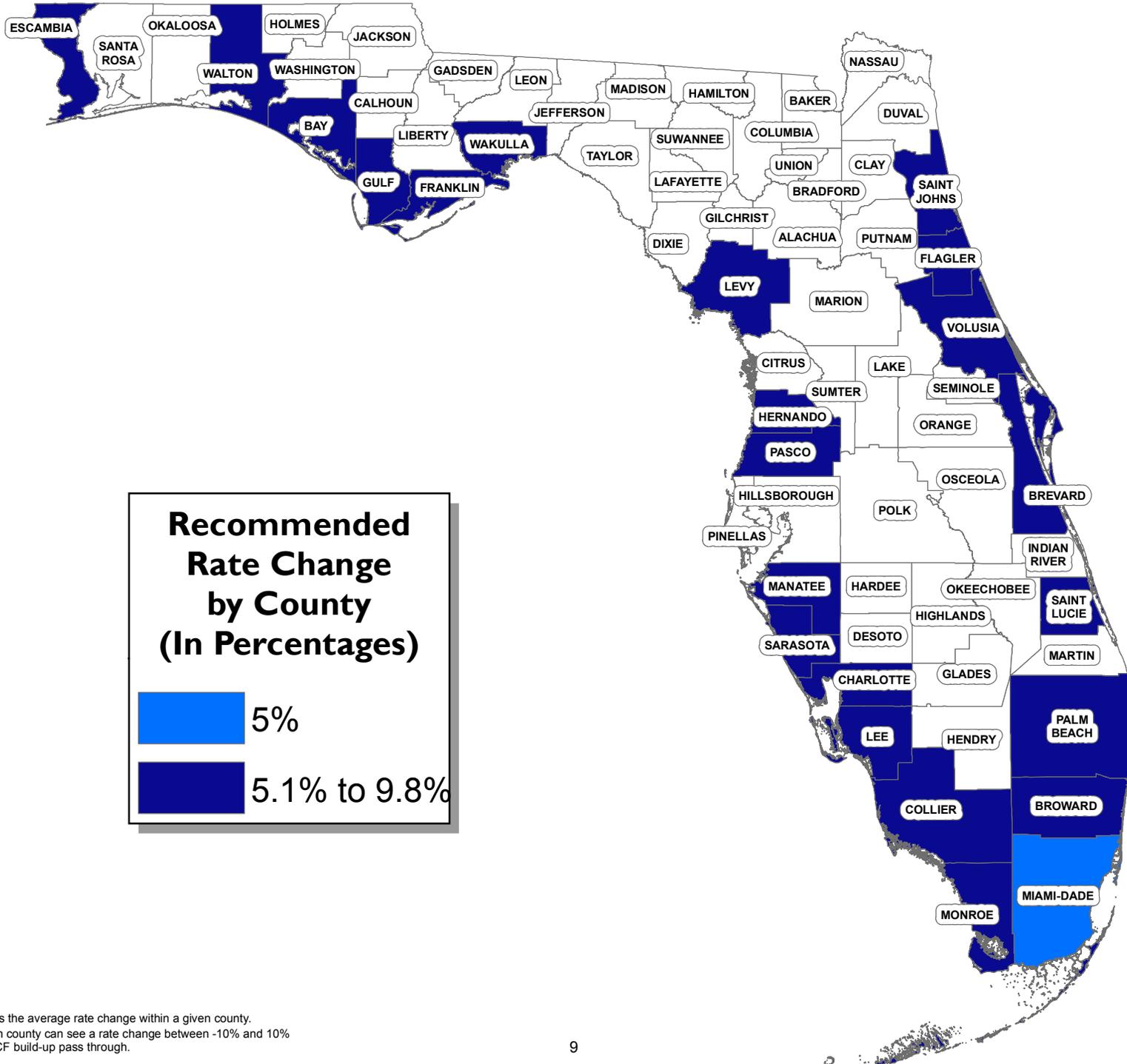
5.5% to 9.4%

**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.  
 3. In-force as of 06/30/2018.



# Exhibit 9 - Percent of 2019 Recommended Rate Change by County

Wind-Only MW-2 and MD-1 Policies

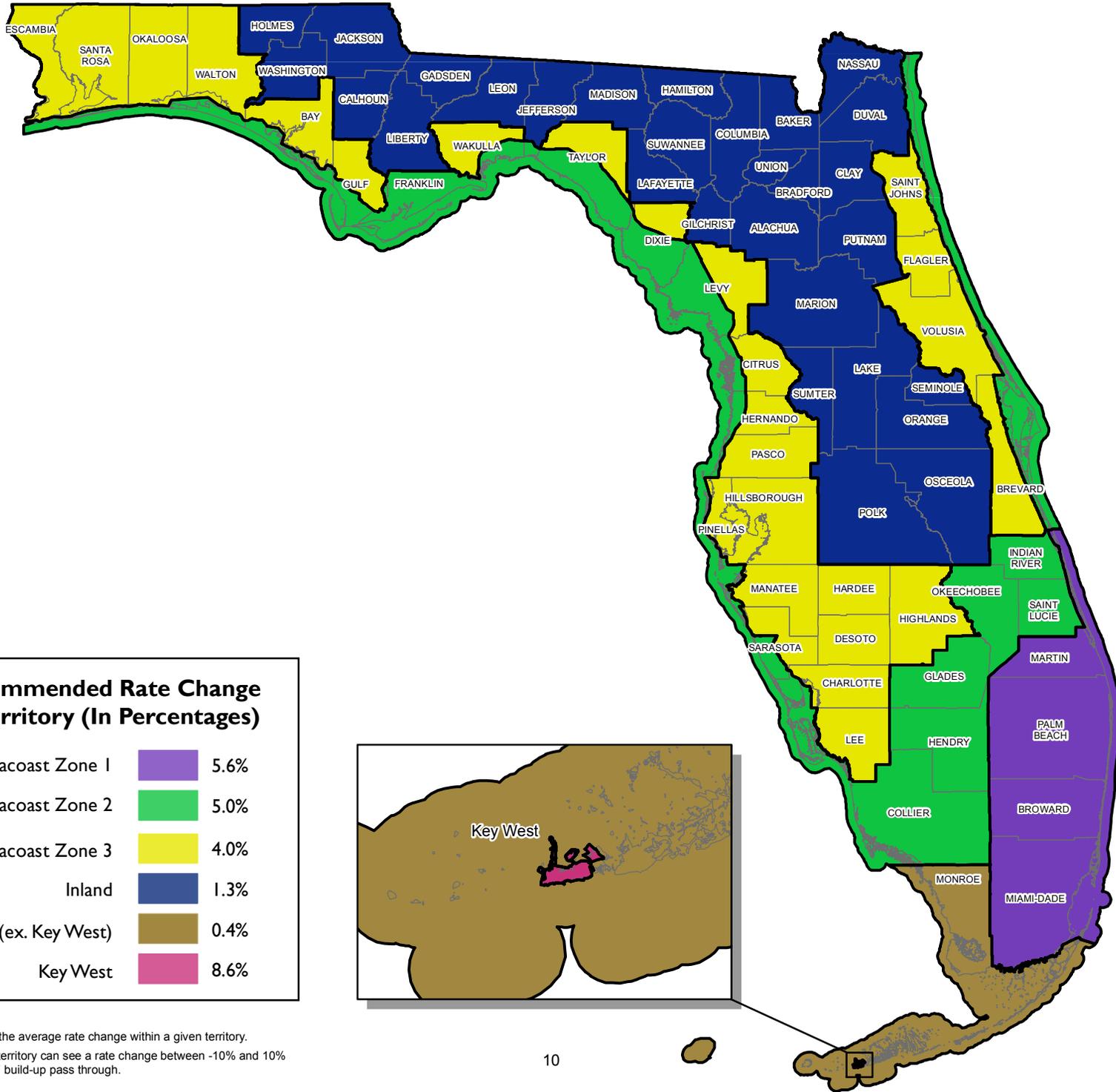


**Notes:**

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.
3. In-force as of 06/30/2018.
4. Counties with no color have no MW-2 or MD-1 policies as of 06/30/2018.

# Exhibit 10 - Percent of 2019 Recommended Rate Change by Territory

Multi-Peril Commercial Residential Policies

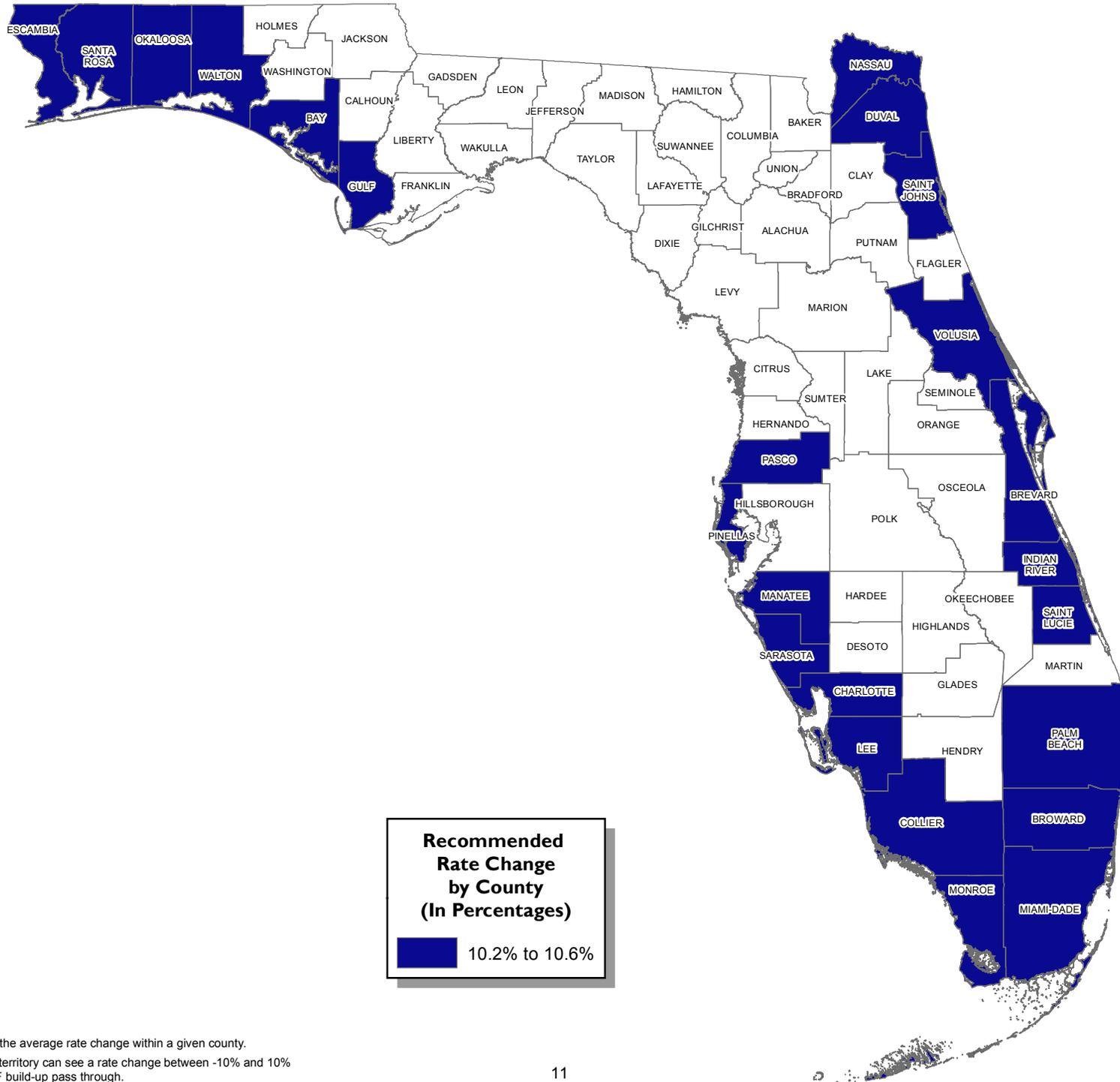


**Notes:**

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 FHCFC build-up pass through.
3. In-force as of 06/30/2018.

# Exhibit II - Percent of 2019 Recommended Rate Change by County

## Wind-Only Commercial Residential Policies



**Recommended Rate Change by County (In Percentages)**

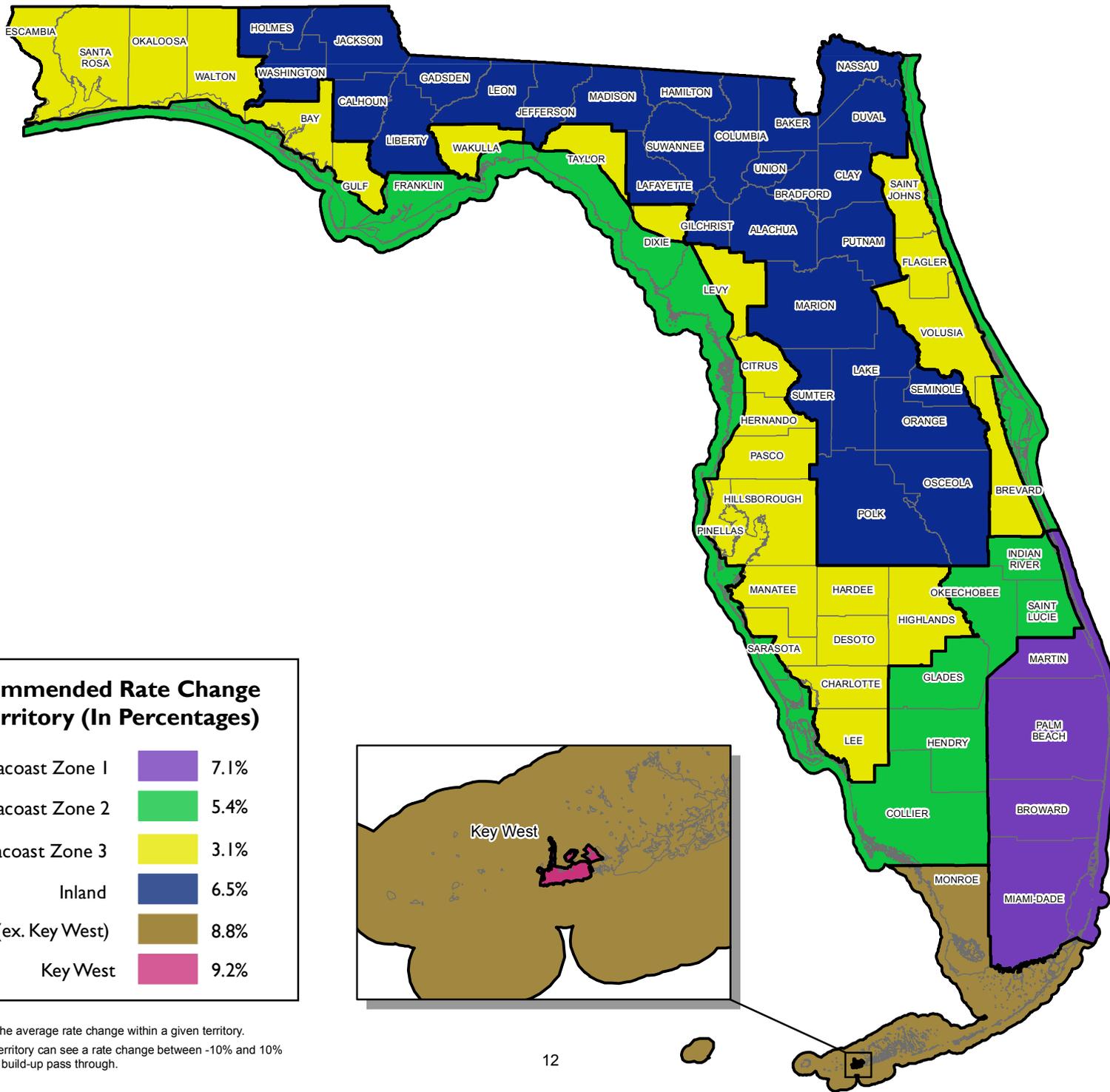
10.2% to 10.6%

**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.
3. In-force as of 06/30/2018.
4. Counties with no color have no CR-W policies as of 06/30/2018.

# Exhibit 12 - Percent of 2019 Recommended Rate Change by Territory

Commercial Non-Residential Multi-Peril Policies

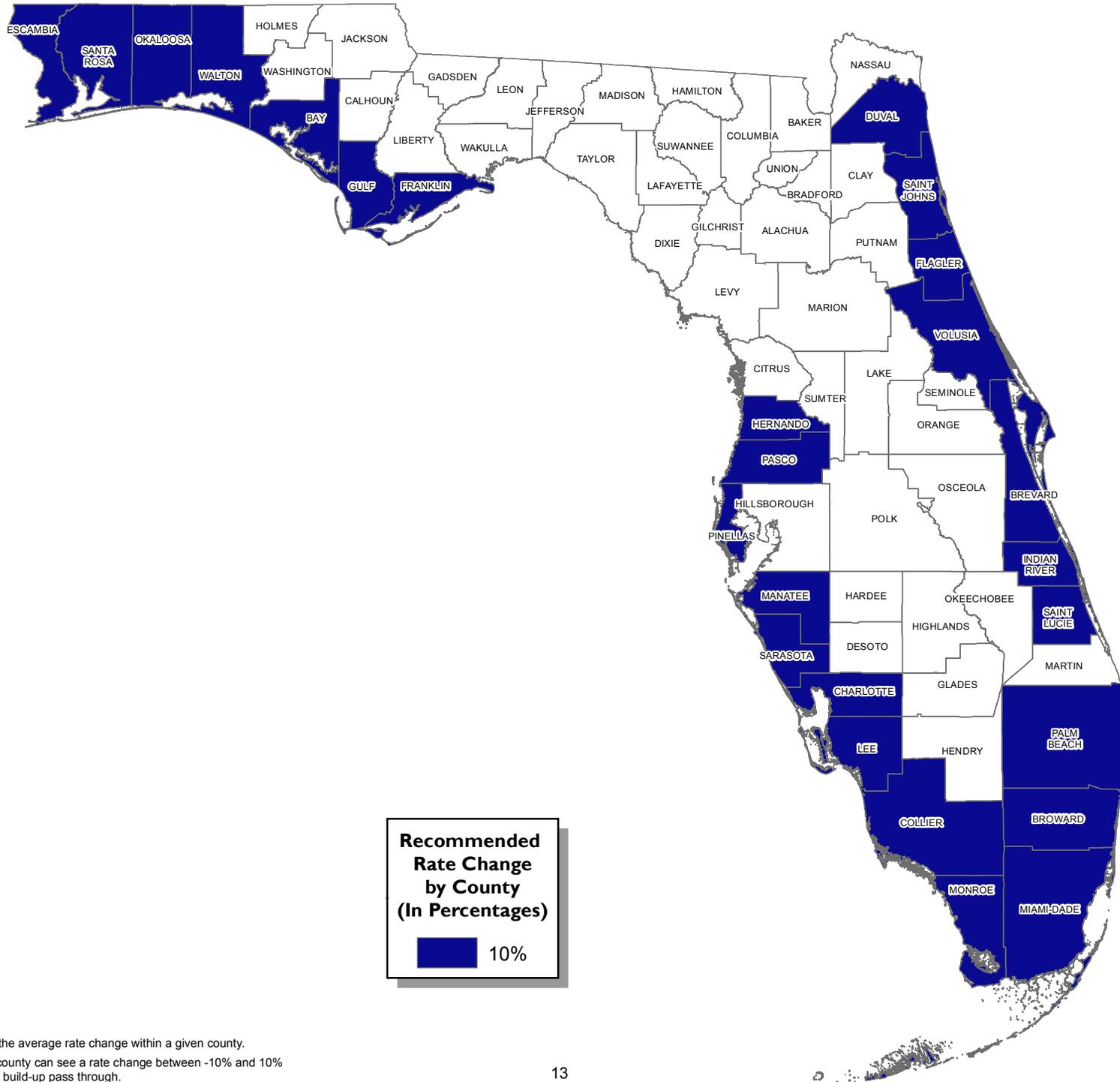


**Notes:**

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.
3. In-force as of 06/30/2018.

# Exhibit 13 - Percent of 2019 Recommended Rate Change by County

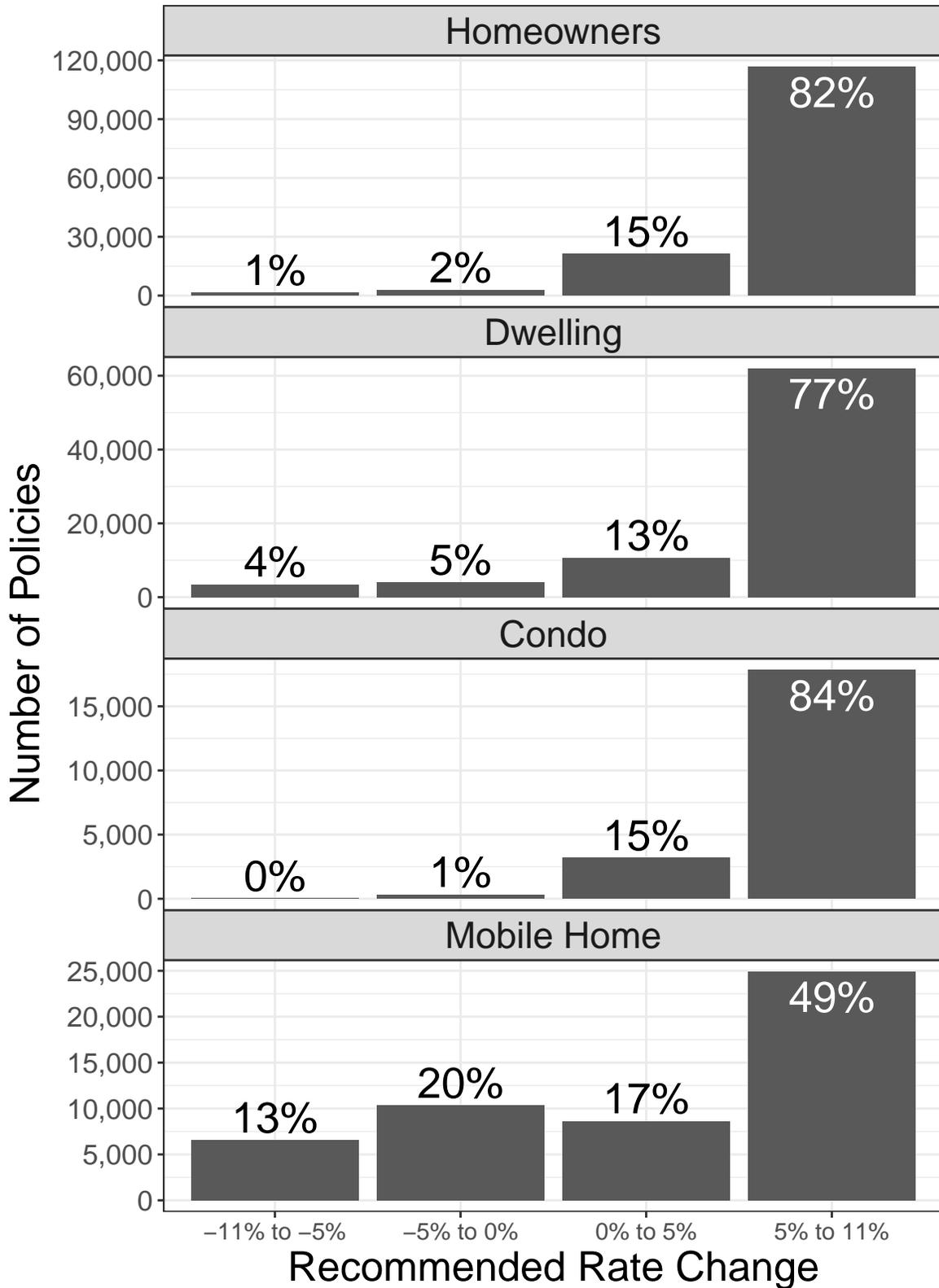
Wind-Only Commercial Non-Residential Policies



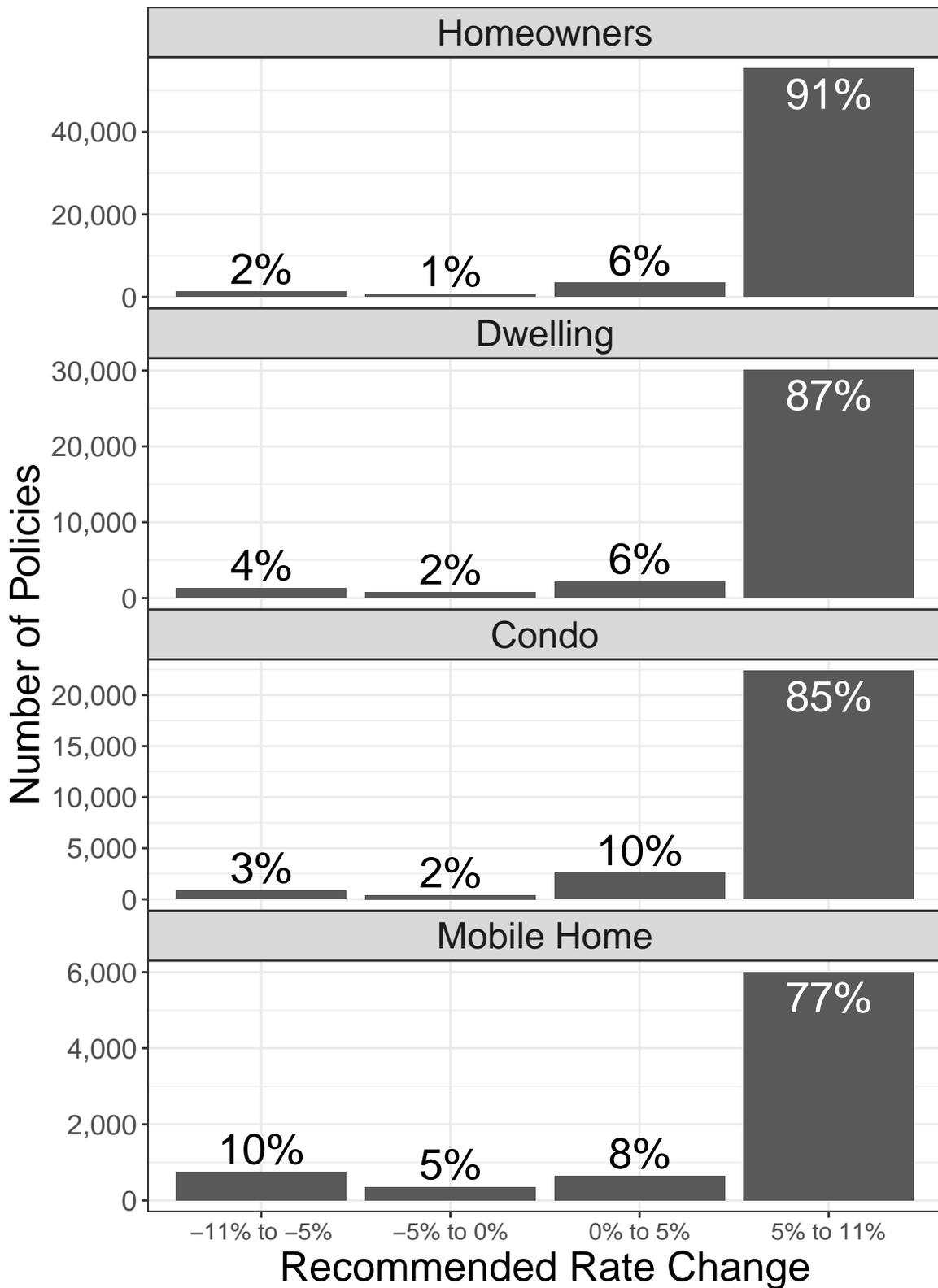
**Notes:**

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.
3. In-force as of 06/30/2018.
4. Counties with no color have no CNR-W policies as of 06/30/2018.

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**



**EXHIBIT 16 - MULTIPERIL HO3**  
**Recommended Change by County**

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Alachua	108	2	1,170	8.9%	1,274
Baker	4	0	1,548	9.4%	1,693
Bay	207	4	1,579	7.5%	1,697
Bradford	6	0	1,412	9.4%	1,544
Brevard	1,986	45	1,844	6.7%	1,968
Broward	29,215	0	3,057	9.9%	3,360
Calhoun	3	0	1,076	9.3%	1,176
Charlotte	932	21	1,484	8.1%	1,605
Citrus	274	3	1,224	6.0%	1,298
Clay	68	0	1,070	9.2%	1,168
Collier	355	0	1,864	9.2%	2,036
Columbia	13	0	1,156	9.6%	1,266
Dade	55,279	1,449	3,687	9.4%	4,033
De Soto	19	0	1,658	7.4%	1,780
Dixie	20	0	1,417	2.5%	1,453
Duval	372	0	1,202	9.3%	1,314
Escambia	328	2	1,891	9.0%	2,060
Flagler	48	0	1,566	9.2%	1,711
Franklin	31	5	1,758	2.0%	1,792
Gadsden	85	4	1,009	7.9%	1,088
Gilchrist	16	0	1,186	9.4%	1,297
Glades	8	0	1,302	6.7%	1,390
Gulf	9	1	3,151	7.1%	3,374
Hamilton	3	0	1,357	9.5%	1,486
Hardee	3	0	946	9.4%	1,034
Hendry	41	0	1,729	9.2%	1,889
Hernando	8,830	5	1,297	6.9%	1,387
Highlands	44	0	1,319	9.4%	1,442
Hillsborough	10,958	0	1,491	8.2%	1,613
Holmes	11	0	1,007	9.2%	1,100
Indian River	221	0	1,896	9.0%	2,067
Jackson	43	1	1,037	8.6%	1,126
Jefferson	9	1	856	8.0%	925
Lafayette	1	0	2,280	9.6%	2,499
<b>Total</b>	<b>164,621</b>	<b>4,494</b>	<b>2,627</b>	<b>8.5%</b>	<b>2,851</b>

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lake	123	0	1,028	9.2%	1,123
Lee	927	23	1,758	8.9%	1,914
Leon	98	1	898	9.0%	979
Levy	51	35	1,478	1.3%	1,497
Liberty	2	0	1,753	9.2%	1,914
Madison	6	0	1,175	9.3%	1,284
Manatee	1,218	16	1,619	8.2%	1,752
Marion	173	0	1,034	9.4%	1,131
Martin	220	0	2,835	7.7%	3,054
Monroe	406	6	3,691	9.7%	4,049
Nassau	71	0	1,511	9.2%	1,650
Okealoosa	127	92	1,859	-2.7%	1,808
Okeechobee	33	1	1,440	9.0%	1,569
Orange	397	0	1,409	9.3%	1,540
Osceola	154	0	1,288	9.4%	1,409
Palm Beach	10,907	181	2,901	7.0%	3,105
Pasco	8,215	3	1,378	7.1%	1,476
Pinellas	27,670	2,444	1,655	4.3%	1,727
Polk	173	2	1,400	9.0%	1,526
Putnam	27	1	1,209	8.7%	1,314
Saint Johns	233	0	1,485	8.5%	1,611
Saint Lucie	598	1	1,817	8.8%	1,978
Santa Rosa	92	53	2,394	1.1%	2,421
Sarasota	1,933	74	1,651	8.6%	1,793
Seminole	166	0	1,295	9.3%	1,415
Sumter	19	0	1,074	9.3%	1,173
Suwannee	6	0	2,559	9.6%	2,804
Taylor	44	14	1,725	-0.2%	1,721
Union	0	0	0	N/A	N/A
Volusia	904	2	1,312	9.2%	1,433
Wakulla	22	0	1,422	6.7%	1,517
Walton	47	2	2,431	5.3%	2,560
Washington	9	0	1,470	9.5%	1,610

**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	221	0	1,723	9.5%	1,886
Bradford	0	0	0	N/A	N/A
Brevard	233	5	2,442	9.3%	2,668
Broward	6,552	199	2,746	9.2%	2,998
Calhoun	0	0	0	N/A	N/A
Charlotte	118	0	2,247	9.5%	2,459
Citrus	0	0	0	N/A	N/A
Clay	0	0	0	N/A	N/A
Collier	612	6	2,789	9.4%	3,050
Columbia	0	0	0	N/A	N/A
Dade	7,803	1,119	3,026	7.5%	3,253
De Soto	0	0	0	N/A	N/A
Dixie	0	0	0	N/A	N/A
Duval	149	6	1,216	9.2%	1,328
Escambia	1,299	2	2,131	9.4%	2,332
Flagler	232	0	1,122	9.4%	1,227
Franklin	116	9	2,386	8.0%	2,577
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	74	0	2,332	9.5%	2,552
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	50	5	1,286	8.1%	1,391
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	127	1	3,506	9.3%	3,833
Jackson	0	0	0	N/A	N/A
Jefferson	0	0	0	N/A	N/A
Lafayette	0	0	0	N/A	N/A
<b>Total</b>	<b>38,321</b>	<b>1,799</b>	<b>2,638</b>	<b>8.4%</b>	<b>2,861</b>

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lake	0	0	0	N/A	N/A
Lee	1,408	26	2,346	9.3%	2,564
Leon	0	0	0	N/A	N/A
Levy	71	1	1,183	9.2%	1,292
Liberty	0	0	0	N/A	N/A
Madison	0	0	0	N/A	N/A
Manatee	124	4	2,515	9.3%	2,749
Marion	0	0	0	N/A	N/A
Martin	0	0	0	N/A	N/A
Monroe	6,439	0	3,462	7.6%	3,726
Nassau	77	0	941	9.5%	1,030
Okaloosa	46	0	3,703	9.5%	4,054
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	4,801	32	2,851	9.3%	3,117
Pasco	155	26	1,337	7.6%	1,439
Pinellas	1,424	0	2,473	9.4%	2,706
Polk	0	0	0	N/A	N/A
Putnam	0	0	0	N/A	N/A
Saint Johns	148	3	1,183	9.3%	1,293
Saint Lucie	50	0	1,733	9.5%	1,897
Santa Rosa	252	0	2,606	9.5%	2,852
Sarasota	4,479	311	1,347	8.8%	1,464
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	899	42	1,198	9.2%	1,309
Wakulla	44	1	1,252	9.1%	1,366
Walton	318	1	2,121	6.6%	2,261
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	73	0	364	10.0%	400
Baker	0	0	0	N/A	N/A
Bay	53	0	832	9.8%	913
Bradford	0	0	0	N/A	N/A
Brevard	581	14	868	6.8%	927
Broward	11,541	0	839	9.1%	916
Calhoun	0	0	0	N/A	N/A
Charlotte	188	0	739	9.1%	807
Citrus	1	0	1,684	9.9%	1,852
Clay	7	0	309	10.0%	339
Collier	361	0	1,223	9.0%	1,333
Columbia	0	0	0	N/A	N/A
Dade	8,192	399	961	9.1%	1,048
De Soto	6	0	358	9.7%	393
Dixie	1	0	467	10.0%	514
Duval	47	0	554	10.0%	610
Escambia	97	0	1,217	9.1%	1,328
Flagler	9	0	910	10.0%	1,001
Franklin	4	0	1,185	10.0%	1,304
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	2,076	10.0%	2,283
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	39	0	865	9.9%	951
Highlands	1	0	456	9.8%	501
Hillsborough	464	0	667	7.5%	717
Holmes	0	0	0	N/A	N/A
Indian River	87	0	1,235	5.6%	1,304
Jackson	0	0	0	N/A	N/A
Jefferson	0	0	0	N/A	N/A
Lafayette	0	0	0	N/A	N/A
<b>Total</b>	<b>34,902</b>	<b>533</b>	<b>870</b>	<b>8.3%</b>	<b>943</b>

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lake	0	0	0	N/A	N/A
Lee	539	2	746	7.4%	801
Leon	61	0	297	10.0%	327
Levy	2	0	495	10.0%	545
Liberty	0	0	0	N/A	N/A
Madison	0	0	0	N/A	N/A
Manatee	332	0	927	8.0%	1,002
Marion	12	0	658	10.0%	724
Martin	159	0	1,047	9.6%	1,147
Monroe	128	9	1,557	7.7%	1,677
Nassau	7	0	1,500	10.1%	1,651
Okaloosa	62	0	772	9.7%	847
Okeechobee	1	0	1,845	9.8%	2,025
Orange	173	0	471	9.5%	516
Osceola	29	0	437	10.0%	481
Palm Beach	6,065	59	976	7.2%	1,046
Pasco	518	0	517	8.6%	562
Pinellas	4,092	49	655	6.1%	695
Polk	15	0	733	9.6%	803
Putnam	1	0	664	10.0%	731
Saint Johns	43	0	806	9.9%	886
Saint Lucie	153	0	1,080	9.4%	1,181
Santa Rosa	14	0	1,009	9.9%	1,109
Sarasota	347	1	1,225	7.1%	1,312
Seminole	38	0	443	10.0%	487
Sumter	1	0	843	10.0%	927
Suwannee	0	0	0	N/A	N/A
Taylor	1	0	1,578	9.9%	1,735
Union	0	0	0	N/A	N/A
Volusia	331	0	628	7.2%	673
Wakulla	1	0	1,724	10.0%	1,896
Walton	24	0	1,264	9.9%	1,389
Washington	0	0	0	N/A	N/A

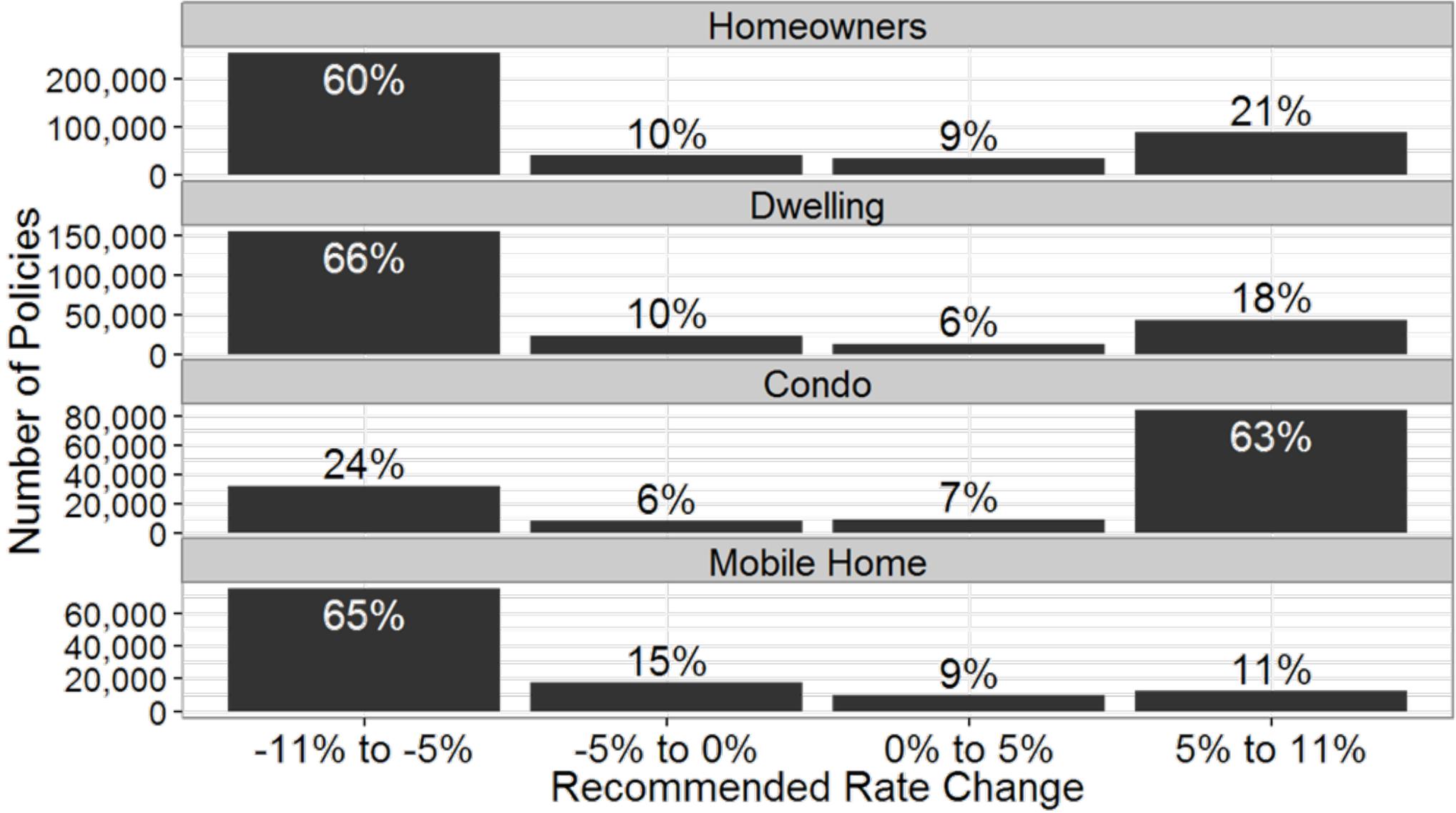
**EXHIBIT 19 - WIND-ONLY HW6**  
**Recommended Change by County**

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	167	14	570	8.7%	620
Bradford	0	0	0	N/A	N/A
Brevard	215	31	773	7.7%	832
Broward	2,109	195	697	7.6%	750
Calhoun	0	0	0	N/A	N/A
Charlotte	117	0	925	9.7%	1,014
Citrus	0	0	0	N/A	N/A
Clay	0	0	0	N/A	N/A
Collier	666	43	946	8.2%	1,024
Columbia	0	0	0	N/A	N/A
Dade	1,930	258	1,280	6.6%	1,365
De Soto	0	0	0	N/A	N/A
Dixie	0	0	0	N/A	N/A
Duval	24	1	497	9.4%	544
Escambia	263	3	786	9.5%	860
Flagler	22	1	478	9.0%	521
Franklin	6	0	364	9.7%	399
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	1,730	9.7%	1,898
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	156	22	1,446	7.4%	1,553
Jackson	0	0	0	N/A	N/A
Jefferson	0	0	0	N/A	N/A
Lafayette	0	0	0	N/A	N/A
<b>Total</b>	<b>12,639</b>	<b>1,061</b>	<b>920</b>	<b>8.0%</b>	<b>994</b>

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lake	0	0	0	N/A	N/A
Lee	779	5	927	9.6%	1,017
Leon	0	0	0	N/A	N/A
Levy	5	0	209	9.7%	230
Liberty	0	0	0	N/A	N/A
Madison	0	0	0	N/A	N/A
Manatee	197	0	945	9.7%	1,037
Marion	0	0	0	N/A	N/A
Martin	0	0	0	N/A	N/A
Monroe	1,258	0	1,046	9.7%	1,147
Nassau	30	7	876	7.7%	943
Okaloosa	163	26	644	7.6%	693
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	2,110	171	920	7.6%	990
Pasco	24	1	375	9.4%	411
Pinellas	574	37	828	8.9%	902
Polk	0	0	0	N/A	N/A
Putnam	0	0	0	N/A	N/A
Saint Johns	46	8	694	8.4%	752
Saint Lucie	112	0	728	8.3%	788
Santa Rosa	51	4	712	9.3%	778
Sarasota	1,088	137	872	8.5%	946
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	311	65	532	6.1%	565
Wakulla	0	0	0	N/A	N/A
Walton	214	32	847	8.1%	916
Washington	0	0	0	N/A	N/A

# EXHIBIT 20 - Range of Policyholder Impacts

## 2015 Recommended Rate Change





## Changes to Policy Language that Impact Claim Payments and Coverage

The Florida Office of Insurance Regulation (OIR) has approved new policy language in the following policy types for new business and renewal policies effective on or after July 1, 2016:

- *Citizens Homeowners 3 – Special Form (CIT HO-3)*
- *Citizens Homeowners 6 – Unit-Owners Form (CIT HO-6)*
- *Dwelling Property 3 – Special Form (CIT DP-3)*

*The summaries of changes provided below are for informational purposes only and subject to relevant Citizens policy contract language.*

### Duties After Loss

#### Reasonable Emergency Measures

In case of a loss to covered property, the revised policy contract requires policyholders to take emergency measures for the sole purpose of protecting the property from further damage.

- Reasonable emergency measures are limited to the greater of \$3,000 or 1 percent of the Coverage A limit, unless the policyholder receives Citizens' approval in advance to exceed this amount.
- Reasonable emergency measures may include permanent repairs if necessary to prevent further damage or prevent unwanted entry to the property.
- To the degree it is reasonably possible, the damaged property must be retained for Citizens to inspect.

#### Loss Reporting

Policyholders must give prompt notice to Citizens. Except for the policy provisions regarding reasonable emergency measures, there may be no coverage for permanent repairs that begin before one of the following occurs:

- 72 hours after the loss is reported to Citizens
- Loss is inspected by Citizens
- Verbal or written approval is provided by Citizens

### Additional Coverage Changes

Coverage changes have been made to the following:

- **Coverage C – Personal Property:** Water or steam, when considered personal property (utility costs, bottled water, etc.) is not covered. If water or steam needs to be replaced as part of a covered loss, it will be covered (for example, replacement of water in a swimming pool when there is a covered loss to the swimming pool).
- **Additional Coverages:** *Reasonable Emergency Measures* is introduced.
- **Collapse** coverage has been revised to state that abrupt collapse of plumbing and other similar systems from age, deterioration or maintenance is not covered.
- **Perils Insured Against** include the following:
  - Additional details have been added to the peril of *Accidental Discharge of Water or Steam*, which states that coverage is provided for access to replace only the part or portion of the system that caused the covered loss, regardless of the condition of the entire system.
  - Revisions to support other contract changes

Amended policy documents are available through OIR's [I-File system](#) by entering the following log numbers in the search box on the *Quick Search* tab:

- **FCP 16-02737** (PR-M HO policy forms)
- **FCP 16-02738** (PR-M DP policy forms)



DEPARTMENT OF FINANCIAL SERVICES

# Assignment of Benefits: By the Numbers

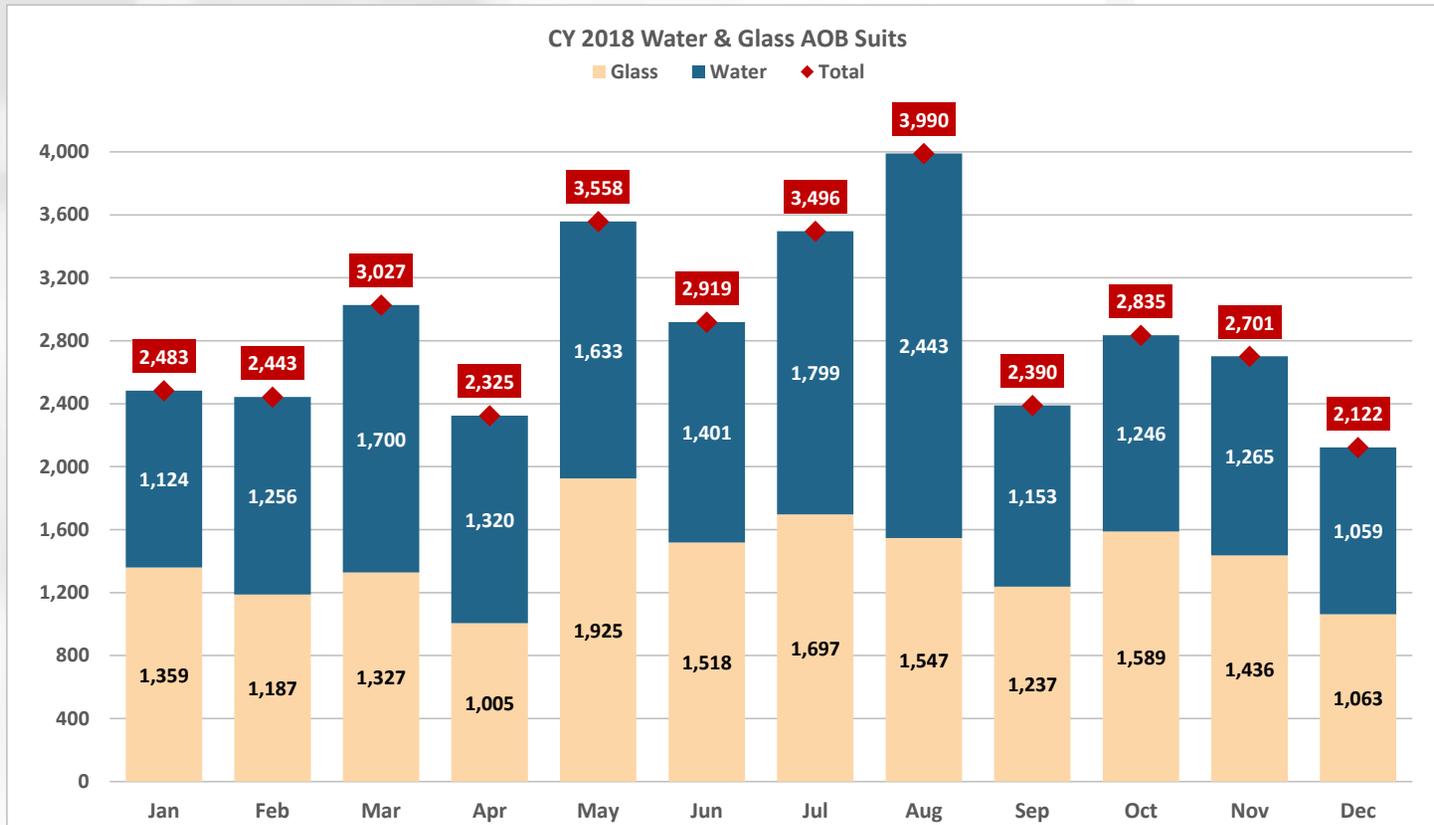
Senate Banking and Insurance Committee

January 22, 2019

CFO JIMMY PATRONIS

# DEPARTMENT OF FINANCIAL SERVICES

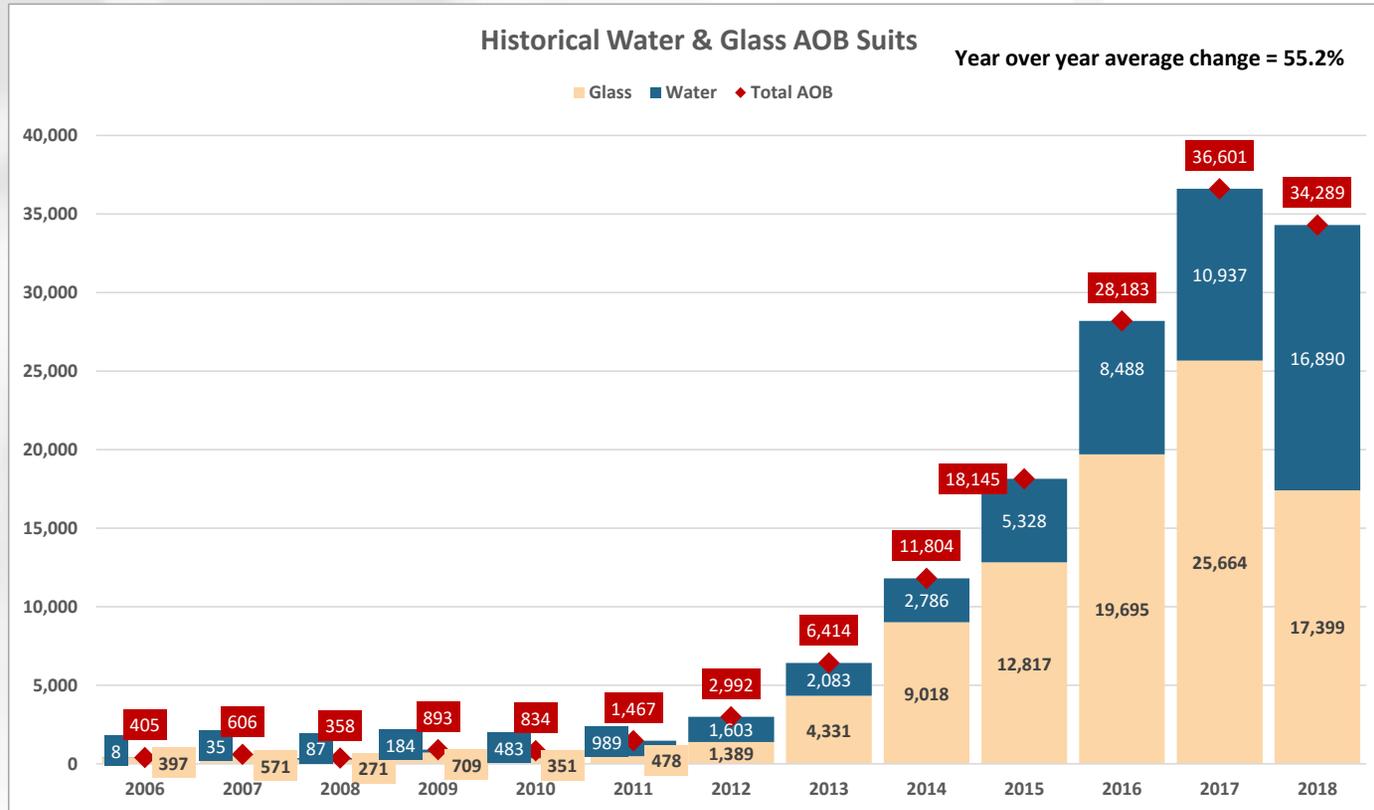
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Glass</b>	1,359	1,187	1,327	1,005	1,925	1,518	1,697	1,547	1,237	1,589	1,436	1,063
<b>Water</b>	1,124	1,256	1,700	1,320	1,633	1,401	1,799	2,443	1,153	1,246	1,265	1,059
<b>Total</b>	2,483	2,443	3,027	2,325	3,558	2,919	3,496	3,990	2,390	2,835	2,701	2,122



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# DEPARTMENT OF FINANCIAL SERVICES

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Glass</b>	397	571	271	709	351	478	1,389	4,331	9,018	12,817	19,695	25,664	17,399
<b>Water</b>	8	35	87	184	483	989	1,603	2,083	2,786	5,328	8,488	10,937	16,890
<b>Total AOB</b>	405	606	358	893	834	1,467	2,992	6,414	11,804	18,145	28,183	36,601	34,289



C F O J I M M Y P A T R O N I S

DEPARTMENT OF FINANCIAL SERVICES



CFO JIMMY PATRONIS

**Estimated Result of AOB Reform on Citizens Property Insurance Corporation Homeowners Rates  
(Sorted by Current Average Premium)**

Senator	D#	Policy Count	Current Average Premium	Actuarially Sound Rate Need	Rate Requested	New Average Premium w/o AOB Reform	Actuarially Sound Rate Need w/ AOB Reform	Rate Request w/ AOB Reform	New Average Premium w/ AOB Reform
Pizzo	38	4,036	\$4,411	19.3%	8.4%	\$4,783	5.9%	2.6%	\$4,524
Rodriguez	37	8,989	\$4,348	25.3%	7.2%	\$4,663	9.6%	1.5%	\$4,415
Taddeo	40	17,481	\$3,566	28.0%	10.2%	\$3,930	9.0%	4.9%	\$3,740
Diaz	36	8,191	\$3,534	26.1%	9.5%	\$3,871	7.4%	3.0%	\$3,640
Rader	29	3,023	\$3,431	25.1%	8.0%	\$3,707	10.6%	3.0%	\$3,533
Farmer	34	7,546	\$3,395	42.5%	10.0%	\$3,733	24.9%	9.1%	\$3,703
Flores	39	10,985	\$3,307	35.0%	10.1%	\$3,641	16.2%	5.4%	\$3,485
Book	32	7,872	\$3,171	51.6%	9.9%	\$3,484	28.5%	9.9%	\$3,487
Braynon	35	11,589	\$3,121	32.2%	10.1%	\$3,435	13.6%	5.8%	\$3,303
Powell	30	3,661	\$2,871	12.4%	7.3%	\$3,082	3.4%	1.2%	\$2,906
Thurston	33	7,202	\$2,769	42.1%	9.9%	\$3,042	22.3%	9.5%	\$3,033
Berman	31	5,024	\$2,712	10.1%	6.8%	\$2,897	1.0%	-0.2%	\$2,706
Harrell	25	1,026	\$2,232	16.5%	7.8%	\$2,406	6.7%	4.2%	\$2,327
Broxson	1	435	\$1,999	9.3%	6.6%	\$2,131	3.6%	3.2%	\$2,063
Mayfield	17	1,807	\$1,860	9.4%	7.1%	\$1,992	2.4%	2.5%	\$1,906
Benacquisto	27	696	\$1,855	26.1%	8.8%	\$2,019	13.3%	8.5%	\$2,013
Passidomo	28	606	\$1,710	24.5%	9.2%	\$1,867	11.9%	9.0%	\$1,864
Gainer	2	429	\$1,672	9.4%	7.1%	\$1,992	2.4%	2.5%	\$1,906
Brandes	24	13,551	\$1,626	3.8%	4.2%	\$1,694	-1.4%	-0.3%	\$1,620
Galvano	21	1,778	\$1,614	16.6%	8.2%	\$1,747	6.8%	5.5%	\$1,703
Gruters	23	2,676	\$1,602	15.8%	8.4%	\$1,736	6.6%	5.5%	\$1,689
Rouson	19	6,828	\$1,593	6.9%	3.9%	\$1,655	0.5%	0.7%	\$1,603
Hooper	16	13,826	\$1,569	4.3%	6.0%	\$1,662	-2.0%	0.2%	\$1,571
Lee	20	1,208	\$1,539	17.2%	7.6%	\$1,656	5.4%	5.1%	\$1,618
Cruz	18	7,497	\$1,505	21.7%	8.2%	\$1,628	9.0%	6.3%	\$1,601
Albritton	26	366	\$1,499	15.7%	9.0%	\$1,634	4.5%	4.6%	\$1,568
Wright	14	921	\$1,499	10.3%	7.8%	\$1,616	3.6%	3.8%	\$1,556
Hutson	7	638	\$1,435	19.5%	9.0%	\$1,565	11.8%	7.1%	\$1,537
Stewart	13	168	\$1,427	23.7%	9.3%	\$1,559	8.3%	8.3%	\$1,545
Bean	4	281	\$1,374	19.0%	9.3%	\$1,501	7.1%	6.8%	\$1,467
Torres	15	225	\$1,355	32.8%	9.4%	\$1,482	16.1%	9.4%	\$1,483

**Estimated Result of AOB Reform on Citizens Property Insurance Corporation Homeowners Rates  
(Sorted by Current Average Premium)**

Senator	D#	Policy Count	Current Average Premium	Actuarially Sound Rate Need	Rate Requested	New Average Premium w/o AOB Reform	Actuarially Sound Rate Need w/ AOB Reform	Rate Request w/ AOB Reform	New Average Premium w/ AOB Reform
Bracy	11	158	\$1,349	25.0%	9.3%	\$1,475	8.9%	8.8%	\$1,467
Simpson	10	12,492	\$1,332	0.1%	6.9%	\$1,423	-6.8%	2.1%	\$1,361
Bradley	5	200	\$1,285	10.6%	6.2%	\$1,365	0.8%	0.8%	\$1,296
Simmons	9	193	\$1,272	26.3%	9.2%	\$1,390	13.0%	8.9%	\$1,385
Stargel	22	152	\$1,271	13.3%	9.1%	\$1,387	3.3%	3.4%	\$1,314
Montford	3	312	\$1,245	8.6%	5.7%	\$1,316	-0.5%	0.0%	\$1,246
Perry	8	198	\$1,165	14.6%	9.0%	\$1,270	5.4%	5.7%	\$1,231
Gibson	6	162	\$1,039	22.0%	9.4%	\$1,137	6.4%	6.6%	\$1,108
Baxley	12	193	\$1,012	16.9%	9.4%	\$1,107	8.8%	8.3%	\$1,096
<b>TOTAL</b>	-	<b>164,621</b>	<b>\$2,627</b>	<b>25.2%</b>	<b>8.5%</b>	<b>\$2,851</b>	<b>10.1%</b>	<b>4.3%</b>	<b>\$2,739</b>



## THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

### COMMITTEES:

Commerce and Tourism, *Chair*  
Finance and Tax, *Vice Chair*  
Appropriations Subcommittee on Criminal  
and Civil Justice  
Banking and Insurance

### JOINT COMMITTEE:

Joint Committee on Public Counsel Oversight

### SENATOR JOE GRUTERS

23rd District

February 1st, 2019

The Honorable Doug Broxson, Chair  
Banking and Insurance Committee  
320 Knott Building  
404 South Monroe Street  
Tallahassee, FL 32399-1100

Dear Chair Broxson:

I am writing to request that Senator Gruters be excused from the upcoming Banking and Insurance Committee, on 2/4/19 at 4 pm.

Warm regards,

A handwritten signature in black ink that reads "Joe Gruters".

Joe Gruters

cc: James Knudson, Staff Director  
Sheri Green, Committee Administrative Assistant

### REPLY TO:

- 381 Interstate Boulevard, Sarasota, Florida 34240 (941) 378-6309
- 324 Senate Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5023

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

**BILL GALVANO**  
President of the Senate

**DAVID SIMMONS**  
President Pro Tempore



# THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

**SENATOR JEFF BRANDES**

24th District

February 4<sup>th</sup>, 2019

Dear Chair Broxson,

I am writing to request respectfully that I be excused from the Banking and Insurance Committee Meeting on February 4<sup>th</sup> due to a prior commitment.

If you have any questions regarding this request, please feel free to contact my office, or myself. Thank you for time and consideration of this matter.

Kind Regards,

A handwritten signature in black ink, appearing to read "Jeff Brandes", with a long horizontal flourish extending to the right.

Jeff Brandes

**COMMITTEES:**

Appropriations Subcommittee on Criminal and Civil Justice, *Chair*  
Criminal Justice, *Vice Chair*  
Appropriations  
Appropriations Subcommittee on Transportation, Tourism, and Economic Development  
Banking and Insurance  
Innovation, Industry, and Technology  
Rules

**JOINT COMMITTEES:**

Joint Legislative Auditing Committee, *Alternating Chair*  
Joint Legislative Budget Commission

REPLY TO:

- 9800 4th Street North, Suite 200, St. Petersburg, Florida 33702 (727) 563-2100
- 416 Senate Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5024

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

**BILL GALVANO**  
President of the Senate

**DAVID SIMMONS**  
President Pro Tempore

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4/19

Meeting Date

Bill Number (if applicable)

Topic AOB Workshop

Amendment Barcode (if applicable)

Name Ken Bell

Job Title Attorney

Address 215 South Monroe St. Suite 601 Phone 850-776-0377

Street

Tallahassee, FL

3230

Email kbelle@gunstork.com

City

State

Zip

Speaking: [ ] For [ ] Against [x] Information

Waive Speaking: [ ] In Support [ ] Against (The Chair will read this information into the record.)

Representing PERSONAL INSURANCE FEDERATION OF FLORIDA

Appearing at request of Chair: [x] Yes [ ] No

Lobbyist registered with Legislature: [x] Yes [ ] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4/19  
Meeting Date

SB122  
Bill Number (if applicable)

Topic AOB

Amendment Barcode (if applicable)

Name Richie Kdweil

Job Title President of Restoration Association of Florida

Address 941 W Morse Blvd #100  
Street

Phone 407-233-0493

Winter Park FL 32789  
City State Zip

Email info@RAFFlorida.org

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing RAF

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4/2019

Meeting Date

SB 122

Bill Number (if applicable)

Topic Assignment of Benefits

Amendment Barcode (if applicable)

Name David Altmaier

Job Title Insurance Commissioner

Address 200 E Gaines Street

Phone 8504132429

Street

Tallahassee

FL

32399

Email Derek.Silver@flair.com

City

State

Zip

Speaking: [X] For [ ] Against [ ] Information

Waive Speaking: [ ] In Support [ ] Against (The Chair will read this information into the record.)

Representing Florida Office of Insurance Regulation

Appearing at request of Chair: [X] Yes [ ] No

Lobbyist registered with Legislature: [X] Yes [ ] No

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

02/04/19  
Meeting Date

\_\_\_\_\_  
Bill Number (if applicable)

Topic AOB IN FLORIDA AND COMPETENCY

\_\_\_\_\_  
Amendment Barcode (if applicable)

Name KEN LARSEN

Job Title CONSULTANT / INSTRUCTOR

Address 135 CARSON OAKS LANE  
Street

Phone 817 542 1189

SANTA ROSA BEACH FL 32459  
City State Zip

Email KEN@DRYSTANDARD.ORG

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing IDSO RAF

Appearing at request of Chair:  Yes  No Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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**THE FLORIDA SENATE**  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Feb 4<sup>th</sup> 2011  
Meeting Date

122  
Bill Number (if applicable)

Topic SB 122 Work shop

Amendment Barcode (if applicable)

Name Robert Showalter

Job Title Building Contractor/Restoration Vendor

Address 10798 Florence Ave  
Street

Phone 813 752 9372

THENATOSASSA FL 33592  
City State Zip

Email robert@showalter.com

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing \_\_\_\_\_

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4/2019

Meeting Date

122

Bill Number (if applicable)

Topic SB 122 Workshop

Amendment Barcode (if applicable)

Name Joseph Glace

Job Title Attorney

Address 82 South Barrett Square, Unit 2B

Phone 850-332-4551

Street

Rosemary Beach FL 32461

City

State

Zip

Email JGLACE@vargasgonzalez.com

Speaking: [ ] For [ ] Against [x] Information

Waive Speaking: [ ] In Support [ ] Against (The Chair will read this information into the record.)

Representing

Appearing at request of Chair: [ ] Yes [x] No

Lobbyist registered with Legislature: [ ] Yes [x] No

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2 | 4 | 19

Meeting Date

Bill Number (if applicable)

Topic SB 122 Workshop

Amendment Barcode (if applicable)

Name Col. Simon Blank

Job Title Director, Division of Investigative & Forensic Services

Address PL 11, The Capitol

Phone 850.413-2890

Street

Tallahassee FL 32399

Email Simon.blank@

City

State

Zip

myfloridacfo.com

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing Department of Financial Services

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4/19  
Meeting Date

122  
Bill Number (if applicable)

Topic AOB

Amendment Barcode (if applicable)

Name Jasmin Tolbert

Job Title consumer / policyholder

Address 6524 Lake Joanna Circle

Phone 850 319 5604

Street

Panama City FL

32404

Email ~~Jasmin.Tolbert@yaho.com~~  
Jasmin\_Tolbert@yahoo.com

City

State

Zip

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing self - AOB contractor forged my name

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4/19

Meeting Date

SB 122

Bill Number (if applicable)

Topic One way attorneys fee reform

Amendment Barcode (if applicable)

Name Kat Oughton

Job Title Attorney

Address 201 N. Hogan St. #400  
Street

Phone (904) 493-3767

Jacksonville FL 32202  
City State Zip

Email koughton@boyden.com

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing Florida Defense Lawyers Assoc.

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4-19

Meeting Date

122

Bill Number (if applicable)

Topic AoB

Amendment Barcode (if applicable)

Name Warren Black

Job Title Small Business owner/franchise Rytech

Address 2958 Front Rd.  
Street

Phone 904-226-4289

Jay FL 32057  
City State Zip

Email wblack@rytechinc.com

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing Self

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4/19 Meeting Date

SB 122 Bill Number (if applicable)

Topic AOB Abuse & my insurance claim

Amendment Barcode (if applicable)

Name Charles and Wendy Snellgrove (supporting AOB reform)

Job Title Retired

Address 1759 Starlight Dr Street

Phone (727) 458-1808

Clearwater FL 33755 City State Zip

Email n4bto@icloud.com

Speaking: [X] For [ ] Against [ ] Information

Waive Speaking: [ ] In Support [ ] Against (The Chair will read this information into the record.)

Representing OURSELF ON Behalf of CPC

Appearing at request of Chair: [X] Yes [ ] No

Lobbyist registered with Legislature: [ ] Yes [X] No

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4/19

Meeting Date

Bill Number (if applicable)

Topic ASSIGNMENT OF BENEFITS

Amendment Barcode (if applicable)

Name JAMES LYNCH, FCAS, MAAA

Job Title chief actuary; vp of research & education

Address 110 William Street

Phone 917.359.3908

Street

New York

NY

10038

City

State

Zip

Email jamesl@iii.org

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing INSURANCE INFORMATION INSTITUTE

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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2/4/19

**THE FLORIDA SENATE**  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

SB 122

Meeting Date

Bill Number (if applicable)

Topic ASSIGNMENT OF BENEFITS

Amendment Barcode (if applicable)

Name Tyler Chasez

Job Title ATTORNEY

Address 113 CAMP COTTAGE RD  
Street

Phone 321 277 5331

ALHAMBRA SPRINGS FL 32714  
City State Zip

Email TCHASEZ@GMAIL

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing FLORIDA JUSTICE ASSC.

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4/19  
Meeting Date

122  
Bill Number (if applicable)

Topic SB 122 WORKSHOP

Amendment Barcode (if applicable)

Name JOSH REYNOLDS

Job Title OWNER

Address 300 TRIPLE DIAMOND BLVD

Phone 941-379-8669

Street  
Nokomis FL 34275  
City State Zip

Email josh@wrightway.com

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing WRIGHTWAY EMERG. SVCS.

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

# CourtSmart Tag Report

Room: KN 412

Case No.:

Type:  
Judge:

Caption: Senate Banking and Insurance Committee

Started: 2/4/2019 4:05:15 PM

Ends: 2/4/2019 6:00:17 PM Length: 01:55:03

4:05:14 PM Meeting called to order by Chair Broxson  
4:05:38 PM Quorum  
4:06:03 PM Explanation of workshop by Chair Broxson  
4:09:56 PM Introduction of Ken Bell by Chair Broxson  
4:10:16 PM Presentation on Assignment of Benefits by Ken Bell  
4:18:33 PM Question from Chair Broxson  
4:19:11 PM Continuation of presentation by Ken Bell  
4:19:39 PM Follow up question from Chair Broxson  
4:20:11 PM Question from Vice Chair Rouson  
4:20:56 PM Response from Ken Bell  
4:21:24 PM Follow up question from Vice Chair Rouson  
4:22:27 PM Continuation of presentation by Ken Bell  
4:26:11 PM Comments from Chair Broxson  
4:26:31 PM Comments from David Altmaier  
4:29:55 PM Comments from Barry Gilway  
4:31:46 PM Question from Vice Chair Rouson  
4:32:10 PM Response from Ken Bell  
4:34:02 PM Follow up question from Vice Chair Rouson  
4:34:07 PM Response from Ken Bell  
4:34:56 PM Question from Senator Thurston  
4:35:20 PM Response from Barry Gilway  
4:36:23 PM Follow up from Senator Thurston  
4:36:54 PM Response from Barry Gilway  
4:38:52 PM Follow up from Senator Thurston  
4:39:49 PM Response from David Altmaier  
4:41:47 PM Question from Senator Taddeo  
4:42:00 PM Response from David Altmaier  
4:43:26 PM Follow up from Senator Taddeo  
4:43:46 PM Comments from David Altmaier  
4:45:02 PM Comments from Ken Bell  
4:45:26 PM Follow up from Vice Chair Rouson  
4:46:04 PM Comments from Ken Bell  
4:46:10 PM Comments from David Altmaier  
4:47:12 PM Comments from Chair Broxson  
4:47:38 PM Introduction of Tyler Chazez by Chair Broxson  
4:47:58 PM Presentation by Tyler Chazez  
4:51:50 PM Comments from Chair Broxson  
4:52:06 PM Response from Tyler Chazez  
4:52:23 PM Comments from Ken Bell  
4:53:07 PM Clarification from Senator Perry  
4:53:15 PM Response from Tyler Chazez  
4:54:03 PM Back and forth between Senator Perry and Tyler Chazez  
4:55:12 PM Continuation of presentation by Tyler Chazez  
4:56:20 PM Question from Chair Broxson  
4:56:31 PM Response from Tyler Chazez  
4:56:41 PM Comments from Chair Broxson  
4:56:48 PM Comments from David Altmaier  
4:57:30 PM Comments from Tyler Chazez  
4:58:17 PM Follow up from Chair Broxson  
4:58:26 PM Response from Tyler Chazez  
4:59:59 PM Response from Barry Gilway  
5:03:09 PM Question from Vice Chair Rouson

5:03:42 PM Response from Barry Gilway  
5:05:17 PM Question from Senator Thurston  
5:06:30 PM Response from Barry Gilway  
5:10:00 PM Question from Chair Broxson  
5:10:07 PM Response from Barry Gilway  
5:10:59 PM Continuation of presentation by Tyler Chazez  
5:11:13 PM Comments from Barry Gilway  
5:12:26 PM Comments from Joshua Reynolds  
5:12:45 PM Question from Senator Perry  
5:13:09 PM Response from Tyler Chazez  
5:13:28 PM Back and forth between Senator Perry and Tyler Chazez  
5:15:39 PM Question from Chair Broxson  
5:15:45 PM Response from Ken Bell  
5:17:01 PM Back and forth between Senator Perry and Tyler Chazez  
5:17:17 PM Comments from Joshua Reynolds  
5:17:43 PM Back and forth between Senator Perry and Joshua Reynolds  
5:18:11 PM Question from Vice Chair Rouson  
5:18:55 PM Response from Ken Bell  
5:19:38 PM Question from Senator Taddeo  
5:19:46 PM Response from Barry Gilway  
5:21:39 PM Follow up question from Senator Taddeo  
5:22:22 PM Response from Chair Broxson  
5:22:40 PM Continuation of presentation by Tyler Chazez  
5:24:16 PM Comments from Barry Gilway  
5:25:41 PM Introduction of James Lynch by Chair Broxson  
5:26:01 PM Presentation by James Lynch  
5:29:04 PM Comments from Chair Broxson  
5:29:31 PM Continuation of presentation by James Lynch  
5:37:19 PM Comments from Chair Broxson  
5:37:37 PM Response from James Lynch  
5:39:13 PM Question from Senator Lee  
5:40:10 PM Response from James Lynch  
5:40:47 PM Question from Senator Thurston  
5:41:30 PM Response from James Lynch  
5:43:18 PM Question from Senator Taddeo  
5:43:24 PM Response from James Lynch  
5:43:59 PM Introduction of Joshua Reynolds by Chair Broxson  
5:44:11 PM Presentation by Joshua Reynolds  
5:47:45 PM Question from Senator Perry  
5:47:50 PM Response from Joshua Reynolds  
5:49:16 PM Question from Senator Perry  
5:49:24 PM Response from Joshua Reynolds  
5:50:25 PM Question from Chair Broxson  
5:50:30 PM Response from Joshua Reynolds  
5:51:05 PM Question from Senator Perry  
5:51:25 PM Back and forth between Senator Perry and Joshua Reynolds  
5:52:15 PM Comment from Chair Broxson  
5:52:20 PM Response from Joshua Reynolds  
5:53:12 PM Testimony from Charles and Wendy Snellgrove  
5:58:12 PM Testimony from Warren Black  
5:59:07 PM Testimony from Kat Oughton  
6:00:11 PM Vice Chair moves to adjourn