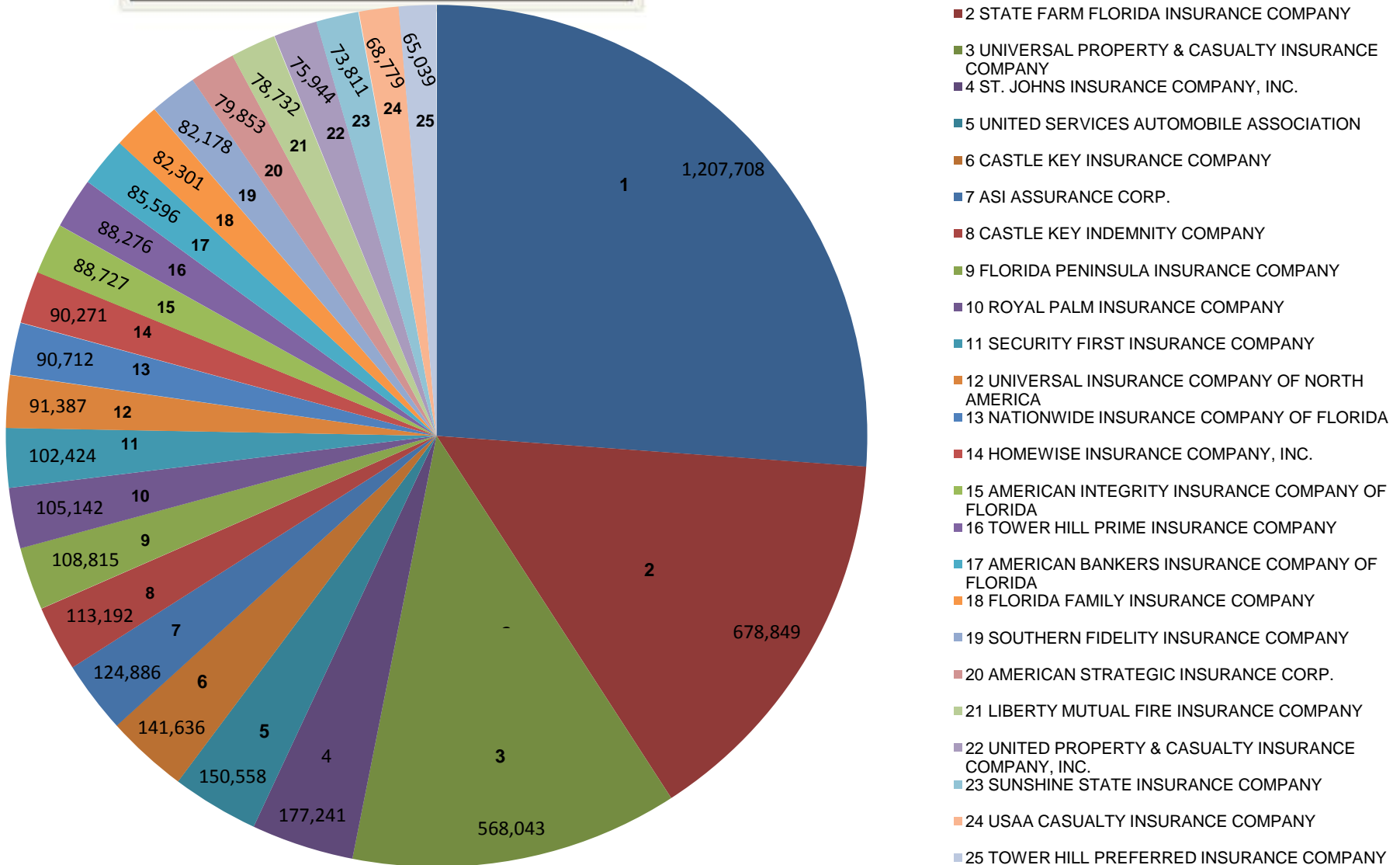




House Insurance & Banking Subcommittee Meeting: January 12, 2011



TOP 25 PROPERTY WRITERS PER QUASRng AS OF SEPTEMBER 30, 2010

Recent Rate Filings of Major Property Writers

<u>Company Name</u>	<u>Rate Change</u>	<u>Comments</u>
Citizens Property Insurance Corp.	9.4%	PLA & HRA Combined
State Farm Florida Insurance Company	6.6%	27.9% Pending (2011)
Universal Property and Casualty	14.9% *	Pending
St. John's Insurance Company	0.1% **	Pending
Castle Key Insurance Company	18.7%	
United Services Automobile Association	9%	Excludes Renters
Castle Key Indemnity Company	17.8%	
Florida Peninsula Insurance Company	19.8%, 24.9% and 14.1% ***	
Nationwide Insurance Company of Florida	14.1%	
Homewise Insurance Company	28.8%	

Notes:

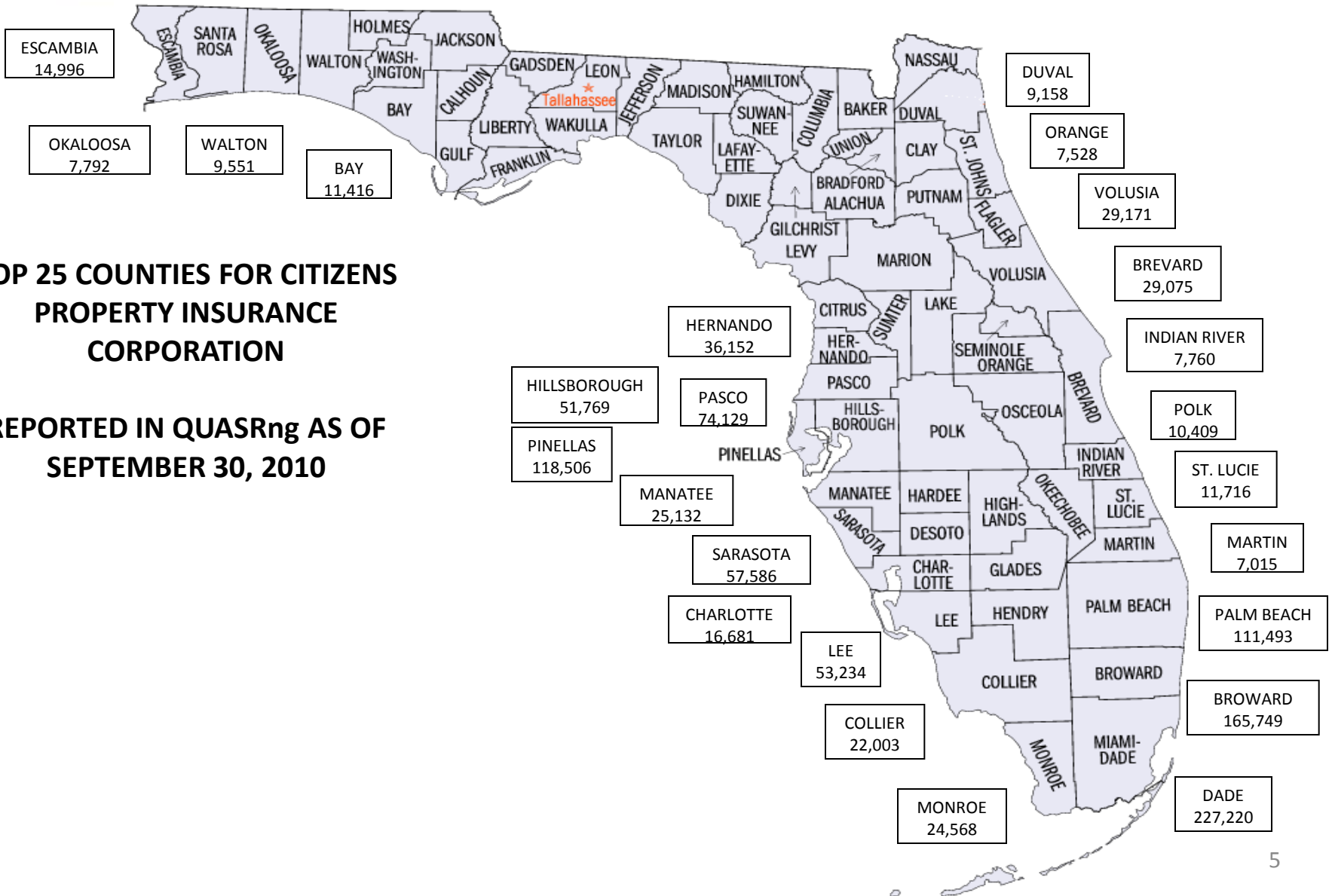
* Company Indication is 29.3%, but company requested 14.9%

** Company indication is 43.4%, but company requested 0.1%

*** These reflect filings in different programs within same company

Rank	NAIC Company Code	Company NAME	State of Domicile	# of States Licensed	Net Underwriting Gain/(Loss)	Net Investment Gain/(Loss)	Net Income/(Loss)	Surplus
1	10064	CITIZENS PROPERTY INSURANCE CORPORATION	FL	1	550,846,821	(76,541,357)	505,467,256	4,648,024,583
2	10739	STATE FARM FLORIDA INSURANCE COMPANY	FL	2	(208,271,896)	44,311,076	(84,179,915)	310,729,297
3	10861	UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY	FL	5	(32,538,261)	7,504,740	(16,365,635)	106,000,341
4	11844	ST. JOHNS INSURANCE COMPANY, INC.	FL	2	(9,535,610)	1,041,870	(4,711,157)	44,409,898
5	25941	UNITED SERVICES AUTOMOBILE ASSOCIATION	TX	54	501,194,749	215,261,905	551,865,976	15,992,400,520
6	30511	CASTLE KEY INSURANCE COMPANY	IL	2	(36,030,790)	5,739,232	(18,805,979)	143,084,585
7	12196	ASI ASSURANCE CORP.	FL	1	(34,999)	1,383,807	656,914	32,764,963
8	10835	CASTLE KEY INDEMNITY COMPANY	IL	2	-	486,505	434,330	14,534,806
9	10132	FLORIDA PENINSULA INSURANCE COMPANY	FL	2	(10,569,527)	(506,017)	(7,106,149)	59,092,065
10	12538	ROYAL PALM INSURANCE COMPANY	FL	1	(8,474,194)	7,113,645	(1,278,335)	43,181,089
11	10117	SECURITY FIRST INSURANCE COMPANY	FL	1	338,418	844,793	1,526,336	22,468,162
12	11986	UNIVERSAL INSURANCE COMPANY OF NORTH AMERICA	FL	3	(1,965,483)	2,867,497	678,685	38,867,535
13	10948	NATIONWIDE INSURANCE COMPANY OF FLORIDA	OH	2	(22,719,061)	10,132,145	(5,815,618)	268,842,454
14	12438	HOMEWISE INSURANCE COMPANY, INC.	FL	2	(2,613,647)	12,209	(2,316,763)	18,042,181
15	12841	AMERICAN INTEGRITY INSURANCE COMPANY OF FLORIDA	FL	1	(7,023,683)	503,878	(3,951,286)	24,104,418
16	11027	TOWER HILL PRIME INSURANCE COMPANY	FL	1	792,516	543,830	4,319,146	32,058,554
17	10111	AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA	FL	53	65,553,008	38,585,587	70,940,235	421,693,127
18	10688	FLORIDA FAMILY INSURANCE COMPANY	FL	1	(1,413,652)	2,116,059	492,255	20,313,692
19	10136	SOUTHERN FIDELITY INSURANCE COMPANY	FL	3	(3,299,120)	2,053,633	257,765	62,442,343
20	10872	AMERICAN STRATEGIC INSURANCE CORP.	FL	22	5,416,162	7,222,387	6,960,545	154,200,816
21	23035	LIBERTY MUTUAL FIRE INSURANCE COMPANY	WI	52	(94,416,257)	161,667,876	51,019,455	1,205,553,564
22	10969	UNITED PROPERTY & CASUALTY INSURANCE COMPANY, INC.	FL	2	(9,556,409)	2,219,586	(5,652,554)	50,004,311
23	10860	SUNSHINE STATE INSURANCE COMPANY	FL	3	473,915	219,738	101,621	13,001,813
24	25968	USAA CASUALTY INSURANCE COMPANY	TX	53	301,578,427	196,869,531	392,759,445	3,946,517,085
25	29050	TOWER HILL PREFERRED INSURANCE COMPANY	FL	1	(5,166,074)	833,714	(2,113,069)	28,021,829

NOTE: Financial Figures are nationwide results for those companies licensed in multiple states.



Capital Requirements for Florida Property Insurers- Current Law

Current Law:

624.407, F.S.

Capital funds required; new insurers.

(1) To receive authority to transact any one kind or combinations of kinds of insurance, as defined in part V of this chapter, an insurer applying for its original certificate of authority in this state after the effective date of this section shall possess surplus as to policyholders not less than the greater of:

(a) **Five million dollars for a property and casualty insurer**, or \$2.5 million for any other insurer;

627.408, F.S.

To maintain a certificate of authority to transact any one kind or combinations of kinds of insurance, as defined in part V of this chapter, an insurer in this state shall at all times maintain surplus as to policyholders not less than the greater of:

5. For property and casualty insurers: \$4 million.

SB 2044:

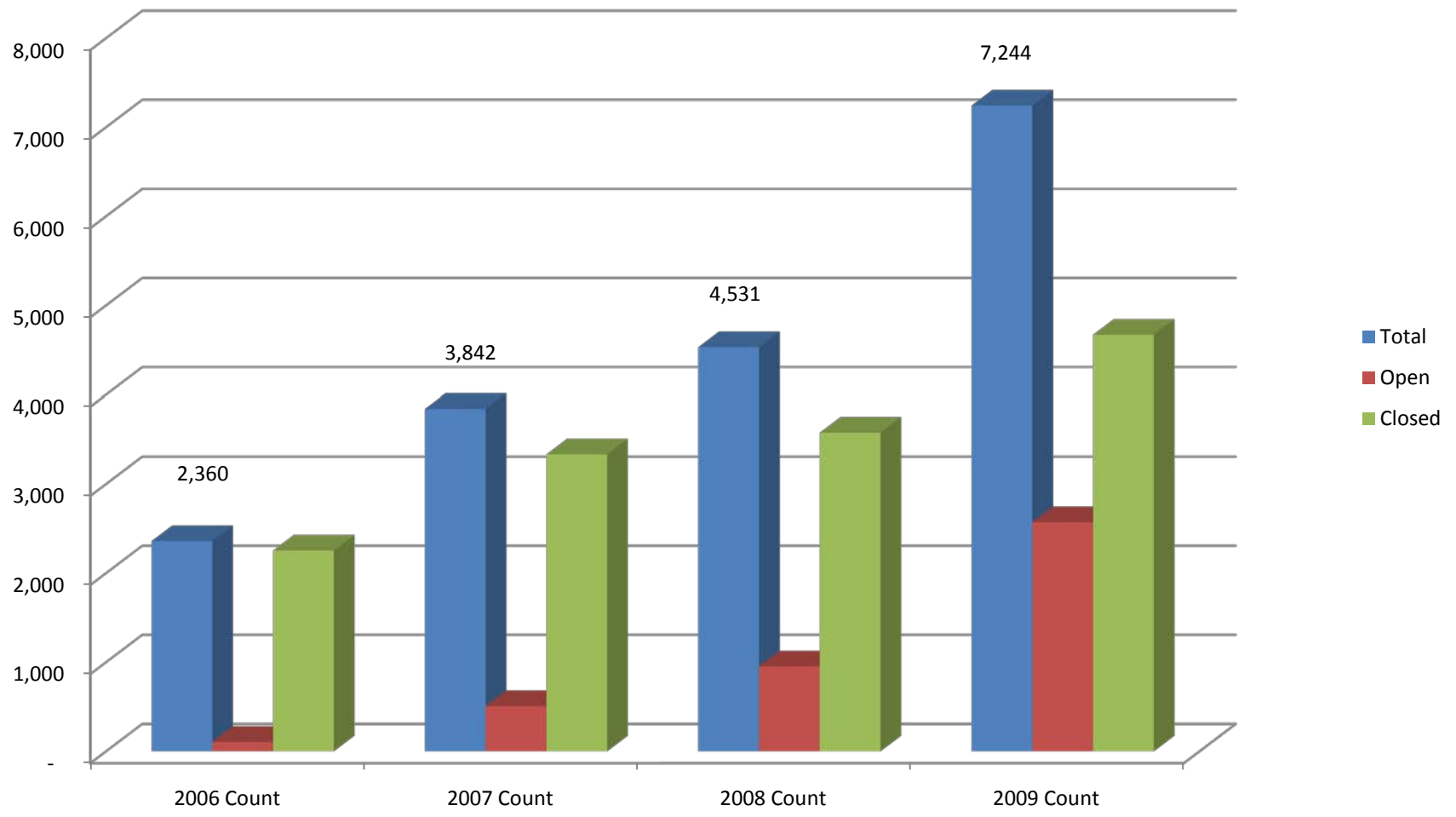
New Property Insurers:

\$15 million

Existing Property Insurers:

Increase from \$4 million to 10 million by 2015
Must reach \$15 million by 2020

Annual Sink Hole Claims



Replacement Cost Holdback – HO3 Policy Language and Related Statutes

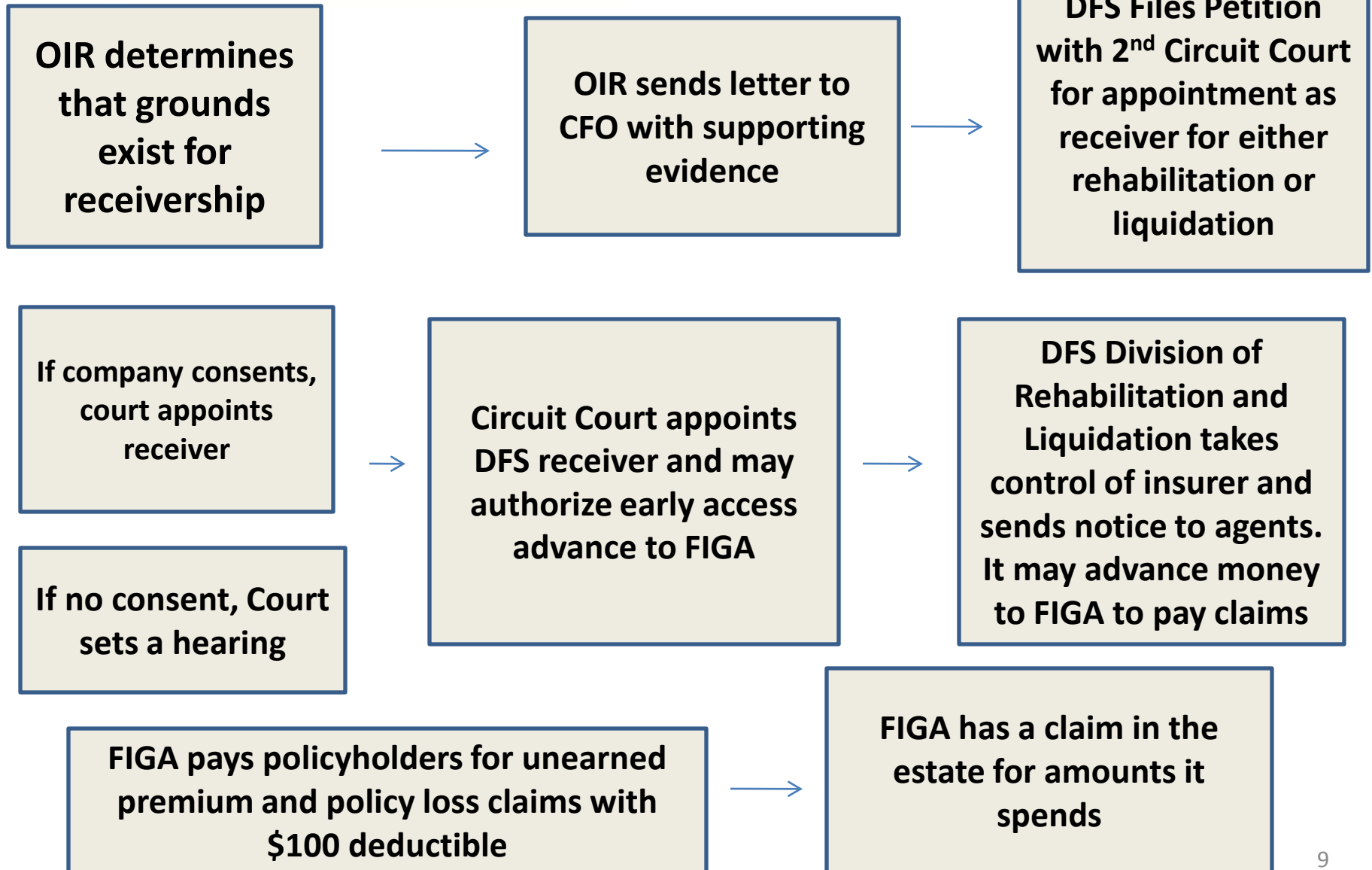
Prior to the passage of Senate Bill 1486 in 2005, the HO3 policy form commonly permitted the insurer to limit replacement cost payment to actual cash value until the actual repair or replacement of the property was complete.

ISO's HO3 contract language prior to Senate Bill 1486 read as follows:

“We will pay no more than the actual cash value of the damage until actual repair or replacement is complete...”

In 2005, Senate Bill 1486 amended Section 627.7011(3), Florida Statutes, to read as follows :

"In the event of a loss for which a dwelling or personal property is insured on the basis of replacement costs, the insurer shall pay the replacement cost without reservation or holdback of any depreciation in value, whether or not the insured replaces or repairs the dwelling or property."



Surplus Lines Assessments

The Nonadmitted and Reinsurance Reform Act of 2010 is part of the Dodd-Frank “Wall Street Reform Bill” H.R. 4173-214 that was signed into law in June 2010.

The Act says: *No State other than the home State of an insured may require any premium tax payment for nonadmitted (surplus lines) insurance.*

The Act also says: *The States may enter into a compact or otherwise establish procedures to allocate among the States the premium taxes paid to an insured’s home state....*

The Act defines premium tax as: *any tax, fee, assessment, or other charge imposed by a government entity directly or indirectly based on any payment made as consideration for an insurance contract....*

The Service Office estimates the loss of premium tax for multi-state surplus lines policies to be potentially 14-18 million dollars a year. If Citizens and FHCF assessments cannot be imposed for these policies, it will shift more of the assessment burden to the admitted market.

NAIC Surplus Lines Implementation Task Force suggested language from Texas:

The comptroller may enter into a cooperative agreement, reciprocal agreement, or compact with another state to provide for the collection of taxes imposed by this state and the other states on insurance taxes that may be due the states and this state based on a standardized premium allocation adopted by the states under the agreement. The comptroller may also enter into other cooperative agreements with surplus lines stamping offices located in this state and other states in the reporting and capturing of related tax information. In addition, the comptroller may enter into cooperative agreements with processing entities located in this state or other states related to the capturing and processing of insurance premium and tax data.
Tex. Ins. Code Ann. Sec. 229.002