

# House Insurance and Banking Subcommittee

February 9, 2011

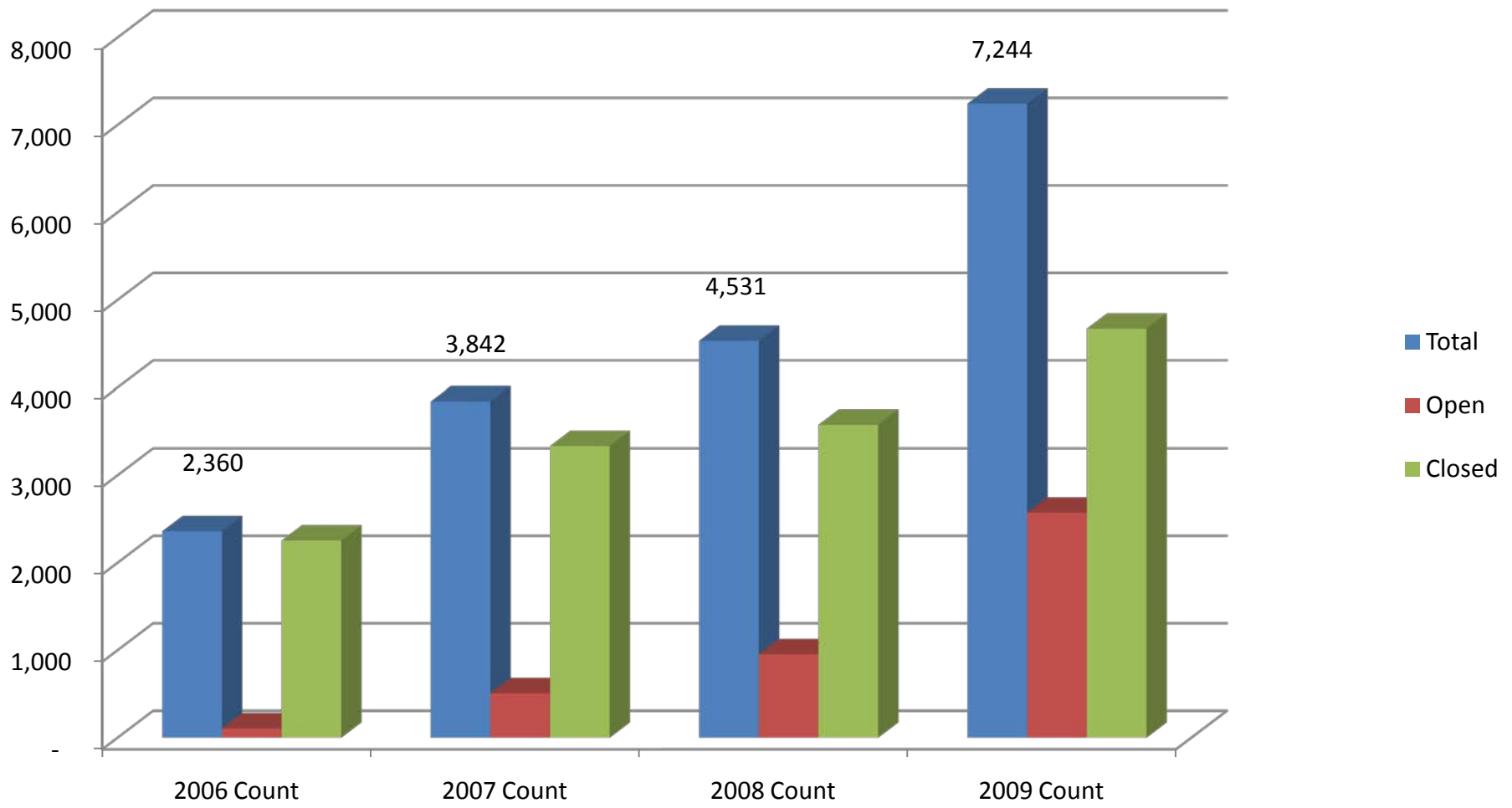
**Broward Williams**

INSURANCE COMMISSIONER AND TREASURER



But while the market situation has been steadily improving in the field of automobile insurance, market problems have developed in some other lines of insurance. For example, sinkhole insurance was not available to Florida property owners. In fact, this coverage was not available in any state of our nation. But we believed that with the growing threat sinkholes were presenting, especially in the central part of our state, Florida property owners should have the benefit of this insurance protection. So I adopted a facility for sinkhole insurance; and in January of this year, the first sinkhole insurance policy was sold in Florida.

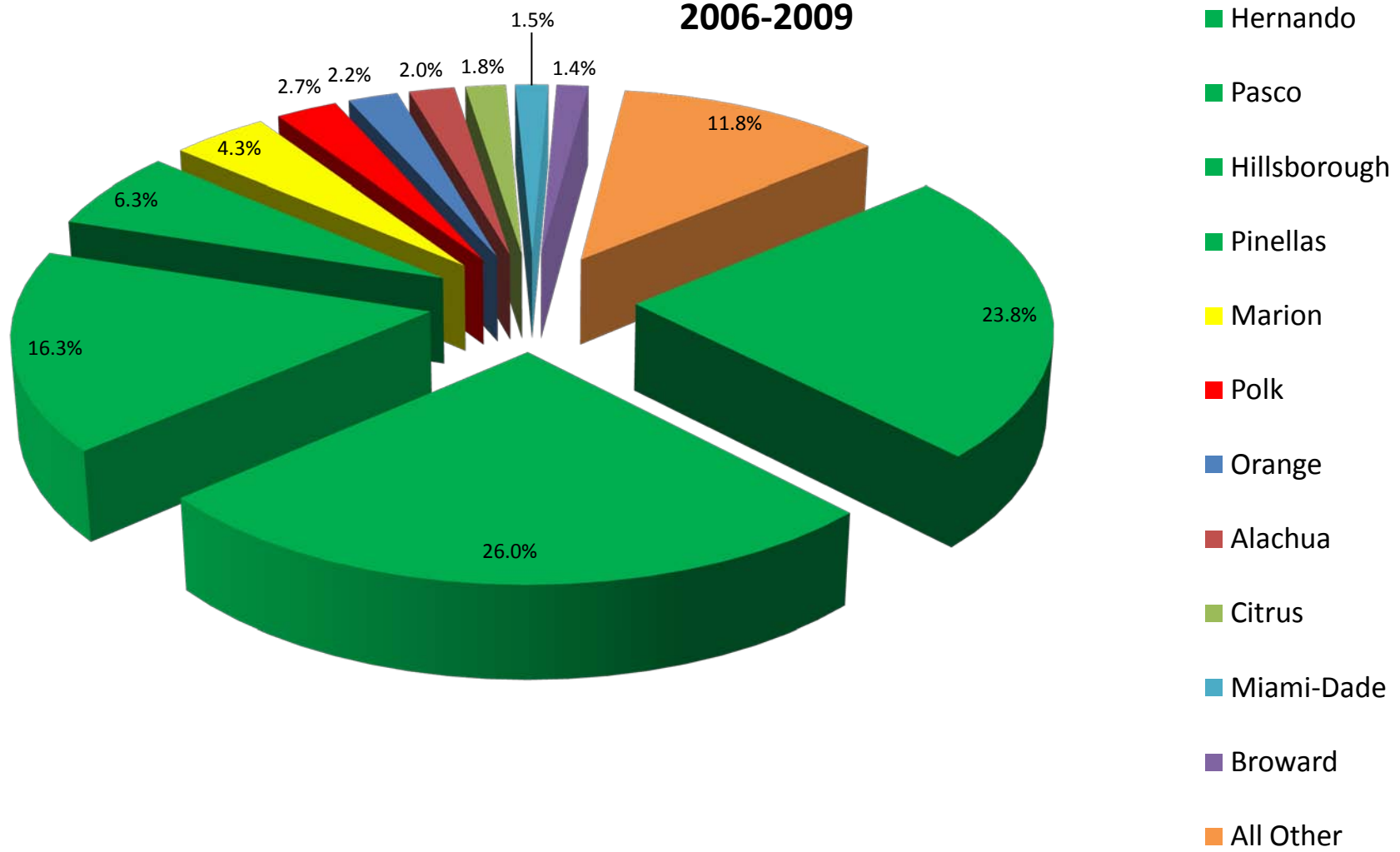
# Annual Sink Hole Claims



## Payment of Closed Claims

	2006	2007	2008	2009	2010 to date	Total
<b>Number of Claims</b>	<b>2013</b>	<b>2990</b>	<b>3062</b>	<b>3934</b>	<b>1891</b>	<b>13893</b>
<b>Land + Structure Loss</b>	<b>\$166,725,208</b>	<b>\$267,176,344</b>	<b>\$243,103,187</b>	<b>\$246,569,220</b>	<b>\$54,237,005</b>	<b>\$978,237,823</b>
<b>Loss Adjustment Expense</b>	<b>\$26,967,402</b>	<b>\$42,502,750</b>	<b>\$36,966,699</b>	<b>\$40,833,539</b>	<b>\$16,150,188</b>	<b>\$163,543,438</b>
<b>Total Cost</b>	<b>\$192,203,640</b>	<b>\$305,618,276</b>	<b>\$265,283,177</b>	<b>\$270,939,536</b>	<b>\$68,193,709</b>	<b>\$1,102,788,057</b>
<b>Average Loss Adjustment Expense</b>	<b>\$13,397</b>	<b>\$14,215</b>	<b>\$12,073</b>	<b>\$10,380</b>	<b>\$8,541</b>	<b>\$11,772</b>
<b>Average Land + Structure Loss</b>	<b>\$82,824</b>	<b>\$89,357</b>	<b>\$79,394</b>	<b>\$62,676</b>	<b>\$28,682</b>	<b>\$70,412</b>
<b>Average Total Loss</b>	<b>\$95,481</b>	<b>\$102,213</b>	<b>\$86,637</b>	<b>\$68,871</b>	<b>\$36,062</b>	<b>\$79,377</b>

**2006-2009**



2006 - 2009 Sinkhole Claim Breakdown							2010 Sinkhole Claim Breakdown			
County	2006	2007	2008	2009	Total	Percentage	County	2010	Percentage	Variance
Hernando	386	911	974	2,005	4,276	23.8%	Hernando	1,760	26.3%	↑ 2.5%
Pasco	825	1,160	1,147	1,540	4,672	26.0%	Pasco	1,260	18.8%	↓ -7.2%
Hillsborough	312	597	710	1,305	2,924	16.3%	Hillsborough	1,526	22.8%	↑ 6.5%
Pinellas	168	218	299	455	1,140	6.3%	Pinellas	326	4.9%	↓ -1.5%
Marion	133	163	174	297	767	4.3%	Marion	328	4.9%	↑ 0.6%
Polk	73	90	124	204	491	2.7%	Polk	217	3.2%	↑ 0.5%
Orange	64	77	109	146	396	2.2%	Orange	114	1.7%	↓ -0.5%
Alachua	70	103	93	96	362	2.0%	Citrus	124	1.9%	↓ -0.2%
Citrus	45	70	79	125	319	1.8%	Alachua	49	0.7%	↓ -1.0%
Miami-Dade	22	46	82	111	261	1.5%	Broward	149	2.2%	↑ 0.8%
Broward	10	47	83	112	252	1.4%	Miami-Dade	137	2.0%	↑ 0.6%
All Other	252	360	657	848	2,117	11.8%	All Other	704	10.5%	↓ -1.3%
<b>Total</b>	<b>2,360</b>	<b>3,842</b>	<b>4,531</b>	<b>7,244</b>	<b>17,977</b>			<b>6,694</b>		
<b>Annual Increase</b>		<b>63%</b>	<b>18%</b>	<b>60%</b>						

**Aggregate Sinkhole Expenses for Closed Claims**

	Adjuster Fees	Attorney Fees	Total
2006	\$ 696,269	\$ 3,023,080	<b>\$ 3,719,349</b>
2007	\$ 1,435,250	\$ 3,824,673	<b>\$ 5,259,923</b>
2008	\$ 2,762,632	\$ 3,266,287	<b>\$ 6,028,919</b>
2009	\$ 3,362,827	\$ 3,122,228	<b>\$ 6,485,055</b>

**Total \$8,256,978      \$13,236,268      \$21,493,246**

## Average Payment of Closed Sinkhole Claims

Average Payment	2006	2007	2008	2009	2010
Land	\$86,299	\$101,423	\$102,868	\$109,014	\$119,965
Structure	\$85,789	\$90,294	\$97,735	\$94,324	\$101,510
Attorney Fees	\$46,011	\$31,751	\$29,673	\$27,298	\$32,237
Public Adjuster Fees	\$18,699	\$22,172	\$25,561	\$20,358	\$22,384
Other Damage	\$13,007	\$16,038	\$13,729	\$13,617	\$7,705
Engineering Expense	\$9,160	\$9,250	\$9,429	\$9,421	\$9,320
Other Loss Adjustment Expense	\$5,975	\$4,836	\$2,923	\$1,512	\$1,162
Mediation Fees	\$3,276	\$2,228	\$2,315	\$1,674	\$1,953
Inspection	\$1,461	\$1,455	\$1,188	\$874	\$791