



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

August 7, 2013

Mr. Kevin M. McCarty, Commissioner
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399

Dear Commissioner McCarty:

For more than a decade, insurance companies have argued that their property insurance rate increases have been due in large part to rising reinsurance costs. But if this is their justification for years of rising rates, can you please explain why a significant drop in reinsurance costs worldwide has not yet corresponded with a significant drop in property insurance rates for Floridians?

The reports by reinsurance professionals and analytics firms that I have read this year suggest Florida property insurance companies have seen significant decreases in their catastrophe reinsurance pricing. For example, in a recent article by *The Insurance Insider*, I read that, "the picture emerging is of rate reductions that are more significant than initially forecast... The consensus among brokers and cat underwriters polled by *The Insurance Insider* is that rates are down on average in the range of 15-20 percent." Industry reports show that the influx of capital from pension funds and other markets have created the right conditions for relief.

If insurance companies can justifiably raise rates on Florida families because the reinsurance market drives their costs up, they can certainly lower the costs for Florida families when reinsurance prices fall. Floridians not only deserve an explanation for why they have not seen any savings to date, they also deserve to quickly begin seeing property insurance savings in their bills.

I know you agree that we should always strive to provide whatever economic relief we can for Florida's families while also maintaining a secure insurance system for property owners. But this goal means ensuring fairness for both insurers and customers, and right now there is no evidence that Florida families are benefiting as they should from the drop in reinsurance costs.

I look forward to your input on this important issue.

Sincerely,

CFO Jeff Atwater
Chief Financial Officer