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# **Florida Peninsula Insurance Company Hearing of November 16, 2010**

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**Rate Indications Summary  
(Excluding Sinkholes)**

	Preferred		Elite	Total
	HO-3	HO-6	HO-3	
<b>Florida Peninsula</b>	<b>18.2%</b>	<b>14.4%</b>	<b>41.6%</b>	<b>20.5%</b>
<b>Profit Provision</b>	<b>1.1%</b>	<b>0.9%</b>	<b>0.7%</b>	<b>1.0%</b>
<b>Other Acquisition Expense</b>	<b>-6.4%</b>	<b>-4.5%</b>	<b>-3.3%</b>	<b>-5.9%</b>
<b>General Expense</b>	<b>-3.6%</b>	<b>-3.0%</b>	<b>-2.2%</b>	<b>-3.4%</b>
<b>Net Trend</b>	<b>-2.8%</b>	<b>1.0%</b>	<b>-15.9%</b>	<b>-3.9%</b>
<b>Catastrophe Load</b>	<b>-1.6%</b>	<b>-1.6%</b>	<b>-1.8%</b>	<b>-1.6%</b>
<b>Insurance Consumer Advocate</b>	<b>3.1%</b>	<b>6.3%</b>	<b>11.4%</b>	<b>4.3%</b>

## Financial Strength Ratings

<b>Demotech</b>	
<b>Rating</b>	<b>Risk of Ruin</b>
<b>A''</b>	<b>0.00%</b>
<b>A'</b>	<b>1.00%</b>
<b>A</b>	<b>3.00%</b>
<b>S</b>	<b>5.00%</b>
<b>M</b>	<b>10.00%</b>
<b>L</b>	<b>not available</b>
<b>NR</b>	<b>not available</b>
<b>N/A</b>	<b>not available</b>

<b>Weiss</b>	
<b>Rating</b>	<b>Risk of Ruin</b>
<b>A+</b>	<b>0.06%</b>
<b>A</b>	<b>0.19%</b>
<b>B</b>	<b>0.75%</b>
<b>C</b>	<b>2.06%</b>
<b>C-</b>	<b>2.74%</b>
<b>D +</b>	<b>3.41%</b>
<b>D &amp; D-</b>	<b>6.02%</b>
<b>E +</b>	<b>7.27%</b>
<b>E &amp; E-</b>	<b>not available</b>
<b>F</b>	<b>not available</b>

## Underwriting Profit Provision

	<u>ICA</u>
Equity Risk Premium	5.20%
Risk of Ruin	3.00%
Risk Free Rate	0.28%
Required Return on Surplus after FIT	8.48%
Gross Written Premium	190,923,429
Policyholder Surplus	67,412,138
Required Profit as % of Premium	2.99%
Investment Income after FIT	0.00%
Underwriting Profit Provision	<u>2.99%</u>
Average FIT Rate	35.00%
Underwriting Profit Provision Before FIT	4.61%

## Florida versus Countrywide Homeowners Direct Expense

		Average Premium	Total Expense Ratio	Total Expenses Excluding Reinsurance	Florida % Higher Expenses
<b>Florida</b>	<b>2006</b>	1,377	29.8%	410	51.1%
	<b>2007</b>	1,539	29.0%	446	62.3%
	<b>Average</b>	1,458	29.4%	429	56.9%
<b>Florida Peninsula</b>	<b>2010</b>	1,849	33.1%	612	109.9%
<b>Countrywide</b>	<b>2006</b>	801	33.9%	272	
	<b>2007</b>	816	33.7%	275	
	<b>Average</b>	809	33.8%	273	
	<b>Est 2010</b>	863	33.8%	292	

## Net Trend Selections

Product	Accident Year Ending	Trended Earned Premium @ Current Rate Level (\$000s)	Average Premium	Average Non-Hurricane Loss	Net Trend	ICA Selected	Florida Peninsula Selected
Preferred HO-3	3/31/2009	123,350	2,282	507			
	3/31/2010	142,320	2,191	550			
	Change		-4.0%	8.4%	12.4%	12.0%	15.0%
Preferred HO-6	3/31/2009	10,086	802	247			
	3/31/2010	12,614	778	306			
	Change		-3.0%	23.9%	27.0%	12.0%	4.8%
Elite HO-3	3/31/2009	5,073	1,520	776			
	3/31/2010	19,480	1,654	580			
	Change		8.8%	-25.2%	-34.1%	0.0%	15.0%

## Near Term Estimated Average Hurricane Losses With Loss Amplification

	Return Time Bottom of Layer	Return Time Top of Layer	Average Annual Losses in Layer (\$000s)
	1,000	10,000	242
	500	1,000	436
	250	500	1,852
	200	250	1,292
	100	200	4,715
	50	100	5,476
	20	50	11,445
	10	20	11,213
	5	10	14,049
	-	5	18,851
<b>Average Annual Hurricane Losses</b>			<b>69,569</b>
<b>Expected Losses &gt; 100 Year Return Time</b>			<b>8,536</b>
<b>Percentage of Catastrophe Load in Excess of Reinsurance</b>			<b>12.3%</b>

# Preferred HO-3 Program

## Sinkhole Losses

(1)	(34)	(35)	(36)	(37)
Accident Year Ending	Actual Incurred Loss & LAE Excl. Cats. (\$000's)	Loss & ALAE Develop- ment Factors <b>(SUPPORT!)</b>	Loss Trend Factors	Trended & Developed Incurred Loss & LAE Excl. Cats. (\$000's)
3/31/2006	\$0	1.000	1.618	\$0
3/31/2007	0	1.000	1.499	0
3/31/2008	0	1.033	1.387	0
3/31/2009	4,709	1.122	1.285	6,788
3/31/2010	6,298	1.573	1.190	11,785
<b>TOTAL</b>	<b>\$11,007</b>			<b>\$18,572</b>

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# **Preferred HO-3 Program**

## **Sinkhole Claims**

### **Additional Information**

- **Number of closed sinkhole claims**
  - **Average payment on closed sinkhole claims**
  - **Number of open sinkhole claims**
  - **Average incurred losses on open sinkhole claims**
  - **Sinkhole monthly/quarterly claim frequency trend**
  - **Sinkhole monthly/quarterly claim severity trend**
  - **Sinkhole monthly/quarterly paid loss development**
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