ACTUARIAL & UNDERWRITING COMMITTEE
RECOMMENDED RATE FILING EXECUTIVE SUMMARY

ACTUARIAL & UNDERWRITING COMMITTEE, JUNE 23, 2015
BOARD OF GOVERNORS MEETING, JUNE 24, 2015

As required by statute, Citizens has completed the annual analysis of recommended rates for 2016. The Office of Insurance Regulation uses this information as it establishes Citizens rates to be implemented for policy effective dates beginning February 2016. 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;
- Use the Florida Public Hurricane Model results as the minimum benchmarks in wind rate recommendations, as required by law;
- Include an appropriate additional 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 indication over all personal lines of business is +25.5%. The premium impact after the application of the policy level glide path cap is +3.2%. Note that each Citizens policyholder pays a rate for an individual product line that is based on their risk classification; nobody pays exactly the average indication. The indications vary greatly by account and by product line. See Exhibit 1 for more detail.

The average statewide indication over all commercial lines of business is +58.5%. The premium impact after the application of the policy level glide path cap is +9.3%. These results also vary widely by product line. See Exhibit 1 for more detail.

As rates approach actuarial adequacy for more Citizens products and regions each year, and as decreases are passed to policyholders but increases are capped, the difference between indicated revenue need and actual premium impact may grow depending on how pockets of significant rate inadequacy are distributed around the state. This is an inherent limitation of the current glide path approach toward actuarially sound rates.

Determination of Overall Rate Indications by Line of Business

Hurricane peril rates make up a significant portion of the overall Citizens rate for most policyholders. In determining the rate indications for the Personal and Commercial Residential lines of business, and in accordance with Actuarial Standards of Practice and as allowed by Florida law, projected hurricane losses from accepted scientific simulation models were considered in place of historical hurricane losses. The results of four hurricane models were considered: AIR Touchstone v1.5.1, RMS RiskLink v13.1, EQECAT RQE v14.00.02, and the Florida Public Model (FPM) v5.0. All models have been accepted for use in Florida ratemaking by the Florida Commission on Hurricane Loss Projection Methodology. No model results were modified or adjusted.

The four distinct models underpinned a range of indications for each line of business. The ranges varied by line of business.

When determining the selected indication, greatest consideration was given to the "middle" two models. That is, the final hurricane indication was based on selecting an indication that was higher than the second highest model but lower than the third highest model. This statistically sound approach had the effect of disregarding any outliers while providing a result that summarizes the overall information from the models for each line. However, by statute, all windstorm indications must be at least as high as the Public Model as the "minimum benchmark" for each product line. This requirement resulted in dramatic impacts to the HO-6 indication, where the FPM dictated an indication of +176% instead of the +47% that otherwise would have been selected.

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.

In summary, the majority (60% or more) of policyholders in the Personal Lines Account (PLA) will see a recommended decrease in premium in 2016. The majority of policyholders in the Coastal Account (80% or more) will see a recommended increase in premium in 2016.

Impact of Policy Level Capping

Rate indications vary greatly from policy to policy within Citizens. There are both large increases as well as large decreases indicated for some consumers. The glide path was established beginning in 2010; it 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 requirement of actuarial soundness with the glide path, it is recommended that all rate increases be capped at +10%, and all rate decreases at -10%, except for HO-4 lines as noted above.

Impact of Depopulation

Citizens' policyholder base has shrunk drastically in the past year. This is due primarily to participation in our "depopulation" program by which selected insurers, as allowed by OIR, assume the premium and risk for blocks of policies mid-term. Depopulation insurers may select their desired book of policies and make offers, subject to the consent of each policyholder. These insurers generally select policies fitting their business models, with the highest premiums relative to the claims experience and windstorm risk of the policy. After assumptions, Citizens is left with policies that tend to be less desirable, with greater rate inadequacy.

For example, last year's indications reflected 415,476 homeowners policies in-force with a projected average hurricane loss ratio for 2015 of 61.6% (as estimated by Citizens using the AIR model). This year's homeowners indications reflect 248,187 policies in-force with a projected average hurricane loss ratio for 2016 of 72.6% on the same basis. Citizens estimates that depopulation activity has contributed approximately a +6% increase to the uncapped wind indication.

Impact of Private Reinsurance Costs

Due to historically low "rates-on-line" (unit costs) for traditional private reinsurance and reinsurance collateralized by catastrophe bonds, Citizens was able to transfer more risk away from Florida policyholders (including non-Citizens policyholders, who would pay emergency assessments if storms caused significant deficits) than ever before. For the first time Citizens will be able to sustain a so-called "1-in-100 year" single storm (actually a storm with a 1% chance of occurring in any given year) in the Coastal Account without triggering assessments.

Last year, Citizens transferred $3.27 billion of Coastal Account risk to private reinsurers at a net cost of $216 million. This year, Citizens transferred $3.91 billion of Coastal

Account risk to the private sector at an estimated net cost of $200 million. "Net cost" refers to the gross expenditure on risk transfer less the expected hurricane losses that would be subject to the agreements. While total net cost in dollars is lower this year, the provision in the rate indication actually increased.

For example, last year's indication included a provision of 10.3% for the cost of private reinsurance in homeowners lines. This year the provision is 15.9%. The increase in the provision for reinsurance is largely due to depopulation - Citizens' remaining book has higher expected hurricane losses relative to premium. Last year's rate decreases have also played a role, as average premium has declined in 2015. The result is a higher provision for reinsurance. While the provision has increased for Citizens policyholders, it is still substantially below what a private insurer would include for a similar book.

All of the private reinsurance covers the Coastal account only. Consequently, all private reinsurance costs are allocated to the policies in the Coastal account only.

Impact of FHCF Buildup Premium

Law changes beginning in 2010 require the Florida Hurricane Catastrophe Fund to include a risk factor in its premium. The factor began at 5% and increased to 25% over five years, where it remains today. This is known as the FHCF Rapid Cash Build-Up Factor. Citizens, by statute, is required to pass this increase in cost to the policyholder, outside the 10% glide path cap. This results in indicated premium changes of slightly more than 10% for some policyholders and affects the statewide premium impacts as well.

Impact of Litigated Water Claims

In the past year Citizens has experienced a steep upward trend in the costs of litigated water claims, particularly from the southeast area of the state. These costs significantly impact the non-wind, non-sinkhole rate need. For homeowners, the overall statewide rate need for the non-wind, non-sinkhole perils is +17.2%. In the southeast area of the state the indicated rate need is closer to +30%. As noted above, all single policy rate changes for wind and non-wind perils combined will be capped at 10%. However, unless cost trends can be reversed, the glide path will have the effect of increasing the inadequacy of Citizens' non-wind non-sinkhole rates over time as allowed changes fall behind annual trends.

Impact of Pre-Event Liquidity

Pre-event liquidity (debt financing) provides a funding bridge to the point in time and loss levels at which the FHCF begins to pay hurricane reimbursements. It also ensures quick claims-paying capacity for second or 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 after an event as well as flexibility in the timing of issuance of post-event debt, if needed.

The previous and 2015 pre-event debt issuances do impact the cost structure of Citizens and therefore the rate indications. The impact in homeowners lines to the statewide uncapped rate indication is around +7%. However, the impact to the policyholder after the glide path is minimal; it is estimated at less than +0.3%.

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. In 2012, that number decreased to around 3,100, and in 2013 the number was further reduced to around 1,200. This declining trend has continued into 2014 and 2015, attributable largely to the impact of the law changes in Senate Bill 408, the major sinkhole claims reform enacted in 2011. In addition, over the same three years, Citizens increased sinkhole rates by close to +90% in the most sinkhole-prone areas of the state (Hernando, Pasco, and Hillsborough counties). These combined factors have led to a statewide indicated rate change for sinkhole of +57.2%, an all-time low since sinkhole rate indications were separated from all other perils in 2011.

The sinkhole indications for Hernando, Hillsborough, and Pasco are +214%, +24.2%, and +23.9% respectively. However, as was the case last year, there is a high level of uncertainty in these indications. Because of geotechnical testing and legal matters related to sinkhole claims, it generally takes five to six years for a sinkhole accident year to fully mature and thus to know the true costs. Given the continued downward trend in reported sinkhole claims, the unknown resolution of court challenges to the law, and the high level of uncertainty in the ultimate outcome, staff recommends that sinkhole rates remain unchanged. As the ultimate effect of recent law changes emerges in the claims experience, there is no guarantee that future sinkhole rate increases will not be necessary.

Hypothetical Rate Indications if Citizens Reinsured to the 100-year Hurricane Event

For informational purposes only, the statewide indications and capped proposed rate changes are calculated in an alternate scenario, using a hypothetical reinsurance provision. The scenario assumes that Citizens funds losses below the retention of the FHCF in each account from surplus, but reinsures all losses in each account excess of the FHCF retention up to the internally modeled 100-year Probable Maximum Loss (PML). In this scenario, it is estimated that Citizens would pay approximately the first $1.5 billion in losses from its current surplus of approximately $7.6 billion, or said differently, expose about 20% of its surplus to a single storm across all accounts. The actual risk transfer program for the 2015 season exposes about $4.2 billion of the approximately $7.6 billion surplus, or approximately 55% of surplus across all accounts

The intent is to simulate the outcome if Citizens were required by the Office of Insurance Regulation, as are Florida's private insurers, to fund its hurricane risk without resorting to assessments and without subjecting the bulk of its policyholders' surplus to a severe storm season. Note that no private insurer would accept a concentrated book of coastal business without the ability to manage aggregate exposure. This exercise reflects Citizens' unique mission and does not imply reasonable reinsurance costs for a typical private insurer.

Information on market-clearing unit costs for reinsurance layers actually funded by surplus – including the entire potential losses of the Personal Lines Account and Commercial Lines Account, plus unfunded layers in the Coastal Account - was provided by Citizens' reinsurance brokers. Citizens' actuaries included the implied net costs of surplus-funded layers, along with the actual net costs of risk transfer for reinsured layers, in the hypothetical rate indications, and kept all other actuarial assumptions equal. In particular, no consideration was made of the effect on the market of a hypothetical demand by Citizens for total reinsurance capacity of approximately $6.6 billion, as opposed to the actual 2015 private risk transfer of approximately $3.9 billion. It is estimated that the hypothetical program would require a gross expenditure of about $558 million, as opposed to the actual 2015 program expenditure of about $304 million.

A full 100-year storm reinsurance program would increase personal lines uncapped indications in the aggregate from 25.5% to 35.1%. This increase would vary by account and product line.

This discussion of a provision of a full 100-year storm is strictly for informational purposes and has no bearing on the recommended rates.

The next few pages are a guide to the provided exhibits. 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 12/31/2014.

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.
- 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

- 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 3 – Wind-Only HW-2 (Homeowners) County Average Premium Impacts

- 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

- 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

- 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

- 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

- 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 8 – Multi-Peril MHO-3 and MDP-1 (Mobile Homeowners and Dwelling Fire) County Average Premium Impacts

- 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

- 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

- Displays the average proposed premium impact after capping for each of the "Group 2" perils territories
- 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

- Displays the average proposed premium impact after capping for each county
- Essentially everyone in each of the territories will receive a +9% increase
- The reason why it is not a +10% increase is due to the FHCF pass through. The FHCF actually has a negative impact for 2015 in this line.
- The territory showing 0% impact has no policies

Exhibit 12 Multi-Peril Commercial Non-Residential County Average Premium Impacts

- Displays the proposed premium impact after capping for each Group 2 territory
- The numbers in this exhibit display the expected premium impact for each policyholder within a territory.

Exhibit 13 Wind-Only Commercial Non-Residential County Average Premium Impacts

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the actual premium impact for the county
- Every policyholder will receive a +10% increase

Exhibit 14 Distribution of Recommended Rate Impacts by Policy in PLA 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 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

<u>Commercial Residential X-Wind Rate Structure Change</u>

Historically, Citizens has had one Building Group 2 x-wind rate for the entire state. With this filing Citizens will implement Building Group 2 rates more in line with the with-wind Building Group 2 rates. This will result in an x-wind rate that varies by region of the state.

This impact will be minimal and will impact less than 300 commercial residential multi-peril (CR-M) structures.

RECOMMENDATION

Citizens' staff recommends that the Actuarial and Underwriting Committee approve and recommend to the Board of Governors its approval to:

a) Authorize staff to file recommended rates in accordance with the provided Executive Summary and Exhibits; and

b) Upon approval, appropriate rate, rule and form changes will be filed with the Office of Insurance Regulation ("OIR"), and

c) Upon establishment of the rates by OIR, system changes implemented.

2016 Annual Recommended Rate Filings

Purpose / Scope:

BACKGROUND

As required by statute, Citizens has completed the annual analysis of recommended rates for 2016. The Office of Insurance Regulation uses this information as it establishes Citizens rates to be implemented for policy effective dates beginning February 2016. 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;
- Use the Florida Public Hurricane Model results as the minimum benchmarks in wind rate recommendations, as required by law;
- Include an appropriate additional 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 indication over all personal lines of business is +25.5%. The premium impact after the application of the policy level glide path cap is +3.2%. Note that each Citizens policyholder pays a rate for an individual product line that is based on their risk classification; nobody pays exactly the average indication. The indications vary greatly by account and by product line, more detail is provided in the Executive Summary and Exhibit 1.

The average statewide indication over all commercial lines of business is +58.5%. The premium impact after the application of the policy level glide path cap is +9.3%. These results also vary widely by product line, more detail is provided in the Executive Summary and Exhibit 1.

RECOMMENDATION:	Citizens' staff recommends that the Actuarial and Underwriting Committee approve and recommend to the Board of Governors its approval to: **a)** Authorize staff to file recommended rates in accordance with the provided Executive Summary and Exhibits; and **b)** Upon approval, appropriate rate, rule and form changes will be filed with the Office of Insurance Regulation ("OIR"), and **c)** Upon establishment of the rates by OIR, system changes implemented.

Exhibit 1 - Summary of Statewide Indications

using the OIR Promulgated Contingency Provisions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		Personal Lines Multi-Peril			Coastal Multiperil			Wind-Only			Total	
	In-Force	Uncapped	Proposed	In-Force	Uncapped	Proposed	In-Force	Uncapped	Proposed	In-Force	Uncapped	Proposed
Product Line - Personal	Premium	Indication	Change	Premium	Indication	Change	Premium	Indication	Change	Premium	Indication	Change
Homeowners	288,817,952	-0.4%	-1.0%	82,302,697	22.4%	8.6%	204,665,909	40.1%	8.8%	575,786,558	17.5%	3.9%
Renters	1,005,925	-35.9%	-14.5%	1,016,742	14.6%	3.8%	341,238	69.8%	9.1%	2,363,905	1.3%	-3.2%
Condo Units	17,593,981	5.1%	1.8%	18,100,270	90.8%	10.2%	32,683,602	224.8%	9.9%	68,377,853	133.6%	7.9%
Dwelling -DP3	106,848,130	-6.8%	-4.2%	53,497,173	38.5%	8.0%	45,607,967	56.1%	9.1%	205,953,270	19.2%	2.0%
Dwelling - DP1	25,553,024	-10.7%	-6.5%	7,732,370	52.9%	9.4%	n/a	n/a	n/a	33,285,395	4.1%	-2.8%
Mobile Homeowners	14,192,732	-10.7%	-7.4%	1,789,000	53.1%	10.2%	3,692,757	79.2%	10.4%	19,674,489	12.1%	-2.4%
Dwelling Mobile Home	14,985,429	-7.3%	-5.7%	1,376,665	63.8%	9.9%	354,623	81.4%	9.7%	16,716,717	0.4%	-4.1%
Total Personal Lines	468,997,174	-2.8%	-2.3%	165,814,917	37.1%	8.6%	287,346,096	64.2%	9.0%	922,158,188	25.5%	3.2%

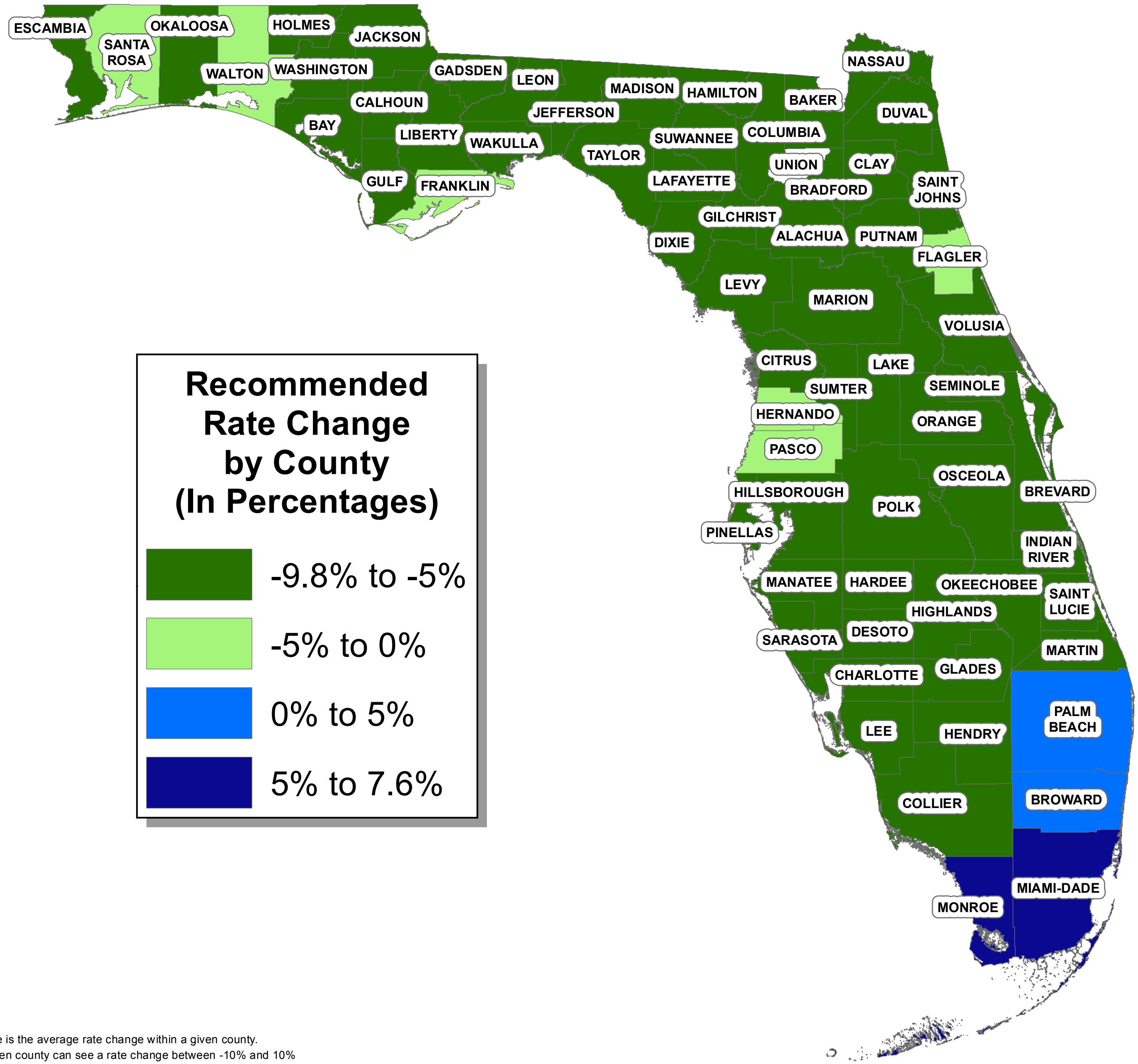
	(1)	(2)	(3)	(7)	(8)	(9)	(10)	(11)	(12)
		Multi-Peril			Wind-Only			Total	
	In-Force	Uncapped	Proposed	In-Force	Uncapped	Proposed	In-Force	Uncapped	Proposed
Product Line - Commercial	Premium	Indication	Change	Premium	Indication	Change	Premium	Indication	Change
Commercial Residential	72,335,452	22.0%	6.0%	110,560,870	84.1%	10.9%	182,896,322	59.5%	9.0%
Commercial Non-Residential	11,253,317	10.0%	9.3%	81,125,698	62.1%	10.0%	92,379,015	55.8%	9.9%
Total Commerical Lines	83,588,769	20.4%	6.4%	191,686,569	74.8%	10.5%	275,275,337	58.3%	9.3%

	(1)	(2)	(3)	(7)	(8)	(9)	(10)	(11)	(12)
		Multi-Peril			Wind-Only			Total	
	In-Force	Uncapped	Proposed	In-Force	Uncapped	Proposed	In-Force	Uncapped	Proposed
Product Line	Premium	Indication	Change	Premium	Indication	Change	Premium	Indication	Change
Personal	634,812,091	7.7%	0.5%	287,346,096	64.2%	9.0%	922,158,188	25.5%	3.2%
Commercial	83,588,769	20.4%	6.4%	191,686,569	74.8%	10.5%	275,275,337	58.3%	9.3%
Total	718,400,860	9.2%	1.2%	479,032,665	68.5%	9.6%	1,197,433,525	33.1%	4.6%

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)*

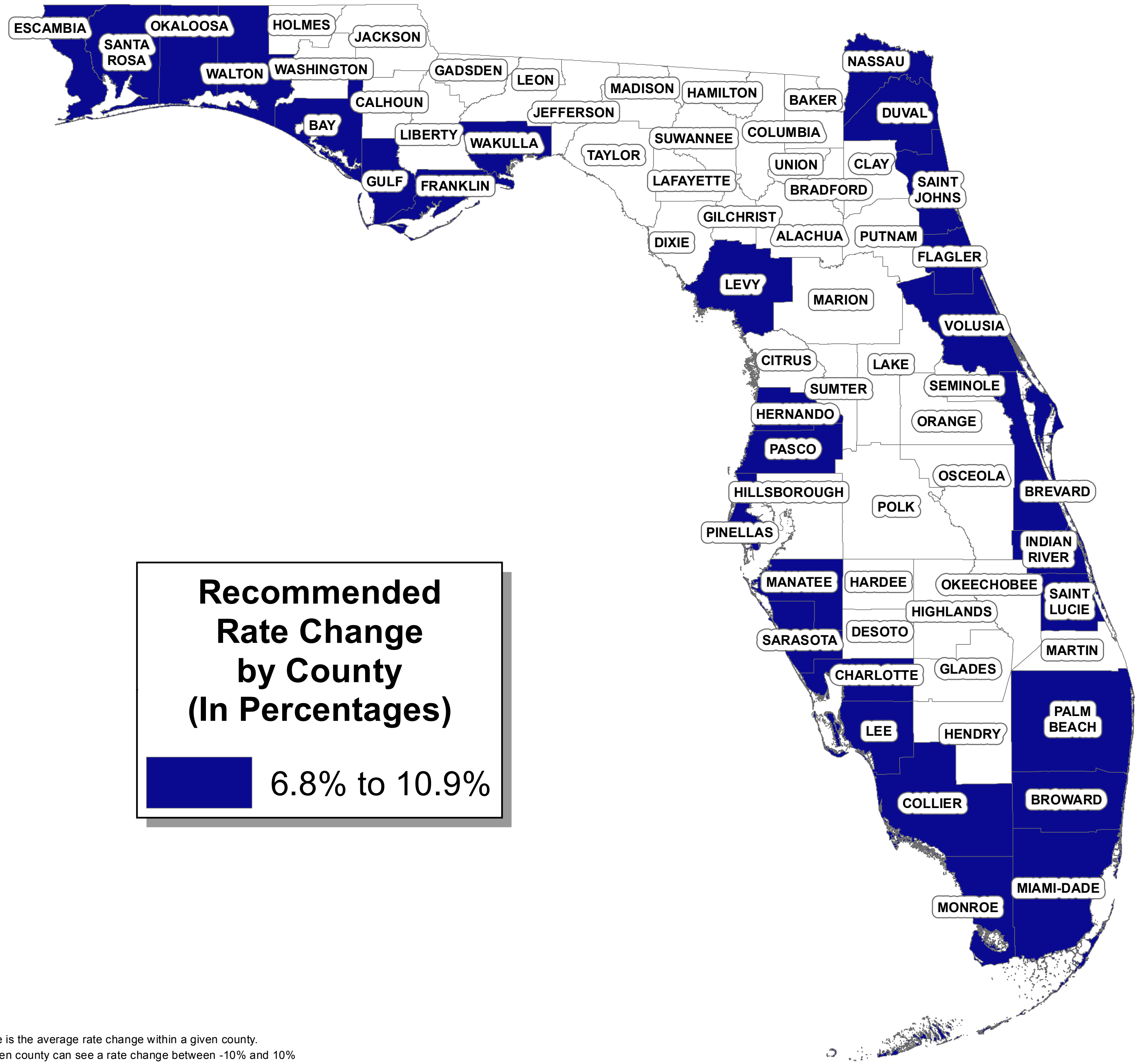
Exhibit 2 - Multi-Peril HO3 County Average Rate Changes



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.

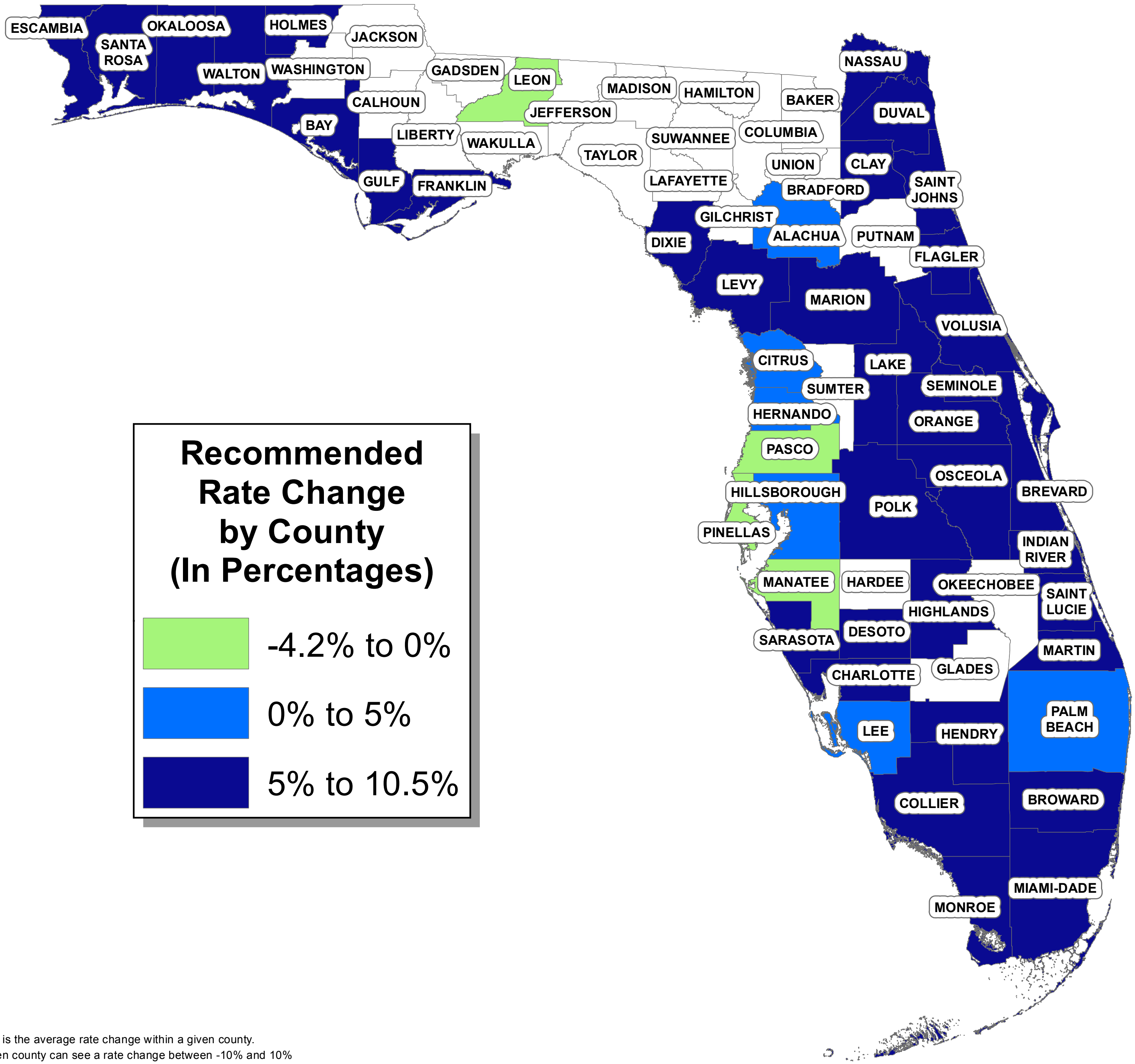
Exhibit 3 - Wind-Only HW2 County Average Rate Changes



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.

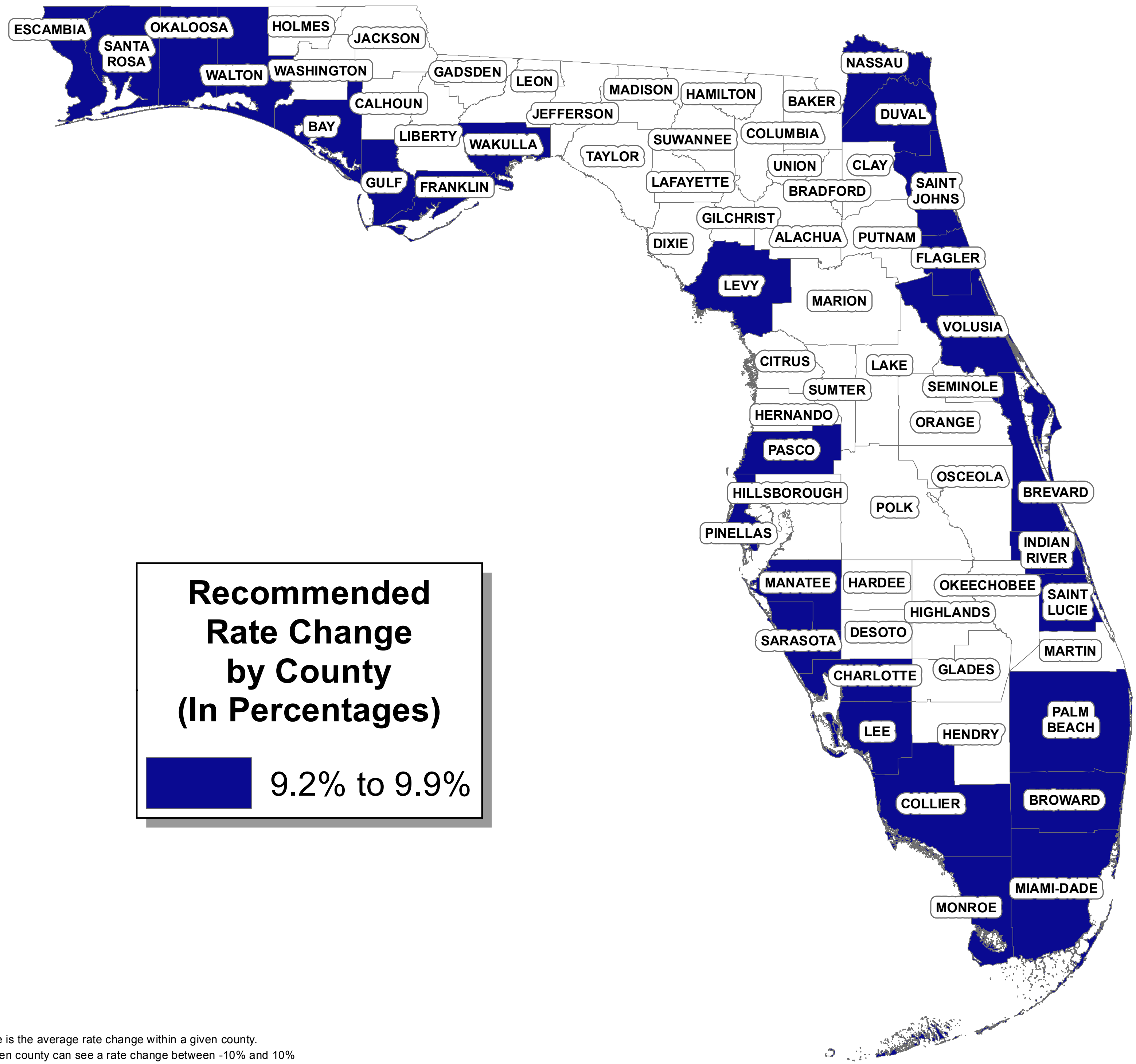
Exhibit 4 - Multi-Peril HO6 County Average Rate Changes



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.

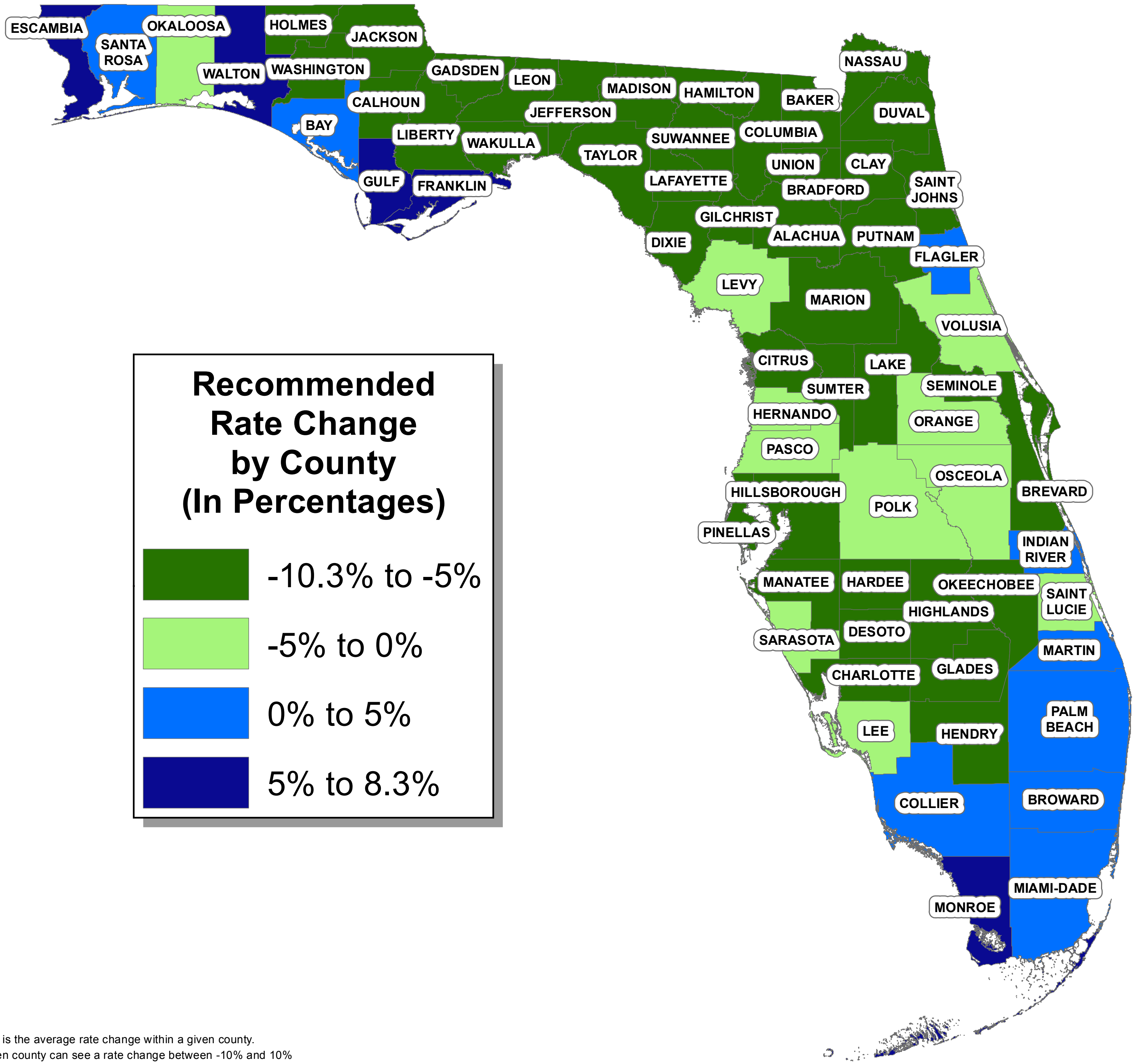
Exhibit 5 - Wind-Only HW6 County Average Rate Changes



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.

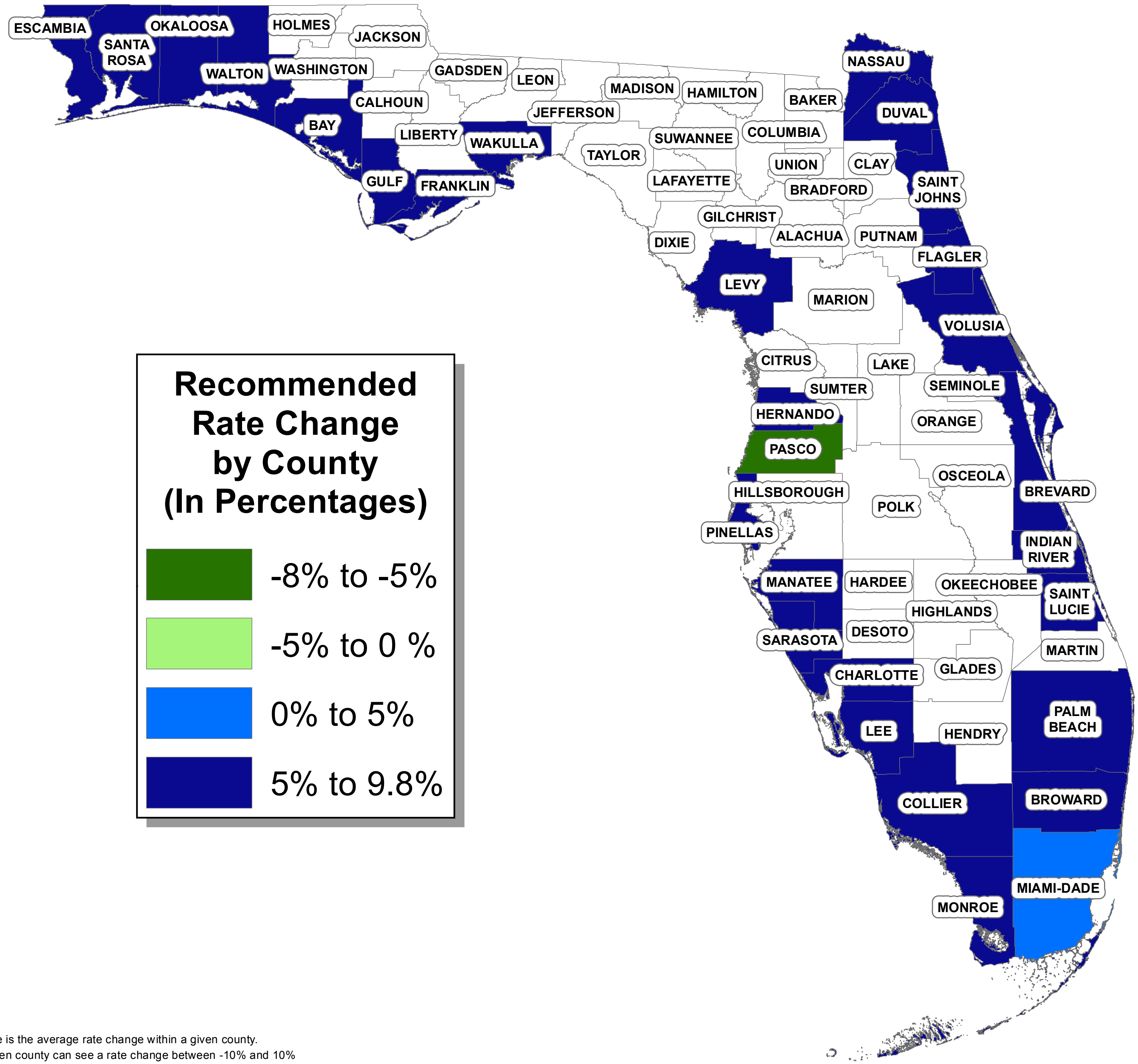
Exhibit 6 - Multi-Peril DP1 and DP3 County Average Rate Changes



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.

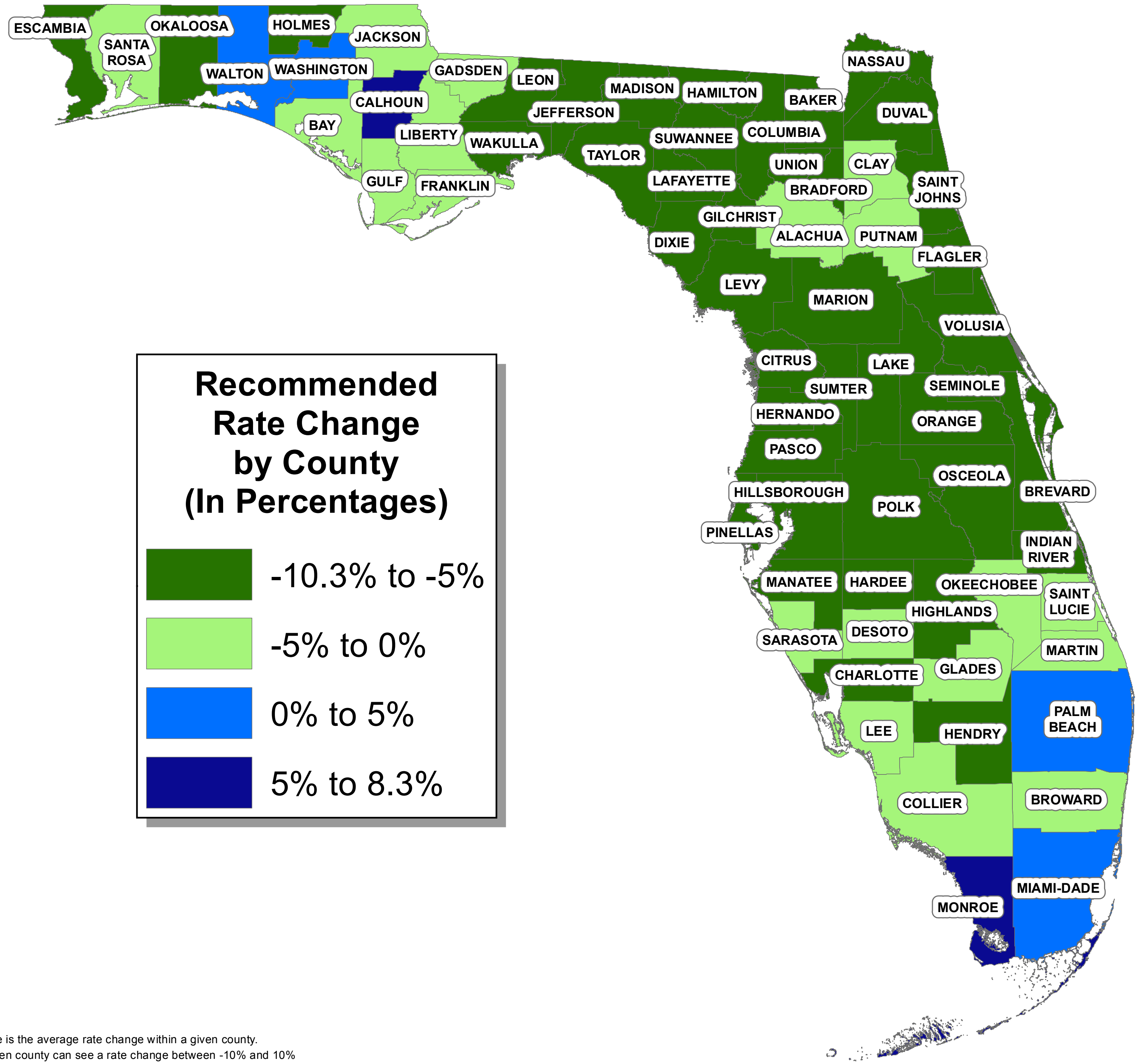
Exhibit 7 - Wind-Only DW2 County Average Rate Changes



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.

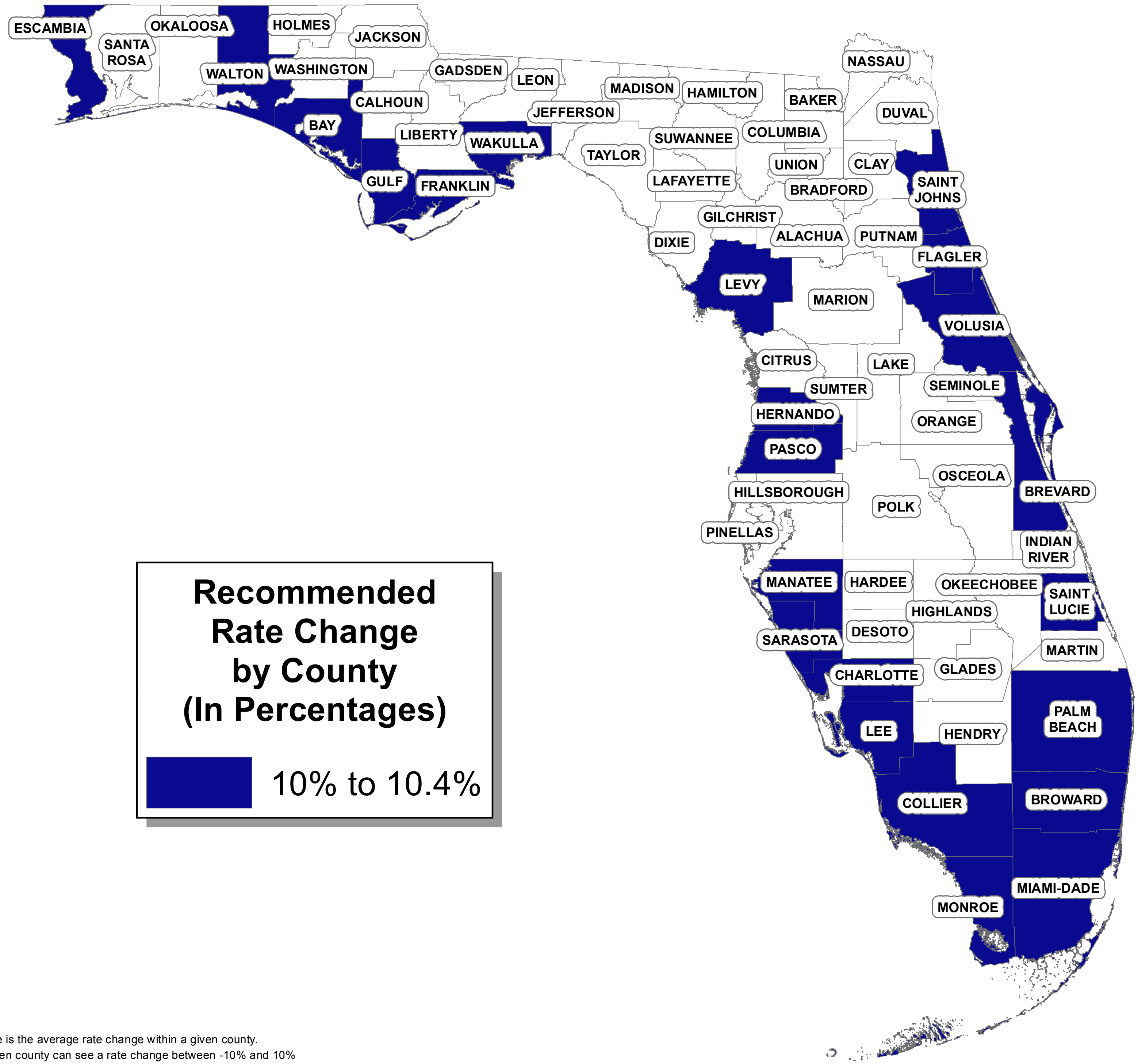
Exhibit 8 - Multi-Peril MHO3 and MDP1 County Average Rate Changes



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.

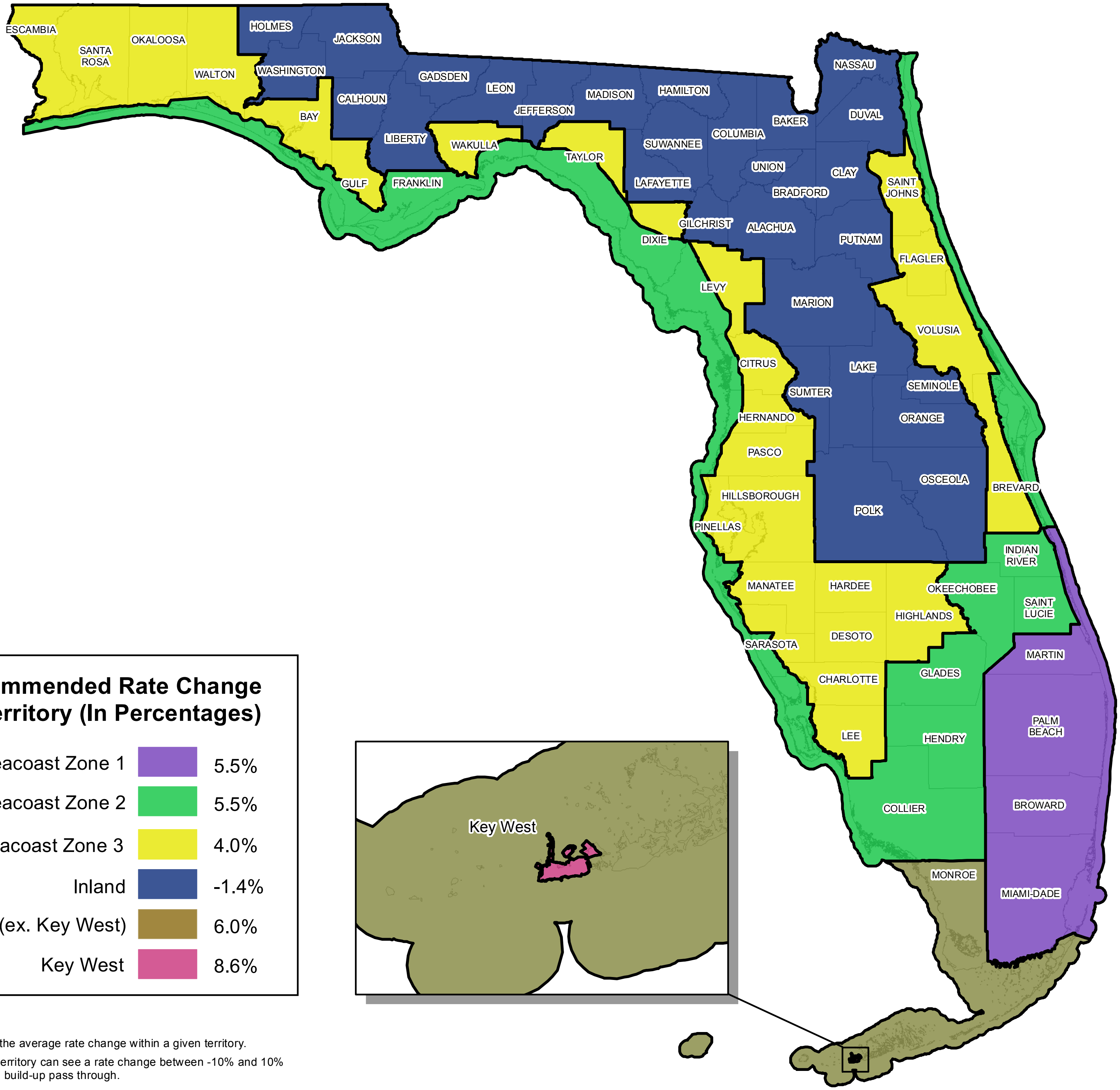
Exhibit 9 - Wind-Only MW2 and MD1 County Average Rate Changes



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.

Exhibit 10 - Multi-Peril Commercial Residential Territory Average Rate Changes



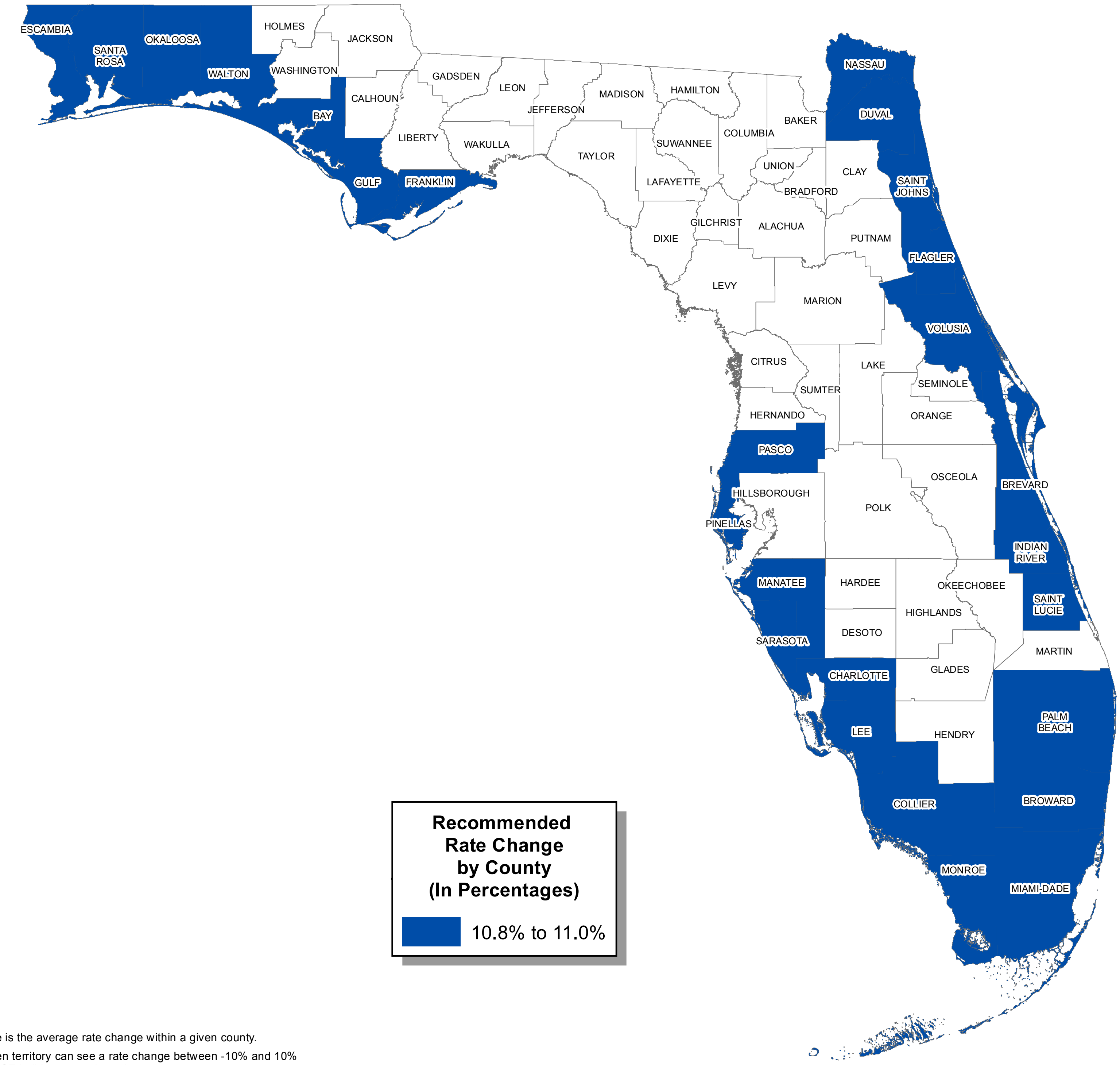
Recommended Rate Change by Territory (In Percentages)

Seacoast Zone 1	5.5%
Seacoast Zone 2	5.5%
Seacoast Zone 3	4.0%
Inland	-1.4%
Monroe (ex. Key West)	6.0%
Key West	8.6%

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.

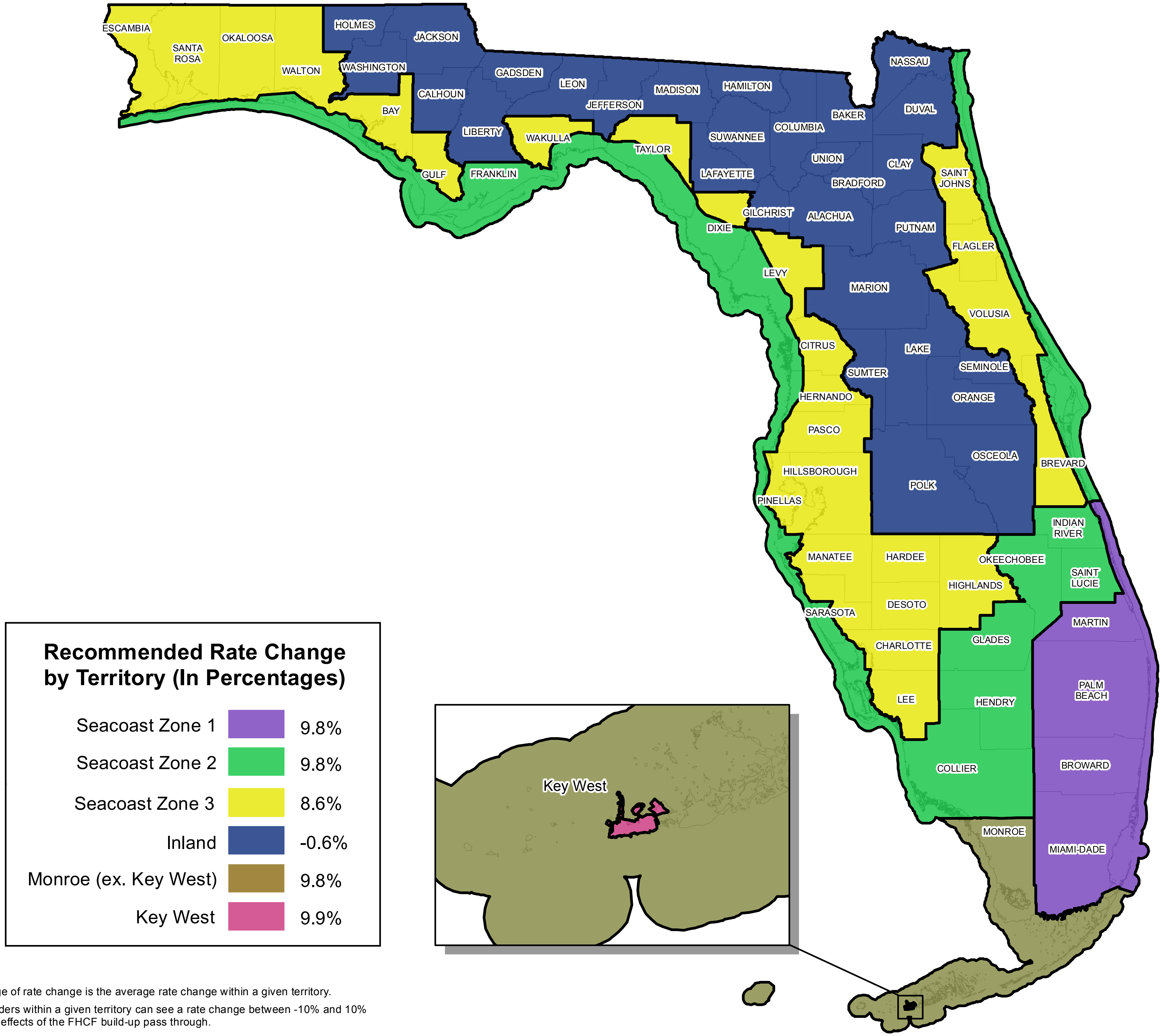
Exhibit 11 - Wind-Only Commercial Residential Territory Average Rate Changes



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.

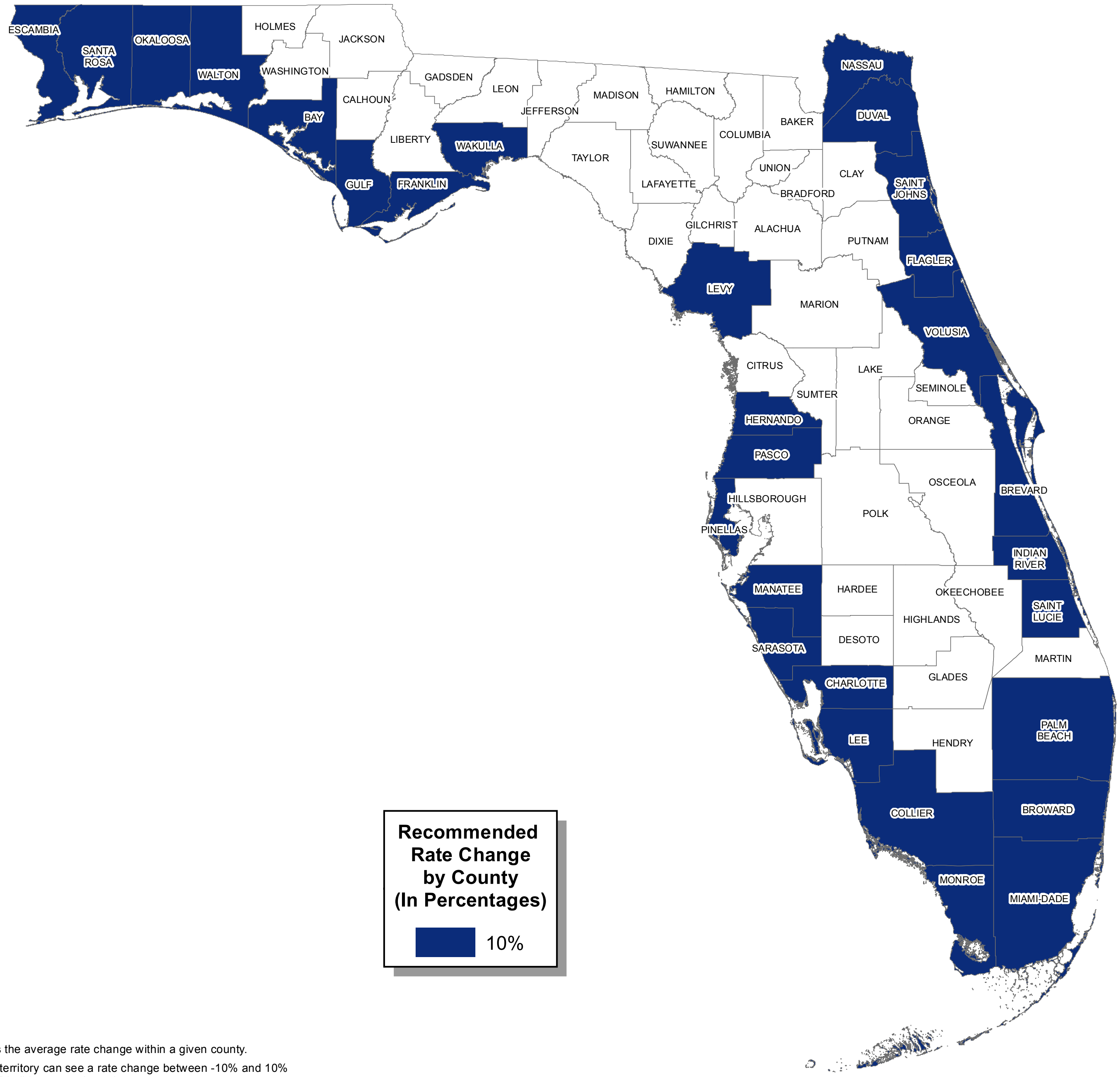
Exhibit 12 - Multi-Peril Commercial Non-Residential Territory Average Rate Changes



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.

Exhibit 13 - Wind-Only Commercial Non-Residential Territory Average Rate Change



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.

Exhibit 14
Distribution of Recommended Rate Changes by Policy
for the Personal Lines Account

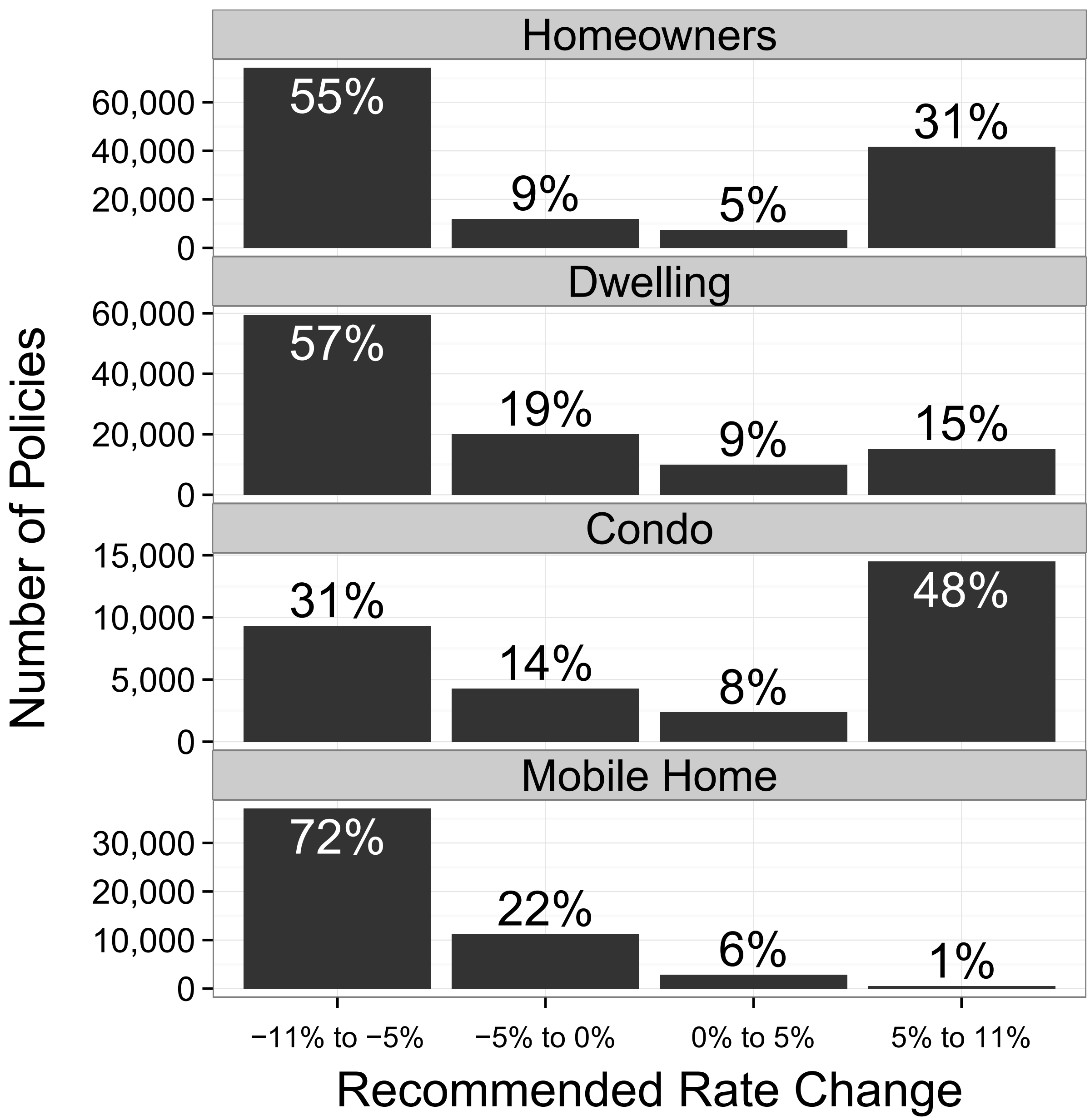


Exhibit 15
Distribution of Recommended Rate Changes by Policy
for the Coastal Account