



UPDATED WITH 2020 YEAR-END FINANCIALS

FLORIDA'S P&C INSURANCE MARKET: Spiraling Toward Collapse

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Without exception, insurance industry metrics point to a market in collapse. Litigation practices, enabled by state statutes, have replaced catastrophic storm events as most significant systemic threat to the insurance industry in Florida.

Summary: Objectivity, Stakeholders & The Great Citizens of Florida

Is Florida's P&C market getting stronger, or moving towards instability? Insurers operate for the benefit of consumers, thus also serving economies, who rely upon the protections received in exchange for premiums paid. This report was commissioned on behalf of Florida citizens, and Florida's economy, to meet 2 objectives. First, examine how Florida's P&C sector is serving consumers and Florida's economy, while determining the root causes of any significant flaws. Secondly, define viable public policy solutions in order to provide residential property owners in Florida with reliable, available, affordable, and adequate P&C insurance to meet their needs. Keeping Floridians' needs for P&C insurance front and center also brings necessary objectivity to this research which commenced August 1, 2020. Florida's population includes 6.5M property owning consumers, indicating the relative significance of these issues, particularly in light of a state so challenged by the need for a COVID-19 economy recovery. While overly general, three findings can be summarized explicitly.

1. Florida's P&C market is in a free-fall collapse, and not viable, requiring multiple legislative solutions from this 2021 session.
2. The warning signs of a meltdown are often hidden by layers of complexity, and equally often, result from a collection of bad actors. Understanding Florida's P&C downward spiral of unsustainability does not require slogging through mind numbing complexity, nor reflects an intentional strategy of any stakeholder group. Each sector has well known bad actors, but they are outliers, not drivers. The future will provide ample opportunity for each sector to exert influence in protection, or to the detriment, of Floridians. The enormity of the crisis will bring significant transparency to the motivations for all involved.
3. Climate based catastrophic losses are no longer the top systemic threat to Florida's residential P&C market. Florida statutes and past state Supreme Court decisions have nurtured and protected an unprecedented litigation burden that is unequivocally bringing down a vital financial sector at the expense of Florida citizens in multiple layers.

Before diving into the details, a brief level-set, is necessary in order to stay clear of confusion by complexity. First, we'll start with a few brief comments about the various participating stakeholders, followed by an abbreviated primer of key insurance metrics.

- **Insureds:** Florida's population of 6.5M property owning consumers.
- **Primary and Reinsurance Insurance Entities:** Florida relies heavily on "Florida based" or "Florida Domestic" insurers experienced at successfully navigating historic disasters. A review of 4 recent hurricanes reveals carriers closing 89% to 92% of all storm related (Cat) claims within 1 year, and operate with a policyholder loyalty measure above 90%. Reinsurers provide consumers with an additional layer of protection by insuring the insurance companies.
- **Plaintiff Attorneys and Service Providers (building trades):** These are professionals, highly competent in their craft, and successful as entrepreneurs. These stakeholders have been placed together due to their relatively high degree of collaboration. Both also share exceptional skills at leveraging governing rules to their advantage.
- **Legislators:** Over a period measured in decades, Florida legislators have enacted unrelated statutes, with the best of intentions. Subsequent unintended consequences include significantly negative impacts upon the state's P&C consumers, insurers, investors, and reinsurers. Legislators will determine how the future impacts their property- owning constituent's.
- **Ratings Agencies and Regulators:** These stakeholders face the most difficult balancing act. Collectively, they are responsible for market conduct, complete financial examinations, and act as advisors. In Florida's market, these activities have to be balanced against the top priority of maintaining adequate and affordable insurance capacity in the market.

- **State Chartered Insurance Entities:** Consumers in Florida have experienced a loss of availability to property insurance in the past. In order to make sure insurance is available to consumers Florida legislators chartered a residual market carrier, Citizens Property Insurance Company (CPIC). The term “residual” simply means when no other insurance company is available, the “insurer of last resort” will be available. All catastrophe prone states have similar organizations. Additionally, Florida has a state-chartered reinsurance entity, the Florida Hurricane Cat Fund (FHCF).

Primer on Basic Insurance Carrier Financials

- **Combined Ratio:** Measures the money flowing out of an insurance company. The combined ratio is usually expressed as a percentage. A ratio below 100% indicates that the company is making an underwriting profit, while a ratio above 100% means that it is paying out more money in claims than it is receiving from premiums.
- **Loss damage payments:** Payments to insureds.
- **Loss Adjustment Expenses (LAE) / Direct Defense Costs (DDC):** Expenses associated with paying those damages known as. Insurance litigation, including plaintiff attorney fees, are split between LAE and DCC.
- **Underwriting Gain/Loss:** This is a measure of premium against claims without consideration of expenses. In short, if positive, then the premium charges paid by customers are appropriate. If this figure is negative, then rates are inadequate.
- **Net Income:** A company’s total earnings calculated by subtracting total expenses from total revenues. If the number is a positive, there is profit. If the number is a negative, there is a loss.
- **Surplus:** Cutting through all the jargon, this metric is essentially an insurer’s net worth.

Florida P&C Market Findings & Core Drivers

In certain aspects, the property & casualty insurance industry is like a nuclear power facility. Both operate to provide essential services to consumers and an economy. Both are generally known for extensive complexity, significant layers of regulation, and employ highly technical workforces. While built to be resilient, both operate on relatively narrow margins of error. The nuclear plant relies on a system of redundant containment measures to prevent disaster, as does the property & casualty insurance industry. For the insurance industry, these containment measures reside within the actuarial sciences, the analysis of loss event frequency and severity, regulatory constraints, and contract law.

Should containment measures fail in a nuclear reactor, the result is a catastrophic uncontrolled chain reaction, often called a meltdown. In the event insurance containment measures on loss frequency, severity, and extreme uncertainty are removed, the resulting financial catastrophe is also commonly referred to as a meltdown. Finally, and of great significance, both operate to meet an essential and distinct mission. Nuclear powerplants exist to generate energy. Insurance exists to meet two equally essential and distinct economic missions.

- Enable consumer spending and access to credit by providing the power to recover from the unexpected loss.
- The operation of an insurer organizes capital resulting in scaled cash flow through economies. Ideally, 100% (+/-) revenues earned flow back out into local economies via claim payments, salaries, paying temporary living expenses, collateralizing loans and investments.

The core mission for companies within any sector is their “primary reason for being.” Reducing P&C insurance down to these industry mission statements enables clarity of understanding by mitigating industry complexity. When insurers fail to meet these most fundamental of objectives, carriers typically first attempt to adapt, then expand into more stable markets which requires raising capital, some carriers may be acquired, leaving others to cease operations entirely. For property and casualty insurers “adaptation” translates into rate

increases, coverage restrictions, and restricted availability. Secondly, “market expansion” also positions a carrier to later vacate markets that continuously put the whole enterprise at risk. While all sound strategies for the business, these consequences negatively impact consumers who call the failing market home. Fact gathering for this market assessment required beginning with a broad scan in order to identify as many relevant data points as possible which were then grouped and categorized based on impact upon Florida’s insurance consumers. As an output, without exception, insurance industry metrics point to a market in collapse. Litigation practices, enabled by state statutes, have replaced catastrophic storm events as most significant systemic threat to the insurance industry in Florida. Property and Casualty insurance market results from 2016 through 2020 show this market can thrive despite hurricanes. The additional layer of litigation frequency, severity, and uncertainty upon the variability of catastrophe losses created an unsustainable financial drain. The business of providing customers with reliable, affordable, and adequate P&C insurance products is no longer economically viable.

Florida’s litigation practices now equate to a fully operational economic by-product of several individual statutes and Florida state Supreme Court rulings. These governing rules have converged in recent years which in turn is moving the market from stable towards total collapse.

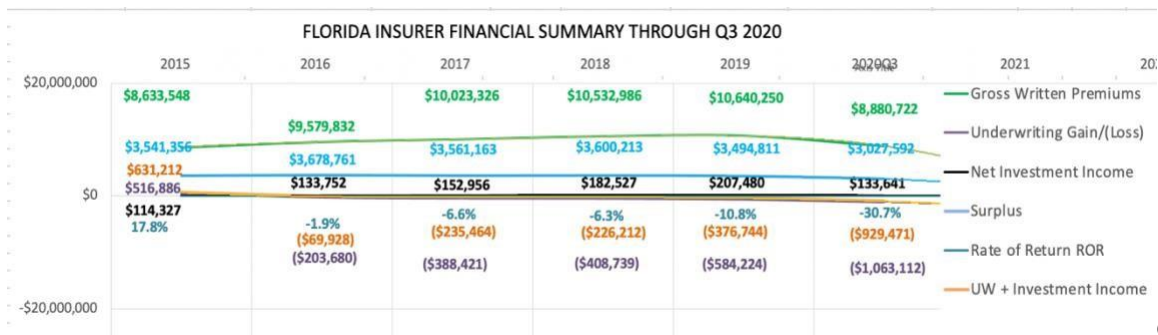
- Section 627.7152, FS Third-party assignment of benefits.
- Section 627.7011, FS Mandatory replacement cost coverage for residential roofs.
- Section 627.70132, FS Multi-year statute of limitations to file a first notice of loss.
- Joyce V FedNat: Broader discretion in the application of a Fee Multiplier when awarding plaintiff legal fees.
- Section 627.428, FS: The one-way attorney fee statute.
- Sebo v American Home Assurance: Shifted claims to Concurrent Causation Doctrine.

Table 1 Florida Based Property Insurance Financial Results 2016-2019 (000s)

N= Number of Companies	Net Combined Ratio %				
Florida Based Ins.* N=50	114.2	114.0	116.4	118.0	-10.3%
CPIC	125.7	286.5	145.4	114.5	8.9%

The first insurer metric to review is the combined ratio. An insurer’s combined ratio is the best metric reflecting the cash flow so important to economies described in the mission of insurance. Combined ratios above 110%, generally indicate insurers facing some challenges, which describes 26 of 50 Florida based carriers. Looking at all 50 of Florida’s carriers results in an aggregated combined ratio of 118%, after 4 years in excess of 110%. Insurers with back-to-back combined ratios in excess of 120% are either fending off, or headed towards, crisis mode which is applicable to 16 of Florida’s 50 carriers. Citizens Property Insurance Company (CPIC), has also experienced challenges with their combined ratio.

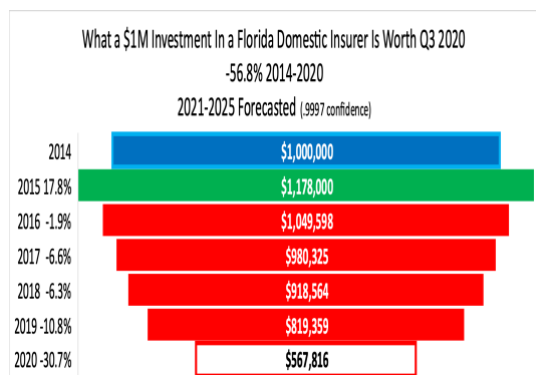
Reviewing all 50 of Florida based companies proves negative financial results extend far beyond this one metric of financial health. Graph 1 is a summary profile of financial results for Florida-based insurance companies 2015-Q3 2020. As this chart suggests premiums and investment income (inputs) are flat. During this same period, underwriting losses and surplus capital decline. In short, inputs are declining, outputs are both in decline and below the zero line for 5 years. Critically, simultaneous declines, year-over-year (YOY), of revenues, net income, surplus and return to investors, are all hallmarks of a doomed sector. Two metrics in particular deserve special attention.



Graph 1

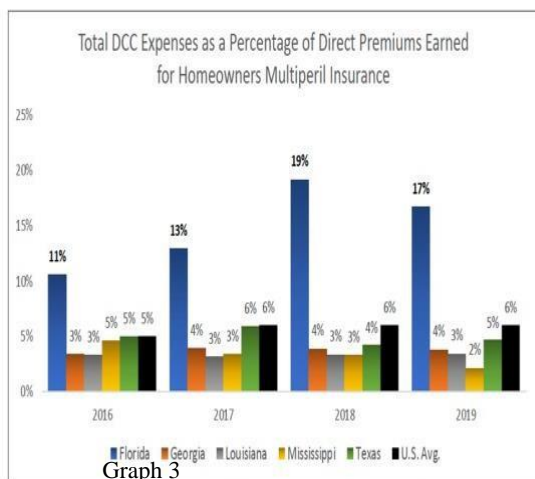
First is the underwriting gain/loss after investment income. By year end 2020 this metric will reflect an aggregated loss in excess of \$1B after 4 years of consistent deterioration. Underwriting losses indicate whether or not rates being charged to customers will result in a profit or loss. These results strongly suggest needed reforms will allow rates to sustain the insurer. Absent reforms, future rate increases are nothing short of alarming. If these numbers were applied to tons of dirt instead of dollars, the equivalent hole would be the envy of the mining industry.

Secondly, note the rate of return (ROR) to investors who have placed capital in Florida's insurance industry. Graph 2 provides additional clarity on investor returns. On an aggregated basis, investors experienced a negative rate of return of -41.5% over the past 24 months and a cumulative net return of 56.8% since 2014. Results such as these bring significant and negative implications for not just the insurance market, but the whole of Florida's economy. Multiple insurers are seeking capital now just for short-term sustainability. Results like these reinforce the reactor comparison, as a reflection of lost containment mechanisms.



Graph 2

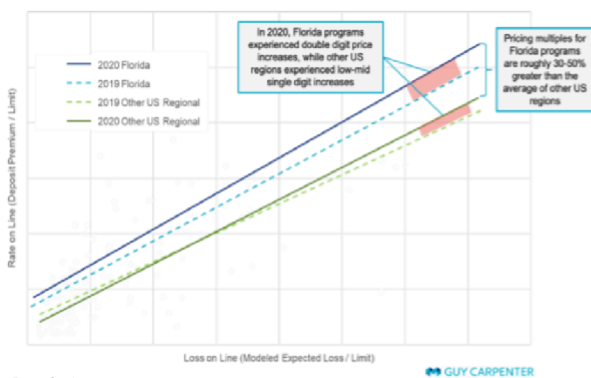
Every interview conducted with experts from capital markets expressed the same sentiment, which can be summarized in one quote. One Florida industry expert summarized investing in Florida insurers by saying, "I'd rather invest in time-shares on the West Bank than invest in the Florida insurance market." This aspect of the insurance market will become a brand statement for the state of Florida.



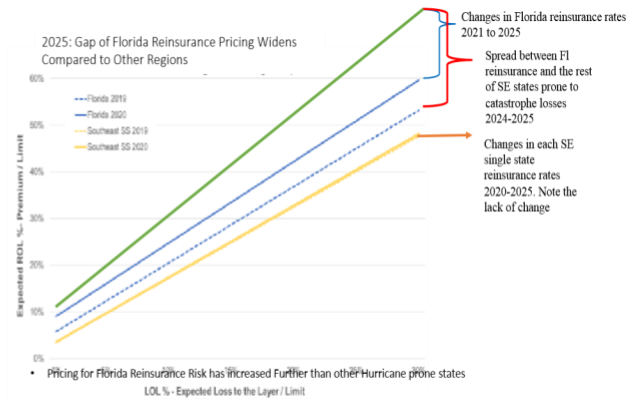
Graph 3

Source: National Assn. of Insurance Commissioners' Statistical Compilation of Annual Statement Information for Property/Casualty Insurance Companies 2010, 2015, 2018, 2017

Negative results become truly discouraging in the context of insurers' cost to provide residential P&C insurance protection. The expenses required by Florida based insurers are 36% higher than peer carriers providing the same insurance products in other catastrophe prone states. P&C written premium in Florida is \$12.5B. This cost difference, incurred exclusively by Florida's carriers, exceeds \$4.5B See Graphs 3, 4 and 5. These 3 graphs also represent the layering nature of negative impacts upon the P&C market because Florida's litigation economy removed needed constraints. Graph 3 shows Florida based insurers pay 16% more in legal (DCC) expenses. Again, this is 16% of the total written premium. Graphs 4 and 5 show Florida insurers pay 35% to 50% more in reinsurance



Graph 4



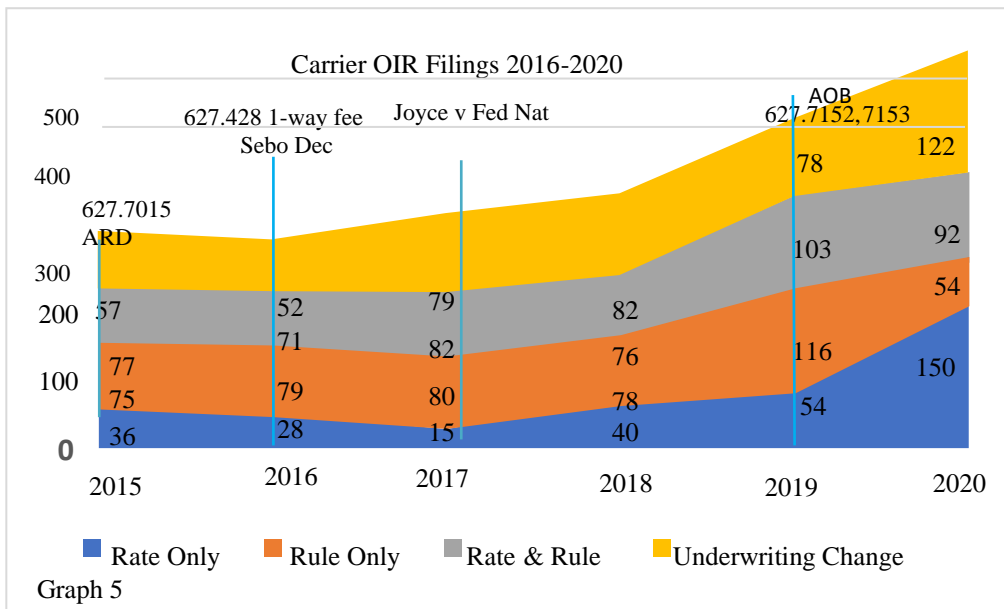
Graph 5

premiums than insurers in other cat prone states. Most significantly, these graphs provide a visual summary of the trends destroying value and viability in Florida's P&C market. Graph 3 is the result of actual litigation frequency and severity. Graphs 4 and 5 reflect litigation uncertainty. Consider, the significance of these data points and the sources. Catastrophe exposure is already built into reinsurance rates for insurers regardless of state. What market driver is both unique to Florida, and destroying capital at the scale required to move industry wide reinsurance rates by nearly 35% to 50%? In a word: lawsuits. If only one headline from this analysis stands the test of time, the words come from the data generously provided by these global firms. Litigation has surpassed hurricanes as the number 1 systemic threat to the P&C industry in a state with the 18th largest economy if it were a country. Full stop.

As previously described, when insurers are unable to meet the mission of insurance, one of the initial reactions is to adapt. In order to navigate Florida's litigation economy, including the inability to pass such cost differentials on to Floridians, carriers continuously file rate, coverage, and underwriting changes with the Office of Insurance Regulation (OIR). Graph 6 reflects the volume of carrier changes filed with the Florida's OIR captured by the global risk management advisory, Milliman. The essential finding buried within the changes enumerated in this graph is a goal of maintaining sustainability while providing affordable and adequate protection to consumers. Each filing reflects a requested change in order to:

1. Reduce availability
2. Reduce protection

3. Reduce affordability
4. Temporarily sustain reliability (not achieve)



Once again, who is most negatively impacted? Florida's consumers. Why do insurers make these changes despite the negative impact upon consumers? In order to continue serving Florida insureds. Interviews with ratings agencies, regulators, brokers, and Florida carriers all expressed support for these changes in order to preserve carrier presence in the state (which is not entirely accurate anyway). Every stakeholder in the P&C ecosystem is reluctantly accepting, that Florida consumers will accept paying more for less protection and fewer options in order to have access to insurance, preserve Florida's real estate economy, avoid investor class action lawsuits and protect the growing litigation economy. This raises an interesting question. How would Floridians vote on this choice?

One of several common themes expressed in every interview is this remarkable vote of confidence in Florida insurance executives to navigate this market rather than employ historic established criteria to assess financial stability. Mitigating risk in order to raise needed capital and create operational room for carriers are higher priorities. All of the data collected in order to complete this analysis reinforces the need for such a strategy based on compromise. Unfortunately, the numbers all point to an unfortunate reality. This is also a strategy reaching its terminus.

Objectively, putting consummate and highly competent professionals in the position of participating in this compromise, to the detriment of a consumer base already struggling with income disparity and the effects of COVID 19 rather than rebuilding the industry's foundation is extremely difficult to justify further.



Source Dowling

Core Drivers: Litigation Meets Uncertainty

Now that we have established Florida's P&C market is no longer sustainable market for providers of insurance, the obvious next question is, how do we turn this around? The initial fact finding generated many contributing factors to Florida's current insurance market challenges. However, further analysis revealed two core drivers of greatest impact upon the market's viability. See Diagram 1.

How unrelated public policies and court decisions have created Florida's P&C market.

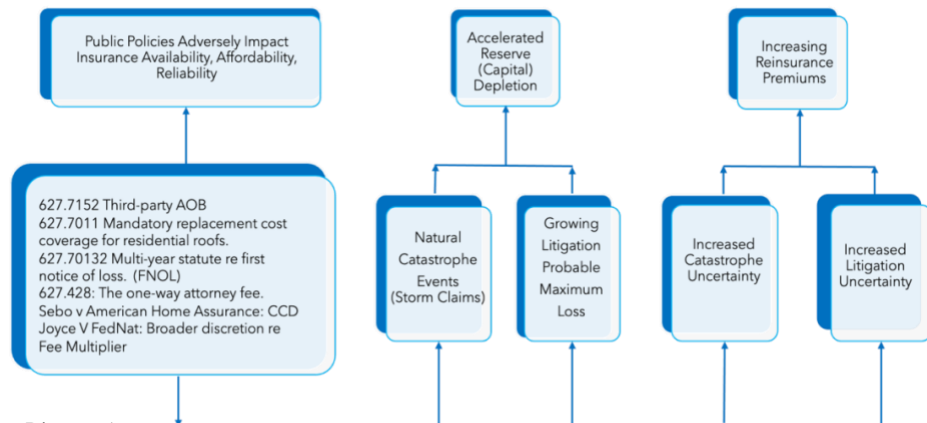


Diagram 1

EACH OF WHICH AMPLIFIES THE NEGATIVE IMPACT OF THE OTHERS
Each governing rule reinforces the others

As the flow indicates in the diagram, the combination of these policies and court decisions represents an ideal combination for significant financial harvesting. The volume of claims following each major storm became the fuel and the architecture for an economic engine distinct to Florida. Florida's P&C litigation challenges may be rooted in hurricane recovery but required nurturing and protections in order to become established.

Florida's residential P&C challenges began quietly in 2003 with Section 627.7011, FS mandating insurers settle claims on the basis of full replacement cost without holding back depreciation. In 2011 Section 627.70132, FS was signed, providing insureds with a 3-year window of opportunity to file a first notice of loss (FNOL). However, litigation based challenges magnified exponentially with the Florida Supreme Court decision of *Sebo v American Home Assurance* which codified Concurrent Causation Doctrine (CCD), permitting a covered cause of loss (such as wind) to combine with damage caused by non-covered cause of loss. The *Sebo* decision acted as an incubator for scaled contention. As a result, the *Sebo* decision introduced a significant moral hazard into the P&C market by institutionalizing an incentive for Florida homeowners to defer roof maintenance until the next storm comes along. Combined with previously enacted 627.70132 insureds, roofing contractors and plaintiff attorneys leverage a 3-year time window to initiate claims and disputes.

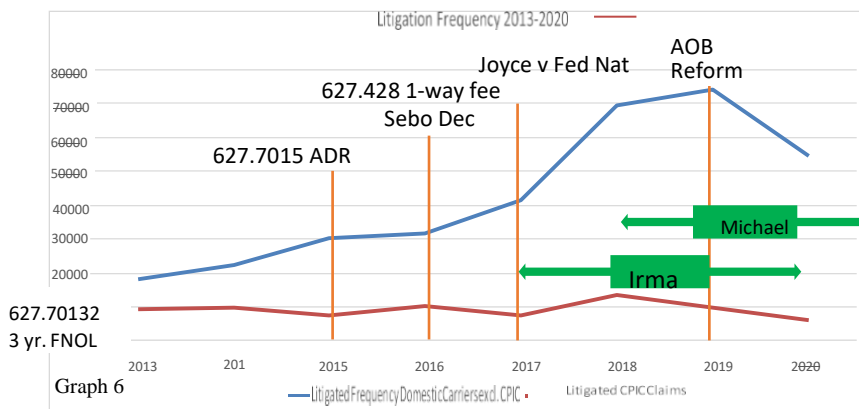
Following the *SEBO* decision litigation frequency and severity experienced compounding growth by the enactment of Section 627.428, FS. Section 627.428, FS placed the responsibility upon insurers for 100% of all litigation costs when a plaintiff prevails by \$1.00. Section 627.428, FS applies to all claim disputes, once a claimant obtains legal representation. Florida plaintiff attorneys quickly took advantage of the opportunities *Sebo* created subsequent to each hurricane.

On October 19, 2017 the Florida Supreme Court issued its ruling on *Joyce v Fed Nat*. In this ruling, guidance regarding enhanced attorney fees authored by Justice Scalia was set aside opening the door for wide judicial discretion when insurers and plaintiff attorneys entered litigation specifically of the total fees and expenses insurers owed whenever claimants prevailed by \$1.00 per Section 628.428, FS.

The combination of a 3-year time horizon for submitting a first notice of loss, (FNOL), expanding insurance policy coverages through mandates, AOB applications and claims relying upon Concurrent Causation Doctrine (CCD), represented diverse means of feeding an ecosystem. Section 627.428, FS became the core structure bringing structure to disparate litigation trends. The *Joyce* decision created the crowning motivational

mechanism needed to turn a destructive ecosystem into its own economy by removing the last of the containment rods with respect to litigation uncertainty. Graph 6 provides a visual of the near perfect alignment between

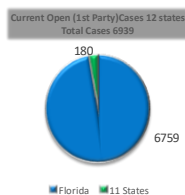
litigation activity and the public policies listed in Diagram 1.



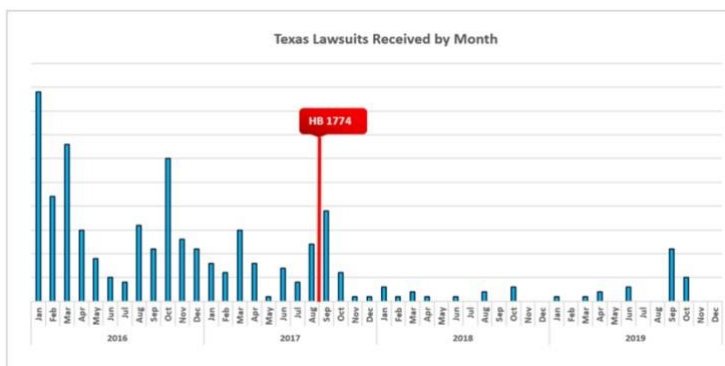
The drop-off in 2020 is only partially attributable to the 2019 AOB reforms. The stats reflect only Q1 & Q2 2020. Note also how litigation activity flatlined in the year following the passage of Alternative Dispute Resolution, Section 627.7015, FS. However, as the graph shows, this amounted to

nothing more than a speedbump. Considering the graph trends following 2016, one could argue this 2015 policy became totally ineffective. One potential explanation for the volume of litigation is incompetency among the insurers. In fact, this point was raised in the course of several interviews with plaintiff attorneys. However, no supporting data was offered, nor found in research.

First, in reviewing claims data from the four most recent hurricanes show 88% to 92% of all claims were closed within 1 year. One Florida based insurer, operational in 12 states, provided stats in Graph 7 regarding their inventory of 6,939 open lawsuits. The insurer has 180 lawsuits from 11 other states and 6,759 from Florida. Is this insurer failing customers only in Florida? Unlikely. Another carrier provided data spanning a ten-year time horizon. The insurer had received 188,000 claims, 94% of which were closed without being litigated. That said, compare any of the data tracking Florida's litigation frequency with the same trends in Texas, and the result is quite instructional when reforms are meaningful and consumer focused.



Graph 7



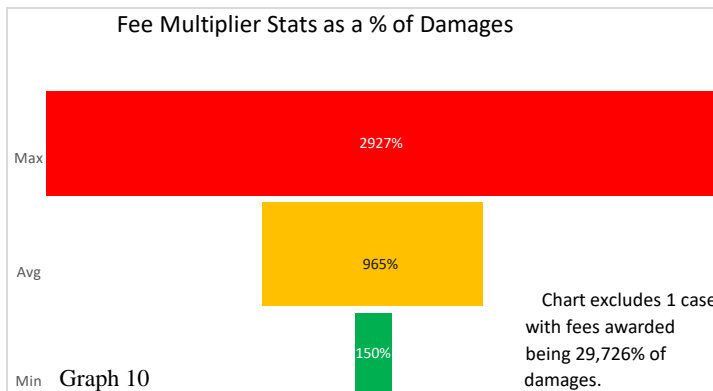
Graph 8

Florida's distinct volume of lawsuits alone would represent a substantial threat, but not surpassing hurricanes. However, Florida litigation economy is driven by layers of incentives. When litigation severity is compounded by the volume of lawsuits, significantly negative factors escalate to the top systemic cause of market collapse.

Number of Lawsuits Filed			
	Company	2020	2013-2020 Totals
	Totals	60328	388,636
	Average Litigation Severity	\$ 47,350	\$ 35,094
	Total Est Fees @ 71% Of Total	\$ 1,977,591,761	\$ 10,802,913,236
	Total Defense @ 21% Of Total	\$ 584,921,507	\$ 3,195,227,859
	Indemnity Total @ 8%	\$ 228,520,437	\$ 1,254,308,820
	TOTALS	\$ 2,791,033,704	\$ 15,252,449,915

Graph 9

The data aggregated in Graph 9 is quite telling. First of all, this data spans 8 years. Note that only 8% of the total payments by insurers went to actual insureds in the form of restorative dollars. Defense costs to insurers represented 21% of the total costs. Finally, 71% of \$15.2B has funded plaintiff attorney fees. Concurrent Causation created the ideal conditions for disputes. One-way attorney fees for settlements over \$1.00 provided the incentive to file lawsuits in volume, with no intent to take cases to trial. When Florida's



Supreme Court ruling resulted in liberalization of the fee multiplier, any remaining containments evaporated.

Using an analytical tool created for this effort, Litigation Probable Maximum Loss (LPML), awarded fees fall into three bands as a percent of damage payments to insureds. On the low end, fees are 150% of damages, the middle band fees average 965% of damages, with a top banding at 2927% of damages awarded. One case

stood out as an outlier with awarded fees at 29726% of damages. Even though this case was kicked out of the modeling, the content of the case highlights every litigation trend enabled by Florida's public policies.

In Insured J.Doe v. ABC Insurance Company, litigation was resolved with a damage award of \$142.68 and awarded fees in the amount of \$31,140. First of all, this was a water damage claim with concurrent causation implications. Secondly, policy rights and benefits were assigned through an AOB to a public adjuster. A 2nd AOB was executed in order to retain counsel. ABC insurer had already paid their customer \$16,000 in damages. This payment had yet to be cashed, when a Public Adjuster advised the insured \$16,000 was inadequate to cover the damages. The insured notified ABC insurer their claim payment was inadequate and entered into an agreement with the Public Adjuster. Upon receiving the statutorily mandated Civil Remedy Notice from the insured signifying they had retained counsel; ABC insurer extended an offer in damages representing 100% of policy limits for the covered damages incurred.

Needless to say, the insurer's ability to communicate an offer of settlement directly to their insured is compromised by the referrals and representation. The insurance company sent an offer of settlement in the amount of \$3,000 to their Public Adjuster, but never received confirmation the insured had the opportunity to review the offer. The Public Adjuster referred the file to a plaintiff attorney who began negotiating with ABC insurance company. The output from the negotiations was a settlement payment to the policyholder in the amount of \$149.80. Despite being significantly less than the rejected offer of \$3,000, the amount is more than \$1.00. Finally, as an example of the behaviors driven by Section 627.428, FS backed by the Joyce decision, consider the actual testimony of the plaintiff attorney from his own fee hearing:

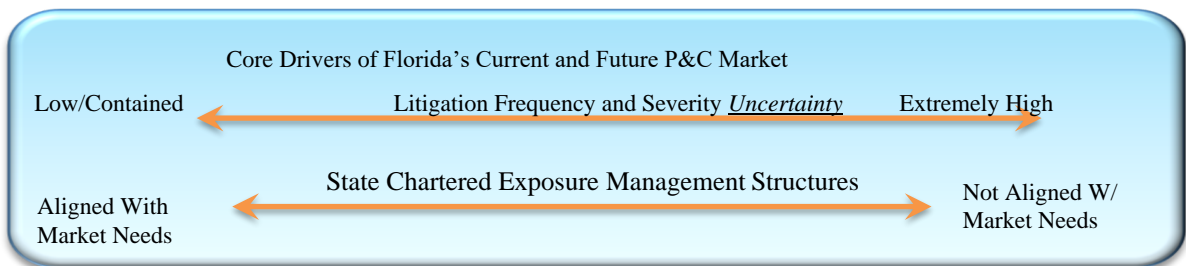
“It was apparent from right away that it was going to be a very difficult case. There’s a strong likelihood that the most I’d be able to recover was \$3,000. And the only reason I was able to take the case, was because there was an opportunity if we prevailed, to ultimately obtain a multiplier in the case.”

The plaintiff attorney’s testimony is actually the crux of a compelling case for reform. First of all, the attorney cited the rejected dollar settlement sent by ABC insurer. Coincidence? Next, every fee award resulting in the application of a multiplier reflects the same logic articulated in judicial rulings. Awards are based on the difficulty of obtaining counsel given an extraordinary level of legal expertise needed to prevail. Quoting the plaintiff attorney again, “It was apparent from right away that it was going to be a very difficult case.” The Judge agreed, and in doing so reinforced the basis for extreme severity uncertainty. The attorney was not claiming the case required rare, exceptional, litigation skill. The attorney was testifying the case was going to be difficult to win due to the extremely fair treatment by ABC insurance company which should have been evidenced by the damage award of \$148.30. The Judge awarded fees in the amount of \$31,000.00, or 29,726% of damages. Furthermore the actual damages both parties agreed to were \$2.5K less than the insurer’s offer, but over \$1.00.

To be clear, the frequency of fee multiplier awards would not cause the entire reinsurance industry to label Florida as the industries “peak risk.” However, exponential growth of litigation frequency also means a potential exponential growth of enhanced fees. Finally, remember all of these behaviors and results are protected by Florida Statutes, and reform efforts thus far have not been effective. Legislators in Florida, have an obligation to ask tough questions. Who was least protected by existing Florida statutes in this case? Who benefitted the least in this case? And finally, which of the parties involved in this case will ultimately be out of pocket the most in the aftermath? The answer is the Florida property owner. For reinsurers, as well as domestic carriers, reflecting upon 212,000 litigated cases since 2015, the inability to reliably model litigation severity is the final push off the cliff for Florida’s P&C market.

‘See the attached recent order awarding \$725.00 per hour with a 1.8 multiplier on a Hurricane Irma denial. I have twice the experience and three times the trial experience as Ben Alvarez. Please advise your carrier that these are the fees they will pay us, if not more, if they want to keep litigating Hurricane Irma cases.’

—Attorney Joseph W. Ligman in email sent to insurance defense firms.



Current state exposure management structures are now misaligned with the needs of the market, largely because the market conditions are not compatible with the core mission of insurance. That said, consider CPIC, which operates by governance rules much more closely resembling insurers in other cat prone markets. CPIC doesn’t have a \$.45 on the dollar reinsurance expense. Past legislative changes have resulted in a premium roughly 40% below Florida based carriers creating a very difficult position for agents and private sector carriers in markets they serve. Take-out business (where CPIC works to have private carriers acquire CPIC policies) has fallen to zero, a precursor to significant growth. One indication of the misalignment with the market needs, consider CPIC premiums earned are 7% of the total market, yet Citizens holds 52% of the market’s surplus. Objectively, recommending significant changes beyond approving rate increases is extremely challenging to rationalize without first adopting reforms needed to return the Florida P&C market into a sustainable insurance market. Simply throwing more money into the system may be needed to temporarily maintain insurer availability to customers. However, absent

significant reforms, more money in the system is akin to averting a nuclear meltdown by using a fireextinguisher.

That said, the team at Citizens has created a claim handling ecosystem worthy of state sanctioned expansion. Litigation frequency and resulting severity trends have affected the state's insurance company every bit as much as those in the private sector. The organization created a truly innovative solution in the form of a managed care network of service providers. This was first discovered during interviews with two plaintiff attorneys who suggested a message be delivered to Citizens CEO that the managed care network is, "the best thing to happen to plaintiff litigation in decades." Oddly, testimony to legislators by Citizens CEO and public reports from Citizens show that not one single lawsuit has been filed by a customer who chose to utilize their managed care network, which also provides a 2-year guarantee on completed work. Legislative support to expand private sector availability to this managed care network is a reform absolutely supported by data. A second recommendation is to establish closer collaboration with Louisiana's residual market carrier which consistently reduces its market share to below 1%.

The next state-chartered insurance entity to briefly address is the Florida Hurricane Cat Fund (FHCF). Given the reinsurance premiums charged by FHCF to insurers, expanding the capacity is a naturally intuitive solution. Truthfully, one would be hard pressed to argue against funding expanded capacity to provide insurers with some expense relief. The problem with this logic results in significant economic consequence to the state of Florida. Keep in mind the litigation economy is driving carriers out of the market, either into more compatible markets or to closure. This results in growth at CPIC, i.e., an obligation of Florida. Growing the capacity of FHCF also results in growing the state's ownership share of a catastrophic storm, and further weakens Florida based carriers in the form of increased assessments, which subsequently impacts Florida consumers.

A reinsurance model that has been driven out of Florida by the litigation economy is known as cascading coverage. One potential reform that aligns with the market needs to be the reinsurer "of last resort" offering a cascading structure on a term limit basis. Such a structural reform could be a bridge connecting an immediate crisis solution with longer term adaptability. In other words, the existing capacity of FHCF is economically adequate. The structure of coverage provided is worth examining to meet a temporary, but legitimate need. A time horizon would also need to be set for legislative reconsideration.

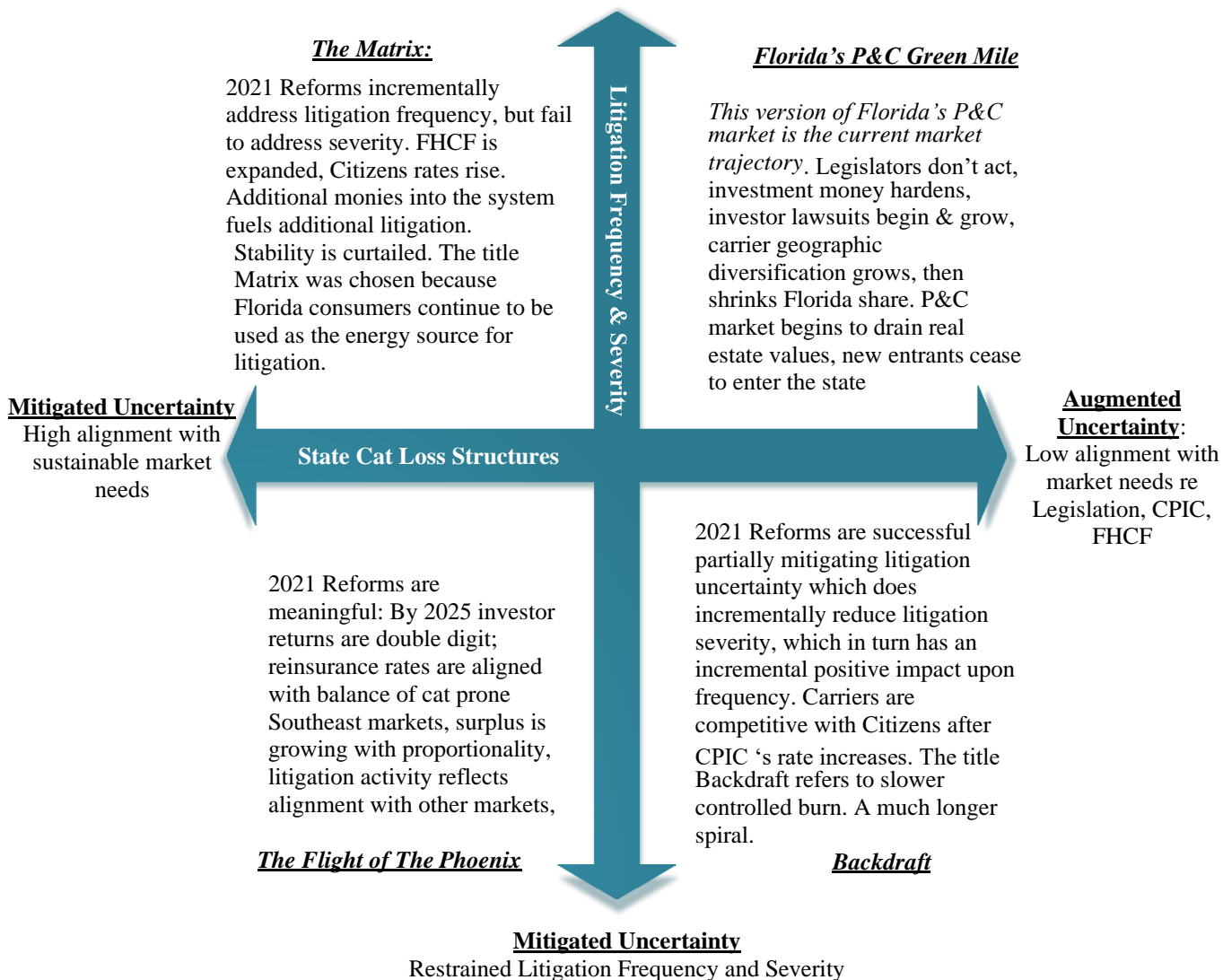
Legislative Solutions

In 2025 Florida's P&C market is financially thriving, making significant contributions to the State's economy, attracting capital, backed by a competitive reinsurance industry and providing Florida's property owners with affordable, adequate, competitive and reliable insurance choices.

The questions facing Florida’s legislators are fairly straightforward. What reforms are needed to convert this aspirational vision aligned with the Florida Chamber vision of 2030? What will the market look like without reforms? What does the future hold for consumers with severely compromised reforms? The diagram on this page represents extremely abbreviated versions of the most likely market conditions in 2025 based on responses to these and other questions. Make no mistake, this market is now an all or nothing crisis for Floridians, Florida’s economy, and Florida’s state brand. More and more examples are already emerging of failed real estate transactions due to a lack of affordable and/or available residential insurance. The expansion of sectors experiencing the negative effects of a protected litigation economy is happening now.

High Uncertainty

Unconstrained Litigation Frequency and Severity



An in-depth review of public policies enacted in other states who share Florida's cat exposure reveals an entirely different mindset. In general, for example, Florida's statutes governing insurer accountability are often described as "consumer protection acts." In states such as Texas, Louisiana, and Georgia statutes restricting runaway insurance litigation are actually titled, "Consumer Cost Protection Acts." However, the aspirational nature of the 2025 P&C market reinforces the distinct nature of Florida's market as an outlier. The question remains, what will be required to covert Florida's P&C market from "The Green Mile" to "Flight of the Phoenix"?

First, in consideration of the urgency for intervention, and after a review of judiciary supplemental Covid budget requests, and finally to expedite judgments on behalf of Florida's insureds, one general recommendation is to apply any meaningful reforms to all open cases currently unresolved at the Circuit Court initiated on, or since January 1, 2020. One positive consequence of such a significant statement would help restore investor confidence which benefits all stakeholders.

Next, at the most generalized level, reforms need to create legislative protections of the insurance policy language and more importantly, secure policy limits. As long as policy limits become meaningless in the event of a disputed claim, the insurance version of a meltdown is guaranteed. The best reforms for consumers and their insurers would be the termination of any attorney contingency fee statutes creating arrangements unique to the insurance industry, followed by eliminating fee enhancements, particularly from litigation based upon disputed concurrent causation damage.

Florida Judiciary application of enhanced fees: The rationale for reform is to Build upon the efforts of 2019 and 2020 with CS/SB 914, in order to constrain litigation severity uncertainty. Institute Supreme Court of the United States (SCOTUS) guidance of adopting a strong presumption that a lodestar fee is sufficient and reasonable; rebutted only in rare or exceptional circumstances with evidence that competent counsel could not be retained in a reasonable manner.

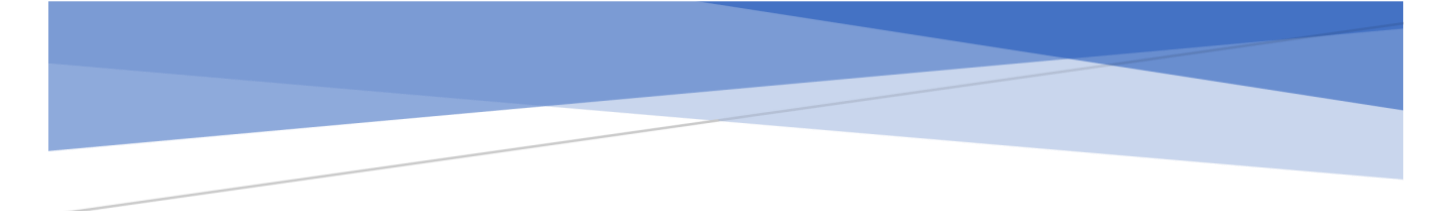
Amend Florida Statutes 627.7074; FS 627.7015 ADR: Litigation against an insurer should be initiated only after an attempt to arrive at mutually satisfactory settlement for damages using established DFS alternative dispute resolution procedures. Proof of completion pre-trial can be defined by a notarized offer of settlement holding insurer and named insured signatures. In the event the insured(s) decide to reject the offer, a subsequent rejection must be signed by the named insured and insurer including submission of a neutral evaluation. Limit one-way attorney fee awards to disputes resolved through ADR, and replicate referee (called neutral evaluators) mechanisms used successfully with sinkhole claim disputes. ADR cannot be perverted into a checklist item eliminating a meaningful impact on the market.

Reforms of Section 627.7011,FS: Roofs became the primary vehicle enabling the escalation of claim frequency, then one-way fees, and ultimately the fee multiplier. Insurance consumers are best served by choices and transparency. Approved homeowners' policy language needs to allow providing limited coverage on a personal lines residential insurance policy by including a roof surface reimbursement schedule. Replacement cost coverage should be available on an opt-in basis for an appropriate premium charge.

Reform Section 627.70132, FS: Statute of limitations with respect to filing a First Notice Of Loss must be limited to a 1-year limitation on all claims for all losses. Such a reform will also have a dramatic impact on the moral hazard exposure resulting in fraud. Substantial evidence shows 54% of all claims initiated more than 12 months after a loss event are also submitted by 3rd parties without direct participation of the insured.

Amend Section 768.79, FS: The process for extending an offer of judgment and demand for judgment should be modified. Communications between and insurer and insured need additional protections throughout the claim and claim dispute process. An offer of judgment shall be a valid offer on a distinct and unique basis, isolated from other financial issues such as attorney fees. Enabling expeditious payment of damages to the consumer is essential. Therefore, a single offer of judgment to multiple named insureds who share an interest in the property is also a needed change.

Consolidation of litigated cases: In virtually every other insurance regulatory environment, multiple claims on the same property, occurring on the same date, filed by the same named insured, would be identified as fraudulent activity. Multiple suits using the same date of loss, named insured, property address emerging into a trend is another symptom, indicator, of the financial motivations and statute protected means of exploiting a system beyond sustainability.



2020 Year-End Financial Update

Florida's P&C Market, both carriers and investors, have become the the ATM For Florida's Exponential Litigation Economy.

How much longer will consumers keep filling the machine?

2020 Year-end financial update to the original published study of the State's collapsing market.

Summary of Key Observations:

1. Carriers known as Florida based insurers are choosing to grow in markets outside of Florida for basic sustainability.
2. CPIC will face tremendous operational pressures given growth is largely determined by the behaviors of the remaining carriers and the real estate market.
3. Every major financial metric is exceptionally negative on an individual carrier basis.

However, one aspect, genuinely unprecedented, is the universal totality of negative metrics spanning every carrier across every category combined with 3 market realities:

- A) Every negative trend is either growing, and/or, accelerating exponentially
- B) No market mechanisms exist to mitigate these trends
- C) 7M Florida property owning voters are negatively impacted via rate increases, coverage decreases, declining availability, increased surcharges, in favor of legislatively sanctioned protection of Florida's litigation economy.

OPINION / OUR VIEW

The bill that can save the housing market

Rising property insurance rates are on the verge of popping Florida's housing bubble and the economy — all because of lawsuits. SB 76 can save the state.

Of all the bills filed this spring in the Legislature, Senate Bill 76 is far and away the session's most important legislation.

Filed by Bradenton Sen. Jim Boyd, SB 76 deals with the mundane subject of property insurance. Here's the nub of it:

If Boyd's bill passes, it will save Florida's housing market from collapse — and save Florida's economy.

If it fails, Florida's housing bubble will pop. The real estate sales markets for residential and commercial properties will come to a halt, and the ripple will spread harsh economic effects throughout all of Florida:

- Property insurance rates — already rising 20%-50% in the past year — will double within three years.

- Florida-based private property insurers will go bankrupt.

- The national carriers won't write insurance in the state.

- Taxpayer-owned Citizens Property Insurance Co. will be the only source of property insurance, making every Florida taxpayer liable to cover billions of dollars of losses in the event of a major hurricane.

- There will be no such thing as affordable housing.

- Millions of Florida's senior citizens will be unable to afford to stay in their homes.

"100% correct," said Boyd, who has spent his professional life owning an insurance agency in Bradenton. "There will be tsunami effects."

The tsunami has already started, according to Guy Fraker, a corporate strategist who spent six months in 2020 researching the condition of Florida's property and casualty insurance market. "Florida's P&C market is in a free-fall collapse," he told us. "This market is going to fail."

"It's going to be a nightmare," said Gregory Holder, a recently retired circuit judge in Hillsborough County who presided over thousands of insurance cases in his 26 years on the bench. "It is a financial crisis for the citizens of this great state. Everyone is affected by this."

Barry Gilway, the CEO of state-owned Citizens Property Insurance Co., is not as dire, but he agrees current conditions are unsustainable. "Absolutely," he said.

Collapse? Free fall? Unsustainable? Nightmare?

What are they talking about?

If you're a property owner, you're seeing it. Your property insurance rates for 2021 have risen anywhere from 20% to 50% over 2020. "My rate on my house went up 40%," Boyd said.

Michael Maillard, the owner of Longboat Key-based MIC Insurance, told us that 25% of his clients have been unable to buy homeowner's insurance from either Florida-based or national and international carriers. Either they can't take on the risk finan-

cially, or they want to stay clear of Florida.

Citizens, the state's insurer or last resort, has been taking on 4,000 new policies a week since June 2020, and Gilway doesn't see that stopping. After shrinking its policyholders down to 420,000 in 2018, it now expects that number to reach 700,000 by the end of 2021.

All of this is not because of the risk of hurricanes. It's because of insurance-claim lawsuits.

In particular, this insurance crisis is a result of the tsunami of lawsuits against insurers (primarily roof related) that has washed over the entire state in the wake of Hurricane Irma, the 2017 Category 5 storm that destroyed much of the Keys.

Take in these statistics:

- Total damage-claim insurance lawsuits filed in Florida:

2013: 27,416	2014: 31,647
2015: 37,820	2016: 41,851
2017: 49,148	2018: 82,663
2019: 84,087	2020: 85,007

- Amounts paid out by insurance companies in Florida since 2013 to cover damages and legal fees related to these lawsuits: **\$15 billion.**

Now here's the kicker:

- Of that \$15 billion insurers paid out, 71% covered attorneys' fees; 21% covered insurers' defense fees; and only 8% went to property owners.

Put another way: Trial lawyers took in \$10.65 billion while Florida citizens whose properties were damaged were paid only \$1.2 billion. Or, to bring that differential into a more digestible comparison, Fraker's report shows a lawsuit in which Security First Insurance Co. was ordered to pay a damage award of \$142 to a homeowner and \$31,140 in legal fees to the consumer's lawyer — 21,041% more than the awarded damages.

Disparities like the one above are common. Fraker's report shows another suit in which the insured received \$41,000 in damages while the attorney

representing him received \$1.2 million. The list goes on and on.

Boyd told us of one attorney who filed 1,234 lawsuits against insurers in three months. "That's 13.4 a day," he said.

Holder told the Senate Judiciary Committee earlier this month that the 13th Judicial Circuit "has several thousand of these cases with well over 500 cases filed by one law firm."

"Upon discovering this clearly unethical and arguably illegal conduct," Holder wrote in a letter to Sen. Jeff Brandes, chair of the Senate Judiciary Committee, "I conducted my own research compiling a list of more than 1,000 cases filed by just four attorneys in two separate firms."

This onslaught of lawsuits has brought on the financial crisis that is about to blow up Florida's property and casualty insurance industry and the companies that underwrite the insurance behind Florida's 6.5 million properties.

After three profitable years, 2013-2015, Florida-based insurance companies have reported five consecutive years of underwriting and operating losses.

Last year, underwriting losses for all property insurers in Florida — what they paid out in claims after premiums — increased 120% to \$1.58 billion compared to \$725 million in 2019. Net losses — premium and investment income minus all expenses — mushroomed from \$372 million to \$747 million.

These losses have occurred even in the face of the state Office of Insurance Regulation approving rate increases of 10%, 14%, 20%, 25% and 52% over the past five years.

Fraker said he had his "a-ha moment" about the state of Florida's insurance market after interviewing two C-suite executives of global reinsurance companies. One referred to Florida as "the highest risk zone in the world." Another told him: "Hurricanes are not the biggest systemic threat. The lawsuits

represent such a high degree of uncertainty, we don't know how to model Florida."

Gilway of Citizens, who has spent nearly 50 years in the industry, including CEO Zurich of Canada, said there is no other insurance market in the U.S. close to Florida, and that is for two reasons: "the overall judiciary environment and the strength of the trial bar."

Fraker said: "People think this is the insurance companies versus the lawyers. It's actually the lawyers versus the consumers."

"Think of the litigation costs to insurers as ultimately a tax upon Florida's property owners they don't know exists."

In 2019 alone, Fraker wrote, the costs allocated to insurance lawsuits totaled between \$2 billion and \$2.5 billion. He figured that every Florida family in 2020 paid a \$651 annual hidden tax that no other state has — money that went "into a fund owned by fewer than 2,000 stakeholders [lawyers]."

How did this happen?

Gilway pegged it. The Florida trial bar has manhandled the Legislature for decades, crafting and shepherding legislation into law that tilts the legal system and incentives in its favor.

This is where insurance litigation becomes complicated. There are formulae for attorney fees and contingencies that allow multipliers to be applied to attorney fees that drive up costs.

In addition, one of the drivers of the current crisis are the thousands of lawsuits related to roof replacements. Contractors go door to door through neighborhoods offering consumers vouchers for reporting even the tiniest leak, hoping to parlay the leak into a total roof replacement.

To address the crisis, Brandes convinced Senate President Wilton Simpson of the urgency for reforms — even if it means taking on the trial bar. Brandes, Boyd and Senate Insurance Committee staffers collaborated to craft SB 76 (see box).

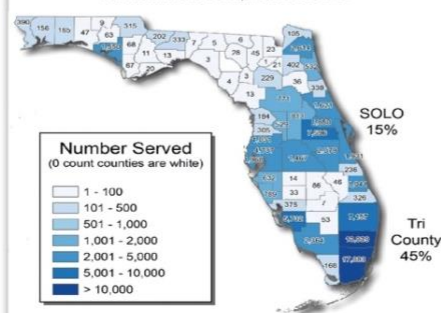
Fraker, who is neither an insurer nor an attorney, said Boyd's bill would be a major fix to the litigation issue and bring stability to the market. Gilway said it would be a good start. The two of them, along with Boyd and Brandes, say if it doesn't pass, there will be nothing to stop the runaway litigation.

"Something has to give," Gilway said.

Their fear: the trial bar's grip on the House.

2020 PROPERTY LAWSUITS

All insurance companies: 85,007



KEY PARTS OF SB 76

The guts of the bill would:

- Award attorneys' fees in line with the value of settlements, still allowing for higher amounts in rare and exceptional cases;

- Require policyholders to provide a pre-lawsuit notice to the insurer that clearly sets forth the amount demanded and the basis of the dispute and give the insurer a specified time to inspect the property prior to a lawsuit being filed;

- Reduce from three years and five years to two years the deadline to file property insurance claims; and

- Allow property insurers to offer policies of actual cash value roof coverage for roofs older than 10 years rather than total roof replacement, except in the case of a total loss.

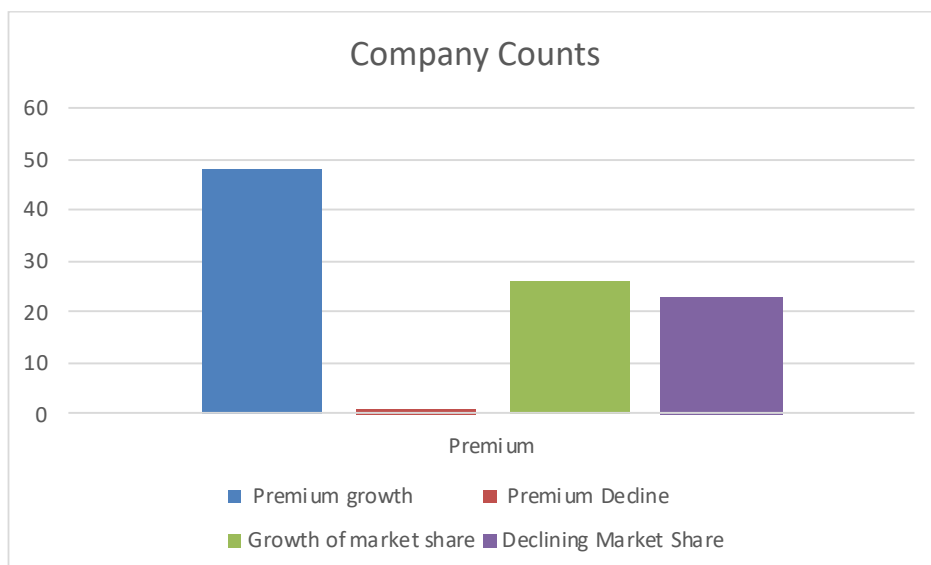
Net Written Premium

Company Category N= Number of Companies	Direct Written Premium						Change In MS 2016-2020
	DWP 2019	YE 2020	Change % YOY	% Change 2016-2019	Cumulative Change 2016-2020	Market Share	
Amer Integrity Ins Co. of FL	341,514	362,695	6.2%	38.24%	\$100,334.95	2.6%	4.93%
American Capital Assr Corp.	101,561	NA	NA	34.72%	NA	NA	
American Coastal Ins Co.	302,302	336,268	11.2%	34.39%	\$86,055.42	2.4%	2.01%
American Modern Ins	15,624	18,634	19.3%	27.84%	\$4,057.79	0.1%	-2.97%
American Platinum P&C Ins Co.	7,494	10,406	38.9%	56.44%	\$3,754.07	0.1%	18.74%
American Strategic Ins Corp.	1,003,892	1,165,255	16.1%	126.07%	\$649,820.41	8.4%	71.59%
American Traditions	129,057	137,027	6.2%	165.66%	\$85,447.80	1.0%	101.64%
Anchor P&C Insurance Co.***	71,470	(21,547)	-130.1%	-137.46%	\$(79,062.38)	-0.2%	-128.44%
ASI Assurance Corp.	7,805	16,109	106.4%	-76.09%	\$(51,262.94)	0.1%	-81.85%
ASI Preferred Insurance Corp.	387,393	450,045	16.2%	209.24%	\$304,510.69	3.2%	134.72%
Auto Club Insurance Co. of FL	233,024	239,315	2.7%	11.43%	\$24,539.44	1.7%	-15.43%
Avatar	88,582	81,817	-7.6%	151.63%	\$49,302.57	0.6%	91.00%
Capacity Insurance Co.	16,985	13,874	-18.3%	-8.52%	\$(1,291.63)	0.1%	-30.56%
Capital Preferred	210,760	NA	NA	188.35%	NA	NA	
Centauri Specialty Ins Co.	153,387	143,235	-6.6%	-5.53%	\$(8,389.01)	1.0%	-28.30%
Cypress P&C Insurance Co.	75,390	125,663	66.7%	51.44%	\$42,683.06	0.9%	14.94%
Edison Insurance Co.	106,714	127,220	19.2%	169.84%	\$80,073.40	0.9%	104.81%
Family Security Insurance Co.	201,270	264,140	31.2%	948.09%	\$238,937.86	1.9%	695.52%
FedNat Insurance Co.	605,202	618,575	2.2%	1.42%	\$8,640.61	4.5%	-23.02%
First Community Insurance Co.	122,785	145,074	18.2%	10.89%	\$14,246.20	1.0%	-15.83%
First Protective	432,484	529,271	22.4%	57.67%	\$193,596.50	3.8%	19.68%
Florida Family	101,504	101,497	0.0%	-10.34%	\$(11,699.27)	0.7%	-31.94%
Florida Farm Bureau Cas Ins Co	106,166	105,824	-0.3%	10.92%	\$10,416.10	0.8%	-15.81%
Florida Peninsula Insurance Co	218,531	223,588	2.3%	-11.95%	\$(30,350.42)	1.6%	-33.17%
Gulfstream Ins	149,446	141,937	-5.0%	-0.22%	\$(314.80)	1.0%	-24.27%
Heritage P&C Insurance Co.	535,440	633,522	18.3%	9.29%	\$53,872.68	4.6%	-17.04%
Homeowners Choice	302,907	402,188	32.8%	13.62%	\$48,197.18	2.9%	-13.76%
Maison Ins	96,043	98,254	2.3%	96.54%	\$48,263.03	0.7%	49.18%
Monarch National Insurance Co.	9,270	20,820	124.6%	58.77%	\$7,706.71	0.1%	20.51%
Omega Insurance Co.	65,953	NA	NA	-4.93%	NA	NA	
People's Trust Insurance Co.	234,982	278,475	18.5%	4.47%	\$11,921.64	2.0%	-20.70%
Privilege Underwriters Recpl	1,152,768	1,337,257	16.0%	108.82%	\$696,879.33	9.6%	58.50%
Progressive Property Ins Co.	69,035	86,601	25.4%	-21.63%	\$(23,904.58)	0.6%	-40.52%
Safe Harbor Insurance Co.	92,500	91,107	-1.5%	30.78%	\$21,444.30	0.7%	-0.73%
Safepoint Insurance Co.	147,274	148,711	1.0%	22.58%	\$27,391.50	1.1%	-6.96%
Security First Insurance Co.	434,028	406,326	-6.4%	12.71%	\$45,806.84	2.9%	-14.45%
Southern Fidelity	179,574	NA	NA	22.31%	NA	NA	
Southern Oak	104,972	120,458	14.8%	32.35%	\$29,445.18	0.9%	0.46%
St. Johns Insurance Co.	371,488	410,739	10.6%	54.95%	\$145,667.60	3.0%	17.61%
Tower Hill Pref	107,490	139,898	30.1%	39.14%	\$39,353.57	1.0%	5.61%
Tower Hill Prime Insurance Co.	260,462	269,480	3.5%	44.12%	\$82,495.84	1.9%	9.39%
Tower Hill Select Insurance Co	86,600	NA	NA	11.85%	NA	NA	
Tower Hill Signature Ins Co.****	156,186	369,788	136.8%	205.23%	\$248,637.10	2.7%	131.67%
TypTap	60,936	105,816	73.7%	4049.65%	\$103,266.19	0.8%	3049.66%
United P&C Insurance Co.	761,039	791,783	4.0%	19.20%	\$127,547.27	5.7%	-9.52%
Univ Ins Co. of North America	123,390	NA	NA	-8.70%	NA	NA	
Universal P&C Insurance Co.	1,285,227	1,507,073	17.3%	58.98%	\$559,108.39	10.8%	20.67%
US Coastal P&C Insurance Co.	20,147	28,681	42.4%	584.18%	\$24,488.98	0.2%	419.31%
Weston Insurance Co.	80,128	105,326	31.4%	19.07%	\$16,867.39	0.8%	-9.63%
Florida Based Ins.* N=53	11,928,181	12,688,227	6.4%	37.36%	\$4,028,502.53	91.3%	4.26%
CPIC	876,560	876,560	NA	-10.0%		0.0%	
Ants Subtotal	\$ 1,099,081	\$ 1,036,531	-5.7%	-9.47%	-\$108,429	7.5%	-31.29%
Florida Total	\$ 13,903,822	\$ 14,601,318	5.0%	28.58%	\$3,245,549	105.0%	-2.41%

Direct Written Premium Key Observations:

1. The vast majority of insurers grew written premium in 2020, and experienced a slight growth in relative market share for the 2020 year. Column 6
2. Despite incremental increases in written premium and market share, 21 companies experienced a decline in market share over the years 2016 through 2020 of 32% on an aggregated basis. See final column on the left in table 1.
3. The significant number of companies that saw a 5 year overall decline in market share reinforces conclusions by A.M. Best, Dowling, Aon, and DemoTech that a growing number of Florida based carriers are choosing to grow in markets other than Florida. Can provide these other reports to verify sourcing.

CHANGE % YOY	% Change 2016-2020	Cumulative Change 2016-	PERCENT OF MARKET	
Florida Based Ins.* N=49	-2.8%	4.0%	\$(238,341)	32.4%
CPIC	2.0%	-14.6%	\$(959,996)	56.7%
Ants Subtotal	37.9%	85.7%	\$ (107,746)	10.9%
Florida Total	5.5%	-100.0%	\$ (1,306,083)	100.0%



Policyholder Surplus

Company Category N= Number of Companies	Policyholders' Surplus					
	P SURP 2019	YE 2020	Change % YOY	% Change 2016-2019	Cumulative Change 2016-	PERCENT OF MARKET
Amer Integrity Ins Co. of FL	78,061	78,069	0.0%	7.1%	\$ 5,209	0.7%
American Capital Assr Corp.	61,127	NA	NA	NA	NA	NA
American Coastal Ins Co.	107,710	90,124	-16.3%	-49.0%	\$ (86,694)	0.8%
American Modern Ins	15,000	14,367	-4.2%	38.6%	\$ 4,003	0.1%
American Platinum P&C Ins Co.	16,433	12,918	-21.4%	-25.2%	\$ (4,362)	0.1%
American Strategic Ins Corp.	637,225	574,593	-9.8%	17.4%	\$ 85,234	5.1%
American Traditions	30,355	28,242	-7.0%	41.1%	\$ 8,228	0.2%
Anchor P&C Insurance Co.***	6,881	386	-94.4%	-98.3%	\$ (22,810)	0.0%
ASI Assurance Corp.	36,760	34,826	-5.3%	-29.8%	\$ (14,810)	0.3%
ASI Preferred Insurance Corp.	48,643	73,638	51.4%	71.0%	\$ 30,576	0.6%
Auto Club Insurance Co. of FL	211,579	196,613	-7.1%	13.5%	\$ 23,324	1.7%
Avatar	17,853	29,156	63.3%	19.6%	\$ 4,772	0.3%
Capacity Insurance Co.	9,197	8,194	-10.9%	-18.3%	\$ (1,836)	0.1%
Capital Preferred	42,712	NA	NA	NA	NA	NA
Centauri Specialty Ins Co.	16,642	30,137	81.1%	-20.1%	\$ (7,603)	0.3%
Cypress P&C Insurance Co.	25,314	42,123	66.4%	41.2%	\$ 12,285	0.4%
Edison Insurance Co.	29,735	26,544	-10.7%	25.1%	\$ 5,333	0.2%
Family Security Insurance Co.	49,578	45,250	-8.7%	178.1%	\$ 28,981	0.4%
FedNat Insurance Co.	141,783	105,920	-25.3%	-25.2%	\$ (35,619)	0.9%
First Community Insurance Co.	31,080	31,391	1.0%	-23.1%	\$ (9,428)	0.3%
First Protective	73,122	81,978	12.1%	32.7%	\$ 20,180	0.7%
Florida Family	51,246	52,822	3.1%	-7.8%	\$ (4,443)	0.5%
Florida Farm Bureau Cas Ins Co	279,538	258,093	-7.7%	-9.7%	\$ (27,668)	2.3%
Florida Peninsula Insurance Co	90,999	80,920	-11.1%	-38.0%	\$ (49,622)	0.7%
Gulfstream Ins	25,279	20,042	-20.7%	-36.3%	\$ (11,440)	0.2%
Heritage P&C Insurance Co.	158,619	136,300	-14.1%	-31.7%	\$ (63,396)	1.2%
Homeowners Choice	159,163	119,912	-24.7%	-34.5%	\$ (63,289)	1.1%
Maison Ins	50,706	39,282	-22.5%	98.0%	\$ 19,447	0.3%
Monarch National Insurance Co.	18,217	18,264	0.3%	-55.8%	\$ (23,094)	0.2%
Omega Insurance Co.	16,432	NA	NA	NA	NA	NA
People's Trust Insurance Co.	78,335	58,708	-25.1%	13.1%	\$ 6,800	0.5%
Privilege Underwriters Recpl	314,987	333,288	5.8%	112.2%	\$ 176,198	2.9%
Progressive Property Ins Co.	26,738	16,991	-36.5%	-59.4%	\$ (24,842)	0.1%
Safe Harbor Insurance Co.	24,188	24,786	2.5%	-6.9%	\$ (1,849)	0.2%
Safepoint Insurance Co.	38,890	40,362	3.8%	-18.7%	\$ (9,312)	0.4%
Security First Insurance Co.	82,488	78,187	-5.2%	9.5%	\$ 6,794	0.7%
Southern Fidelity	55,187	NA	NA	NA	NA	NA
Southern Oak	46,419	39,195	-15.6%	-27.8%	\$ (15,064)	0.3%
St. Johns Insurance Co.	46,751	46,083	-1.4%	-10.6%	\$ (5,441)	0.4%
Tower Hill Pref	36,216	33,268	-8.1%	-29.9%	\$ (14,211)	0.3%
Tower Hill Prime Insurance Co.	123,248	112,861	-8.4%	24.1%	\$ 21,901	1.0%
Tower Hill Select Insurance Co	21,118	NA	NA	NA	NA	NA
Tower Hill Signature Ins Co.****	71,233	67,323	-5.5%	52.5%	\$ 23,166	0.6%
TypTap	27,283	38,518	41.2%	55.8%	\$ 13,791	0.3%
United P&C Insurance Co.	159,004	142,198	-10.6%	-8.6%	\$ (13,389)	1.3%
Univ Ins Co. of North America	31,394	NA	NA	NA	NA	NA
Universal P&C Insurance Co.	301,120	360,707	19.8%	15.0%	\$ 46,954	3.2%
US Coastal P&C Insurance Co.	27,580	25,615	-7.1%	9.3%	\$ 2,175	0.2%
Weston Insurance Co.	38,410	28,940	-24.7%	-35.7%	\$ (16,081)	0.3%
Florida Based Ins.* N=53	4,087,578	\$3,677,135.93	-2.8%	4.0%	\$ (238,341)	32.4%
CPIC	6,317,933	\$6,441,806.00	2.0%	-14.6%	\$ (959,996)	56.7%
Ants Subtotal	354,062	1,234,450	37.9%	85.7%	\$ (107,746)	10.9%
Florida Total	10,759,573	11,353,392	5.5%	-100.0%	\$ (1,306,083)	100.0%

Key Observations: Policyholder Surplus

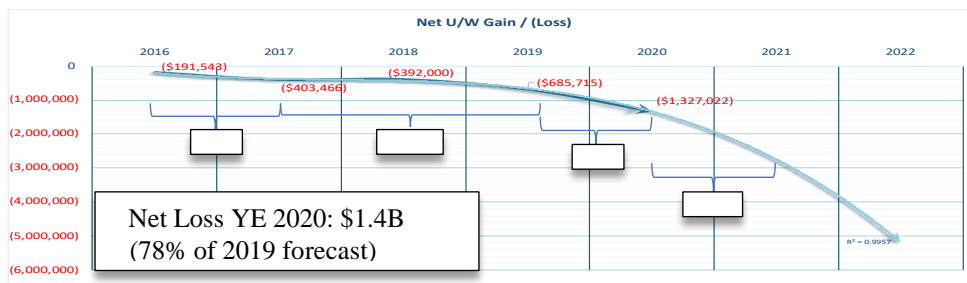
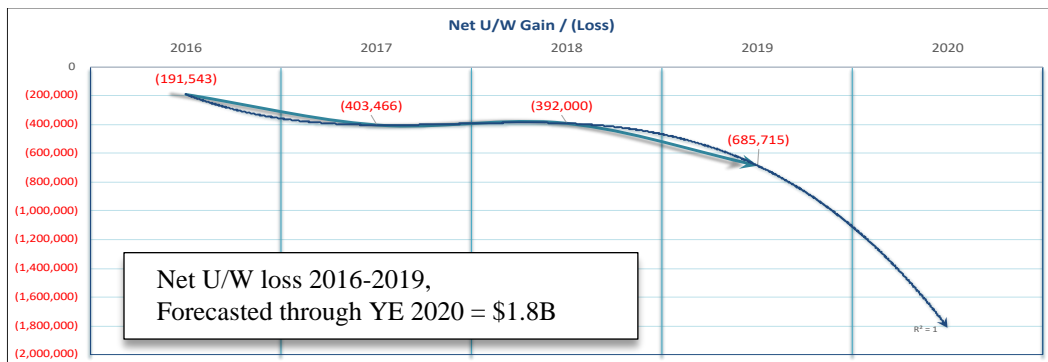
1. Despite the overall increase in written premium, policyholder surplus declined by \$1.3B from 2016 to 2020. (Column 5)
2. Among all carriers, surplus growth occurred among the national carriers and subsidiaries of national carriers. (Column 6- ANTS)
3. Surplus declined by 2.8% from 2019 to YE 2020 among Florida based carriers, while Citizens P&C Insurance Company grew surplus 2%. (Column 3- CPIC)
4. From 2016-2020, Citizens P&C Insurance Company experienced a 14.6% decline in surplus, while still holding 56% of the overall P&C industry surplus in Florida. (Column 6- CPIC) This represents 3 unresolved and significant challenges:
 - a. Among Florida based carriers, surplus decline is outpacing growth of premiums,
 - b. The growth of policies and market share within Citizens P&C Insurance Co is outpacing growth in surplus, reinforcing the negative impact of the Florida's Litigation economy,
 - c. The significant market share of CPIC's surplus reinforces the need for the balance of Florida's carriers to growth surplus, including the ANTS, or national carriers.

Net Underwriting Gain/Loss

Company Category N= Number of Companies	Net U/W Gain / (Loss)					PERCENT OF MARKET
	NET G/L 2019	YE 2020	CHANGE % YOY	% Change 2016-2020	Cumulative Change 2016-	
Amer Integrity Ins Co. of FL	(295)	(3,117)	-956.6%	-104.5%	\$706	0.2%
American Capital Assr Corp.	(9,416)	NA	NA	-189.8%	NA	NA
American Coastal Ins Co.	(26,706)	(44,803)	-67.8%	-157.7%	\$14,345	3.3%
American Modern Ins	(491)	(1,832)	-273.1%	-1483.9%	\$(4,429)	0.1%
American Platinum P&C Ins Co.	(140)	(4,966)	-3447.2%	-128.8%	\$(6,497)	0.4%
American Strategic Ins Corp.	(66,146)	(139,086)	-110.3%	-970.0%	\$(325,124)	10.2%
American Traditions	(1,321)	(5,427)	-310.8%	34.8%	\$(15,539)	0.4%
Anchor P&C Insurance Co.***	(22,982)	(9,916)	56.9%	-124.7%	\$(95,863)	0.7%
ASI Assurance Corp.	(432)	(909)	-110.4%	-143.0%	\$(24,413)	0.1%
ASI Preferred Insurance Corp.	(7,135)	(9,829)	-37.8%	-486.9%	\$(31,627)	0.7%
Auto Club Insurance Co. of FL	12,498	(50,837)	506.8%	-37.6%	\$(18,652)	3.7%
Avatar	(10,867)	(11,769)	-8.3%	-3538.9%	\$(48,568)	0.9%
Capacity Insurance Co.	(1,148)	(2,963)	-158.1%	-383.5%	\$(4,775)	0.2%
Capital Preferred	(27,902)	NA	NA	-3166.2%	NA	NA
Centauri Specialty Ins Co.	(9,635)	(21,845)	-126.7%	-8.1%	\$(58,080)	1.6%
Cypress P&C Insurance Co.	(4,962)	(3,642)	26.6%	53.4%	\$(24,856)	0.3%
Edison Insurance Co.	(6,025)	(14,204)	-135.7%	-394.3%	\$(28,014)	1.0%
Family Security Insurance Co.	(10,142)	(21,686)	-113.8%	-1418.9%	\$(40,132)	1.6%
FedNat Insurance Co.	(38,816)	(96,637)	-149.0%	32.2%	\$(231,023)	7.1%
First Community Insurance Co.	(3,045)	(15,765)	-417.7%	-104.1%	\$(36,948)	1.2%
First Protective	(18,148)	(9,555)	47.4%	-2487.9%	\$(30,392)	0.7%
Florida Family	(6,075)	(8,361)	-37.6%	-826.1%	\$(19,662)	0.6%
Florida Farm Bureau Cas Ins Co	(15,348)	(45,839)	-198.7%	41.5%	\$(130,941)	3.4%
Florida Peninsula Insurance Co	(13,314)	(19,500)	-46.5%	-142.2%	\$(67,902)	1.4%
Gulfstream Ins	(9,300)	(34,907)	-275.3%	-7.4%	\$(62,097)	2.6%
Heritage P&C Insurance Co.	(38,844)	(64,935)	-67.2%	9.0%	\$(260,845)	4.8%
Homeowners Choice	4,986	(37,927)	860.7%	1893.5%	\$(56,067)	2.8%
Maison Ins	(21,612)	(25,517)	-18.1%	-1053.9%	\$(54,999)	1.9%
Monarch National Insurance Co.	(4,676)	(9,084)	-94.3%	-330.6%	\$(28,834)	0.7%
Omega Insurance Co.	(5,075)	NA	NA	-27.7%	NA	NA
People's Trust Insurance Co.	(13,242)	(29,341)	-121.6%	72.0%	\$(75,896)	2.2%
Privilege Underwriters Recpl	(55,795)	(56,348)	-1.0%	-814.1%	\$(120,568)	4.1%
Progressive Property Ins Co.	(1,729)	(3,636)	-110.3%	49.3%	\$(25,209)	0.3%
Safe Harbor Insurance Co.	(3,268)	(8,121)	-148.5%	-212.6%	\$(13,024)	0.6%
Safepoint Insurance Co.	(12,753)	(7,376)	42.2%	-6.4%	\$(56,482)	0.5%
Security First Insurance Co.	(24,560)	(34,372)	-40.0%	47.0%	\$(126,125)	2.5%
Southern Fidelity	(26,237)	NA	NA	-1945.0%	NA	NA
Southern Oak	(14,374)	(14,459)	-0.6%	-405.3%	\$(25,923)	1.1%
St. Johns Insurance Co.	(29,164)	(42,575)	-46.0%	-232.2%	\$(105,022)	3.1%
Tower Hill Pref	(5,603)	(7,694)	-37.3%	-3138.7%	\$(21,572)	0.6%
Tower Hill Prime Insurance Co.	(819)	(26,270)	-3107.5%	89.3%	\$(69,129)	1.9%
Tower Hill Select Insurance Co	(4,746)	NA	NA	32.5%	NA	NA
Tower Hill Signature Ins Co.****	(236)	(41,378)	-17433.3%	96.7%	\$(51,027)	3.0%
TypTap	(6,172)	(13,399)	-117.1%	-1093.8%	\$(19,266)	1.0%
United P&C Insurance Co.	(35,544)	(69,286)	-94.9%	-65.6%	\$(200,253)	5.1%
Univ Ins Co. of North America	(7,196)	NA	NA	57.5%	NA	NA
Universal P&C Insurance Co.	(81,910)	(212,400)	-159.3%	-212.5%	\$(196,945)	15.6%
US Coastal P&C Insurance Co.	(671)	(9,057)	-1249.8%	59.7%	\$(15,869)	0.7%
Weston Insurance Co.	818	(36,451)	-4561.7%	136.7%	\$(40,864)	2.7%
Florida Based Ins.* N=53	(685,715)	\$(1,327,022)	-763.9%	-258.0%	\$(2,999,746)	97.6%
CPIC	(97,059)	(98,327)	-1.3%	24.7%	(1,769,884)	7.2%
Ants Subtotal	119,871	65,064	45.7%	23.1%	614,414	-4.8%
Florida Total	(662,903)	(1,360,285)	-105.2%	-197.2%	\$(4,155,216)	-100.0%

Key Observations: Net Underwriting Gain/Loss

1. In 2019, only 3 Florida based carriers posted a net u/w gain, in addition to specific national carriers, with a total net loss of \$685M. In 2020, no Florida based carriers posted a year end U/W gain, with the total industry net loss doubling to **(\$1.36B)**. (Columns 1 & 2- Florida Based)
2. Florida became the first state, possibly ever, to have 100% of the carriers post a net u/w loss. (Column 2- All)
3. The 5 year cumulative net loss for the Florida market is \$4.1B, or just under an annualized average of \$1B per year. However, as remarkable as this statistic may be, even more remarkable is the annualized growth in this total loss beginning in 2016 at 1.5X to 2X per year. (Can provide 2016-2020 table)
4. While 2020 was a busy season for named storms, landfall damage was relatively light, and over 60% of all lawsuits filed were of a non-cat nature. (Sources: Carrier data, Citizens Claims Reports)
5. The pace of loss growth significantly outpaces additional revenue from filed rate increases. 2X increases in net underwriting loss have been experienced repeatedly in 12 month increments. Revenue from rate increases require 18 to 24 months to be realized.
6. There are no industry loss mitigation mechanisms in place to interrupt growth of losses. All traditional such mechanisms will involve severely negative impact upon 7M Floridians.



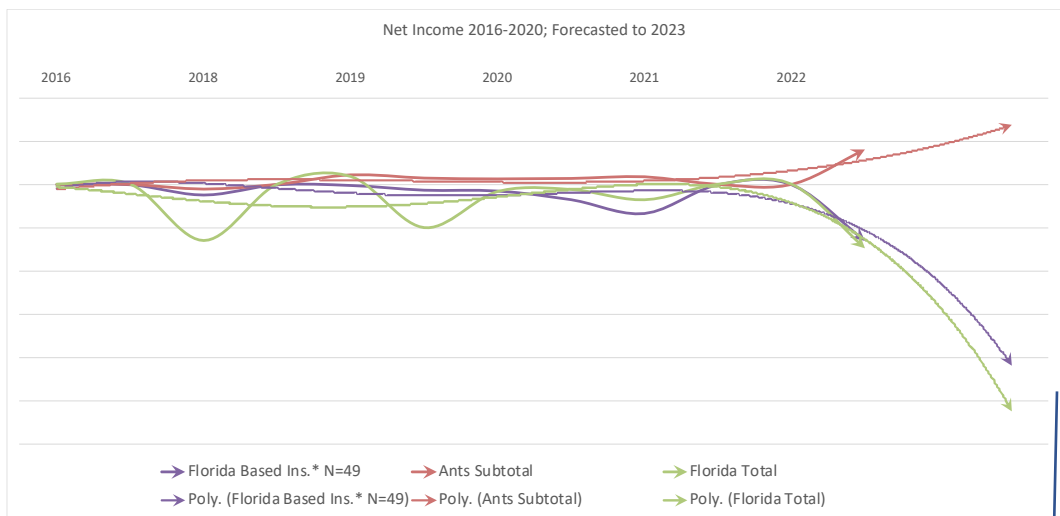
Net Income

Key

Company Category N= Number of Companies	Net Income (,000's)				
	NET INC 2019	NET INC 2020	YOY % Change	% Change 2016-2020	Cumulative Change 2016-
Amer Integrity Ins Co. of FL	\$3,515	-\$1,099	-131%	-117.5%	\$12,410
American Capital Assr Corp.	-\$5,965	NA	NA	NA	NA
American Coastal Ins Co.	-\$17,433	-\$8,666	-50%	-124.3%	\$48,088
American Modern Ins	-\$8	-\$843	10440%	-425.6%	\$(2,166)
American Platinum P&C Ins Co.	\$252	-\$4,022	-1696%	-936.2%	\$(4,334)
American Strategic Ins Corp.	-\$19,408	-\$59,575	207%	-401.0%	\$(129,365)
American Traditions	\$598	-\$1,861	411%	124.4%	\$(6,570)
Anchor P&C Insurance Co.***	-\$22,194	-\$9,813	-56%	25.1%	\$(92,389)
ASI Assurance Corp.	\$3,868	\$105	-97%	-96.5%	\$(6,219)
ASI Preferred Insurance Corp.	-\$1,270	-\$3,988	214%	-212.4%	\$(10,093)
Auto Club Insurance Co. of FL	\$18,657	-\$23,523	-226%	-228.5%	\$27,059
Avatar	-\$6,059	-\$8,555	41%	-1288.2%	\$(37,345)
Capacity Insurance Co.	-\$429	-\$1,253	192%	-240.2%	\$(1,110)
Capital Preferred	-\$25,738	NA	NA	NA	NA
Centauri Specialty Ins Co.	-\$6,812	-\$7,811	15%	57.3%	\$(30,244)
Cypress P&C Insurance Co.	-\$2,109	-\$1,535	-27%	-67.4%	\$(10,169)
Edison Insurance Co.	-\$4,554	-\$6,853	50%	-5214.3%	\$(17,371)
Family Security Insurance Co.	-\$5,837	-\$6,159	6%	-830.6%	\$(19,354)
FedNat Insurance Co.	-\$18,174	-\$35,392	95%	-2.5%	\$(93,505)
First Community Insurance Co.	-\$350	-\$10,581	2923%	-1551.4%	\$(19,506)
First Protective	-\$11,649	-\$4,695	-60%	-188.0%	\$(7,441)
Florida Family	-\$3,710	-\$2,631	-29%	-862.6%	\$(6,012)
Florida Farm Bureau Cas Ins Co	\$1,442	-\$21,577	-1596%	164.3%	\$(29,614)
Florida Peninsula Insurance Co	-\$2,674	-\$2,698	1%	-186.1%	\$(11,591)
Gulfstream Ins	-\$7,429	-\$22,637	205%	323.7%	\$(42,421)
Heritage P&C Insurance Co.	-\$23,453	-\$32,616	39%	97.9%	\$(129,962)
Homeowners Choice	\$18,443	-\$28,779	-256%	-590.0%	\$5,784
Maison Ins	-\$15,085	-\$14,551	-4%	1407.9%	\$(35,735)
Monarch National Insurance Co.	-\$3,535	-\$7,532	113%	954.9%	\$(24,844)
Omega Insurance Co.	-\$3,530	NA	NA	NA	NA
People's Trust Insurance Co.	-\$2,806	-\$21,135	653%	-21.2%	\$(25,509)
Privilege Underwriters Recpl	-\$29,879	-\$37,082	24%	535.6%	\$(52,214)
Progressive Property Ins Co.	-\$591	-\$972	65%	-57.1%	\$(14,511)
Safe Harbor Insurance Co.	-\$1,495	-\$5,129	243%	-265.2%	\$(4,147)
Safepoint Insurance Co.	-\$6,220	\$116	-102%	-101.6%	\$(29,207)
Security First Insurance Co.	-\$17,551	-\$21,748	24%	-38.3%	\$(83,799)
Southern Fidelity	-\$22,617	NA	NA	NA	NA
Southern Oak	-\$13,347	-\$5,410	-59%	-230.5%	\$(14,442)
St. Johns Insurance Co.	-\$22,111	-\$27,492	24%	526.5%	\$(69,322)
Tower Hill Pref	-\$1,985	-\$1,783	-10%	-315.8%	\$(5,707)
Tower Hill Prime Insurance Co.	\$10,829	-\$19,273	-278%	530.0%	\$(19,334)
Tower Hill Select Insurance Co	-\$2,653	NA	NA	NA	NA
Tower Hill Signature Ins Co.****	\$2,706	-\$30,349	-1222%	720.0%	\$(28,955)
TypTap	-\$5,164	-\$10,893	111%	2892.7%	\$(15,184)
United P&C Insurance Co.	-\$20,828	-\$13,329	-36%	151.3%	\$(69,806)
Univ Ins Co. of North America	-\$4,120	NA	NA	NA	NA
Universal P&C Insurance Co.	-\$50,169	-\$100,317	100%	-273.8%	\$(52,960)
US Coastal P&C Insurance Co.	\$392	-\$7,332	-1970%	382.3%	\$(11,958)
Weston Insurance Co.	\$1,456	-\$35,955	-2569%	1707.7%	\$(37,724)
Florida Based Ins.* N=49	-\$346,783	-\$667,225	92%	-3943.5%	\$(1,301,514)
CPIC	\$86,329	\$128,967	49%	576%	\$(991,515)
Ants Subtotal	\$137,187	\$175,684	28%	-264.0%	\$806,928
Florida Total	-\$123,267	-\$362,574	-194%	-304.2%	\$(1,486,101)

Observations: Net Income

1. Only 11 of 50 Florida based carriers ended 2019 with a net income as opposed to a net loss, including Citizens Property Insurance Company (CPIC) (Column 1)
2. 12 Months later, 1 Florida based carrier ended the year above \$0, in addition to CPIC. (Column 2)
3. The overall industry net loss of **(\$346M)** in 2019 grew by a factor of nearly 2X in 12 months to a loss of **(\$646M)** YE 2020. (Columns 1 & 2)
4. The 5 year accumulative net income/loss has deteriorated by nearly 4000% or a net 5 year aggregated loss of **(\$1.3B)** excluding CPIC, and **(\$1.5B)** with the addition of CPIC. (Last Column)
5. Only 5 of 50 carriers have an aggregated 5-year total above zero. (Last Column)



Confidence Level 1.0 of 1.0

Net income is forecasted to decline on an accelerated basis for Florida based carriers, while “National Carriers “ may experience a improvement.

However, the overall forecast, including the “National carriers remains a gross negative.

Net Combined Ratio

Company Category N= Number of Companies	Net Combined Ratio %			
	COMB % 2019	COMB 2020	YOY % Change	% Change 2016-2020
Amer Integrity Ins Co. of FL	99.2	102.0	3%	10.1%
American Capital Assr Corp.	114.4	NA	NA	NA
American Coastal Ins Co.	103.6	122.0	18%	76.8%
American Modern Ins	101.3	110.0	9%	6.1%
American Platinum P&C Ins Co.	79.9	84.6	6%	-1.8%
American Strategic Ins Corp.	103.5	108.3	5%	12.6%
American Traditions	95.5	106.5	12%	0.5%
Anchor P&C Insurance Co.***	219.0	387.5	77%	172.5%
ASI Assurance Corp.	63.9	108.3	70%	30.0%
ASI Preferred Insurance Corp.	167.4	129.3	-23%	22.9%
Auto Club Insurance Co. of FL	94.0	119.1	27%	34.5%
Avatar	118.2	264.5	124%	183.4%
Capacity Insurance Co.	108.0	150.7	40%	57.8%
Capital Preferred	138.3	NA	NA	NA
Centauri Specialty Ins Co.	115.8	274.4	137%	151.1%
Cypress P&C Insurance Co.	118.8	111.7	-6%	-22.4%
Edison Insurance Co.	112.0	122.6	9%	54.1%
Family Security Insurance Co.	109.9	124.9	14%	29.6%
FedNat Insurance Co.	109.6	145.1	32%	27.2%
First Community Insurance Co.	101.4	120.1	18%	12.9%
First Protective	125.5	87.5	-30%	-61.3%
Florida Family	107.5	114.4	6%	16.8%
Florida Farm Bureau Cas Ins Co	105.1	116.6	11%	5.7%
Florida Peninsula Insurance Co	118.9	128.2	8%	21.3%
Gulfstream Ins	125.5	282.3	125%	150.5%
Heritage P&C Insurance Co.	111.5	117.6	6%	-0.4%
Homeowners Choice	96.8	108.6	12%	11.6%
Maison Ins	168.8	143.2	-15%	35.7%
Monarch National Insurance Co.	169.7	160.4	-5%	82.9%
Omega Insurance Co.	122.5	NA	NA	11.6%
People's Trust Insurance Co.	111.5	130.4	17%	-8.1%
Privilege Underwriters Recpl	121.0	118.9	-2%	18.9%
Progressive Property Ins Co.	107.0	108.3	1%	4.9%
Safe Harbor Insurance Co.	102.7	115.8	13%	22.4%
Safepoint Insurance Co.	137.8	108.6	-21%	-13.1%
Security First Insurance Co.	181.0	277.0	53%	118.3%
Southern Fidelity	122.9	NA	NA	-20.7%
Southern Oak	121.2	118.4	-2%	24.0%
St. Johns Insurance Co.	178.7	683.2	282%	444.0%
Tower Hill Pref	114.9	148.1	29%	54.5%
Tower Hill Prime Insurance Co.	101.7	157.4	55%	30.7%
Tower Hill Select Insurance Co	123.4	NA	NA	10.6%
Tower Hill Signature Ins Co.****	96.3	181.6	89%	61.4%
TypTap	86.8	114.0	31%	16.9%
United P&C Insurance Co.	112.7	125.1	11%	17.7%
Univ Ins Co. of North America	118.1	NA	NA	6.3%
Universal P&C Insurance Co.	108.6	120.3	11%	38.3%
US Coastal P&C Insurance Co.	98.3	139.1	41%	39.7%
Weston Insurance Co.	86.4	392.5	354%	-4.8%
Florida Based Ins.* N=49	117.5	162.5	38%	42.4%
CPIC	114.5	NA	NA	-8.9%
Ants Subtotal	87.8	101.3	15%	28.6%
Florida Total	94.9	110.1	0.1	-14.1%

Note of explanation specific to this chart. This chart of combined ratios is color coded. Consider that a combined ratio of 100% is essentially break-even. Given Florida storms and the 3-year time horizon to file a first notice of loss, all combined ratios above 110% and/or are experiencing growth, are in red. A generally accepted assessment of a combined ratio above 115% is indicative of a company facing temporary challenges. A combined ratio exceeding 120% can be interpreted as a carrier facing deeper systemic challenges. Combined ratios above 120%, back-to-back, or through several consecutive years is company in significant trouble. All are noted in red.

Note the use of green in the 2 columns measuring the change in combined ratio over time, from 2019 to 2020 and 2016-2020. Green indicates improvement. The figures are not indicating a company is financially, nor operationally sound. For example, Maison Insurance shows a 15% improvement (reduction) in their combined ratio from 2019 to 2020. However, the combined ratio for Maison in both 2019 and 2020 are a critical 168% and 143%. In columns 3 & 4, **green simply indicates a reduction in expenses**, thus movement towards stability.

Key Observations: Combined Ratios:

1. Among all of the Florida based carriers, the aggregated combined ratio exceeded an unhealthy level of 117% both 2019 and 2020. (Columns 1 & 2)
2. More significantly, the increase in the market-wide combined ratio grew by 38% over the most recent single year, followed by further deterioration of 42.4% from 2016-2020. (Columns 2 & 3)
3. By year end 2020, only 2 carriers have combined ratios below 100%. The year end, market wide, combined ratio for all Florida based carriers had deteriorated to a staggering 162.5%. Contemplate any business model, retail, not-for-profit, tech, or insurance, that face total operational expenses 62% MORE than revenues, while also experiencing a 38% annual expense growth. (Column 2)
4. Among all carriers operating with expense ratios below 110% in 2019, only two carriers held their expense load below 100% throughout 2020. 18 carriers who operated with expense loads under 110% in 2019 ended 2020 at or above 115%.