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NOTICE OF INTENT TO DISAPPROVE

July 17, 2007

CERTIFIED MAIL

Miss Missy Shelley, ACAS, MAAA
Actuary
Florida Farm Bureau Casualty Insurance Company
5700 Sw 34 St
Gainesville, FL 32608

RE: Florida Farm Bureau Casualty Insurance Company
Florida Farm Bureau General Insurance Company
Homeowners Multi-Peril
OIR File Number: FCP 07-08928
Filing Received: 5/10/2007

PLEASE REFER TO THE OIR FILE NUMBER WHEN CORRESPONDING

Dear Miss Shelley:

You are hereby notified that pursuant to the provisions of Section 627.062, Florida Statutes, the Office has completed its review of the above-referenced filing.

The Office points out that it is the company's burden to demonstrate by its filing and any information contained in its filing, that the rate(s) being requested are not excessive, inadequate, or unfairly discriminatory. The company is required to submit all the information and data it wishes the Office to consider in support of its filing and such additional information as the Office requests.

Having reviewed the information submitted, the Office finds that this filing does not provide sufficient documentation or justification to demonstrate that the proposed rate(s) comply with the standards of the appropriate statute(s) and rule(s), including demonstrating that the proposed rate(s) are not excessive, inadequate, or unfairly discriminatory. The deficiencies include but are not limited to:

1. Company has not provided sufficient support that the increased private reinsurance coverage that was purchased meets the requirements of Section 3 of HB 1A which requires a reduction in consumer premiums consistent with the expansion of the Florida Hurricane Catastrophe Fund coverage.
2. Company has not provided sufficient support that the reinsurance cost in the filing reflecting

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- coverage levels, reinsurance premium amounts and expected recoveries does not result in excessive reinsurance costs related to services rendered which is not permitted per Section 627.062, F.S.
3. Company has not provided sufficient support that the Florida Hurricane Catastrophe Fund cost in the filing is consistent with the tax-exempt status of the fund.
 4. Company failed to completely respond to the Office's questions for required disclosure of all assumptions and factors used by the Hurricane model, as required by Section 627.0628, F.S.
 5. Company has failed to support the use of a model for Catastrophe losses other than hurricane losses.
 6. Company has failed to support that their selected loss trend is not excessive.
 7. Company has failed to reflect fully the mitigation measures undertaken by Policyholders to reduce hurricane losses as required by HB 1A.
 8. Company has failed to reflect the sinkhole presumed factor as required by SB 1980.
 9. Company has failed to support that the trend procedure used to adjust hurricane model losses is appropriate and consistent with premium trending in the indications.
 10. Company has failed to support the allocation of reinsurance cost to territory in their territorial indications.
 11. Company has failed to provide, as required by the Rate Level Indication Worksheet instructions, loss development support consistent with the reported losses and lae used in the indications.
 12. Company has failed to provide rate level effects in the Homeowner Rate Collection forms on an earned basis, as required.

As a result of the deficiencies set forth above, the Office finds that the proposed rate(s) are not justified, and must be deemed excessive or unfairly discriminatory and therefore, the Office intends to disapprove the above-referenced filing.

Please be advised that this decision regarding this rate filing affects your company's substantial interests and that you are entitled to request a hearing pursuant to Chapter 120, Florida Statutes. The attached Notice of Rights outlines the procedures you must follow to preserve your right to a hearing and should be carefully reviewed. Failure to follow those procedures will waive your company's rights to a hearing.

Sincerely,

Robert Lee
Actuary

Shelley, Missy
FCP 07-08928
July 17, 2007
Page 3

Attachment: Notice of Rights

NOTICE OF RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes and Rule Chapters 28-106 and 28-107, Florida Administrative Code (F.A.C.), you have a right to request a proceeding to contest this action by the Office of Insurance Regulation (hereinafter the "Office"). You may request a proceeding by filing a Petition. Your Petition for a proceeding must be in writing and must be filed with the General Counsel acting as the Agency Clerk, Office of Insurance Regulation. If served by U.S. Mail the Petition should be addressed to the Florida Office of Insurance Regulation at 612 Larson Building, Tallahassee, Florida 32399-4206. If Express Mail or hand-delivery is utilized, the Petition should be delivered to 612 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0300. The written Petition must be received by, and filed in the Office no later than 5:00 p.m. on the twenty-first (21) day after your receipt of this notice. Unless your Petition challenging this action is received by the Office within twenty-one (21) days from the date of the receipt of this notice, the right to a proceeding shall be deemed waived. Mailing the response on the twenty-first day will not preserve your right to a hearing.

If a proceeding is requested and there is no dispute of material fact the provisions of Section 120.57(2), Florida Statutes would apply. In this regard you may submit oral or written evidence in opposition to the action taken by this agency or a written statement challenging the grounds upon which the agency has relied. While a hearing is normally not required in the absence of a dispute of fact, if you feel that a hearing is necessary one will be conducted in Tallahassee, Florida or by telephonic conference call upon your request.

If you dispute material facts which are the basis for this agency's action you may request a formal adversarial proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes. If you request this type of proceeding, the request must comply with all of the requirements of Rule Chapter 28-106.201, F.A.C., must demonstrate that your substantial interests have been affected by this agency's action, and contain:

- a) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;
- b) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;
- c) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action; and
- d) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

These proceedings are held before a State Administrative Law Judge of the Division of Administrative Hearings. Unless the majority of witnesses are located elsewhere, the Office will request that the hearing be conducted in Tallahassee.

In some instances you may have additional statutory rights than the ones described herein.

Failure to follow the procedure outlined with regard to your response to this notice may result in the request being denied. Any request for an administrative proceeding received prior to the date of this notice shall be deemed abandoned unless timely renewed in compliance with the guidelines as set out above.