

# State Farm Florida Issues

## Time Line (2004-2009)

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**2004-2005** – Eight named storms reach landfall in Florida causing \$36 billion in insured losses.

**2006** – Reinsurance rates increase dramatically around the globe.

**August 2006** – State Farm Florida was granted a 52.8% rate increase in Florida.

**July 16, 2008** – State Farm Florida files for an average statewide rate increase of 47.1% [Changed to 67.1% during the DOA hearing.]

**August 25, 2008** – The Office provides State Farm Florida a notice of intention to disapprove the rate request as State Farm Florida did not provide adequate justification.

**October 27-30, 2008** – Division of Administrative Hearings conducted a final hearing on the State Farm Florida rate request issue in Tallahassee.

**December 12, 2008** – The Administrative Law Judge issued a recommended order determining that State Farm failed to demonstrate the rate filing was not excessive, inadequate, or unfairly discriminatory as required by Section 627.062(2)(b) & (g).

**January 12, 2009** – The Office issued a Final Order denying the State Farm Florida rate increase consistent with the Administrative Law Judge's order; the decision was later upheld by the First District Court of Appeal.

**January 27, 2009** – State Farm Florida issued a Withdrawal Plan.

**February 13, 2009** – The Office issued a conditional approval of State Farm Florida's Withdrawal Plan. The Office concluded, "*State Farm created its current 'crisis' by failing to pursue the opportunities ... to reduce expenses and mitigate its decrease in premium volume. Instead it chose to attempt to raise rates in order to reduce the savings to its policyholders its mitigation discounts provided and to seek a profit that was excessive and unreasonable ...*"

The Office issued a "conditional approval" assuming State Farm met the following conditions among others:

1. Surrender its Certificate of Authority (COA) within 30 days
2. Facilitate an orderly transition of policies to the private sector (not Citizens)
3. Enable agents to write policies directly with other private insurers
4. Issue pro-rata refunds to policyholders seeking to voluntarily cancel policies
5. Consider all offers to buy some or part of the block of business

**March 6, 2009** – State Farm issues a request for a DOA Hearing that was re-submitted on **April 14, 2009**. State Farm claims withdrawal plan is not hazardous, and the Office has exceeded its regulatory authority.

**December 16, 2009** – the Office and State Farm reach an agreement. State Farm Florida agrees to non-renew no more than 125,000 policies. For the policies that are non-renewed, State Farm agrees to allow its agents to directly place this business with private carriers for which their agents have service agreements. The Office has accepted a 14.8% rate increase for State Farm's homeowners and condominium unit owners policies.

For a copy of these documents, please visit the Office's Web site.