

# Florida Office of Insurance Regulation



## Personal Lines Residential Property Rate Report

Fiscal Year 2013-2014

September 1, 2014

The attached report provides a detailed listing of all personal lines residential property rate filings submitted during Fiscal Year (FY) 2013-2014. There were five hundred forty-four (544) personal lines residential property rate filings submitted to the Office of Insurance Regulation (Office) during FY 2013-2014 that were reviewed by the personal lines actuaries. Included in this report are the one hundred twenty-eight (128) personal lines residential property rate filings that:

- Either had a rate impact, or had a zero overall statewide rate impact with policy level rate changes; and
- Were not Florida Insurance Guaranty Association (FIGA) or Citizens Property Insurance Corporation (Citizens) recoupment filings; and
- Were not submitted by rating organizations (Insurance Services Office, Inc. or American Association of Insurance Services); and
- Were not submitted as “Informational Only” filings (annual rate certifications and exemptions submitted pursuant to s. 627.0645, Florida Statutes).

Section 627.062, Florida Statutes, defines the standards used by the Office to review the rate filings listed in this report. Subsection (9) requires the Chief Executive Officer or Chief Financial Officer of a property insurer and the Chief Actuary of a property insurer to provide a written certification attesting that the rate filing is true, complete, and reflects all premium savings that are reasonably expected to result from legislative enactments. Failure by the insurer to provide the certification results in the rate filing being disapproved pursuant to s. 627.062(9)(c), Florida Statutes.

The certification, pursuant to s. 627.062(9)(c), Florida Statutes, requires that an insurer submit a complete filing, at the time of submission, with all material information needed for the Office’s review. To facilitate the filing submission process, the Office has developed the I-File system for insurers to submit their filings in an electronic format to the Office. The I-File system includes instructions about what insurers must submit with their filings in order for the filing to be considered complete. Many filings are submitted to the Office that do not contain the information required by the I-File system or that violate Florida Statutes or the Florida Administrative Code. For example, insurers have submitted filings that use catastrophe models that have not been accepted by the Florida Commission on Hurricane Loss Projection Methodology, in violation of s. 627.062(2)(b)11., Florida Statutes, or have modified the results of the catastrophe models in violation of s. 627.0628(3)(d), Florida Statutes. Depending on the information that needs to be provided and the amount of changes necessary, it may take a significant amount of time for an insurer to submit all of the information necessary in order for the filing to be a complete filing that complies with all applicable statutes and rules. This will increase the length of time that it takes an insurer, from the time of the initial filing submission, to get a filing approved.

In addition to the certification requirements, and pursuant to the standards specified in s. 627.062, Florida Statutes, the Office reviews rate filings to determine if the proposed rate is excessive, inadequate, or unfairly discriminatory. Of the one hundred twenty-eight (128) personal lines residential property rate filings\* listed in this report:

- Fifty-six (56) filings were approved at the proposed overall statewide rate level submitted by the insurer,
- Forty-one (41) filings were approved at a different overall statewide rate level from that proposed by the insurer and were revised to comply with the standards of s. 627.062, Florida Statutes,
- Two (2) filings were disapproved due to the failure of the insurer to provide the appropriate certification,
- Seventeen (17) filings were withdrawn at the insurer's request, and
- Twelve (12) were still open as of August 20, 2014.

It should be noted that the number of submitted filings has decreased since the last fiscal year due in large part to the large number of pre-filing conferences and reviews that the Office has conducted. The purpose of the pre-filing reviews and conferences was to facilitate a quicker filing process for the insurer and to alleviate the need for an insurer to have to withdraw, and then resubmit, their filing due to lack of necessary information having been submitted with the initial filing. This can be observed when comparing the difference between the number of filings that were approved (119 filings in the last fiscal year and 97 filings this fiscal year) and the number of filings withdrawn (26 filings in the last fiscal year and 17 filings this fiscal year).

The report includes the following fields:

- Column (1) File Log Number – The Office filing number for the filing.
- Column (2) Initial File Log Number - If a rate filing was withdrawn, disapproved or sent back as incomplete and was resubmitted by the insurer, this is the initial rate filing number associated with the resubmission. Rule 69O-170.013(3)(a)2.c., F.A.C., requires an insurer to provide the previous filing log number if the filing is a resubmission. However, some insurers fail to comply with this requirement and it may not be evident from the filing that it is a resubmission. This column has been completed to the extent possible.
- Column (3) Company Name - The name of the insurer submitting the filing. Multiple insurers may be associated with one filing.
- Column (4) Overall Rate Change Requested by Company - This percentage represents the weighted average statewide rate change proposed by the insurer/insurer group. It is a weighted average of all the programs and policy types included in the filing based on the insurer/insurer group's book of business. It considers the rate level effect of changes in rates as well as changes in coverage that have a rate level effect.

- Column (5) Final Overall Rate Change - If a filing was approved, this percentage represents the weighted average of all the programs and policy types included in the filing based on the insurer/insurer group's book of business. If the filing was not approved, this percentage is 0.
- Column (6) Date Received at OIR - The date the filing was submitted to the Office. Due to system changes on 5/23/12, all filings submitted at or after 5 pm are counted as received the next business day.
- Column (7) Final Pages OR Notice of Intent to Disapprove Date - This is the date the filing was placed in the "Approved Final Pages" status or the date that the Notice of Intent to Disapprove was sent to the insurer/insurer group. "Approved Final Pages" status means that the insurer/insurer group and the Office have reached an agreement on the rates to be approved. In some cases, revised manual pages and a revised Rate Collection System submission must still be submitted by the insurer/insurer group that is consistent with the rates to be approved. This date is when the review of the filing has been completed by the Office.
- Column (8) Final Disposition Date – This is the date that a final official action (i.e. Approval, Disapproval, Withdrawal, Incomplete) is taken on the filing.
- Column (9) Final Disposition – This is the final disposition of the filing (i.e. whether the submitted filing was approved at the proposed overall statewide rate level, approved at a different overall statewide rate level, disapproved in its entirety, or found to be incomplete or withdrawn).
- Column (10) Number of Days Filing Was Under Review - The number of days from the date the filing was received by the Office to the earliest of either: the date the filing was placed in "Approved Final Pages" status, a Notice of Intent to Disapprove was sent to the insurer/insurer group or a final disposition occurred for the filing.
- Column (11) Number of Days Filing Was Open - The number of days from the date the filing was received by the Office to the final disposition (approval, disapproval, etc.) of the rate filing.
- Column (12) Number of Days from "Original Submission" to Final Disposition – The number of days that it took from the time that an insurer originally submitted a filing to the date of final disposition. This number will be inflated because it includes the time between filing submissions, which is not under the control of the Office. The "date of original submission" is the earlier of the date shown in Column (6) or the received date for the filing listed in Column (2).
- Column (13) Reason for Denial of Rate - If the rate was denied (by a disapproval of the filing, a filing being sent back as incomplete, or a rate being approved at a different statewide rate level than what was filed), this is the specific basis for the denial.
- Column (14) Reviewing Actuary - The name of the Office actuary responsible for reviewing the filing.

For the filings listed in this report:

- The average length of time that a filing was under review by the Office (as determined by the number of days shown in Column (10)) was sixty-eight (68) days.
- The average length of time that a filing was actually open (from date received to the date of final disposition) was eighty-two (82) days.
- Ninety-three (93) filings, or 96% of all of the approved filings, were approved on the first submission.
- The average length of time from the date that the filing was originally submitted and approval was ninety-one (91) days. This was determined by averaging the number of days shown in Column (12) for all approved filings. This number is inflated because it includes the times between filing submissions. If only the length of time that the filing was actually being reviewed by the Office were measured, the length of time for review of an approved filing is significantly less (seventy (70) days). [Click here to see attached Report.](#)