

# Cabinet Presentation

## State of the Florida Homeowners' Insurance Market

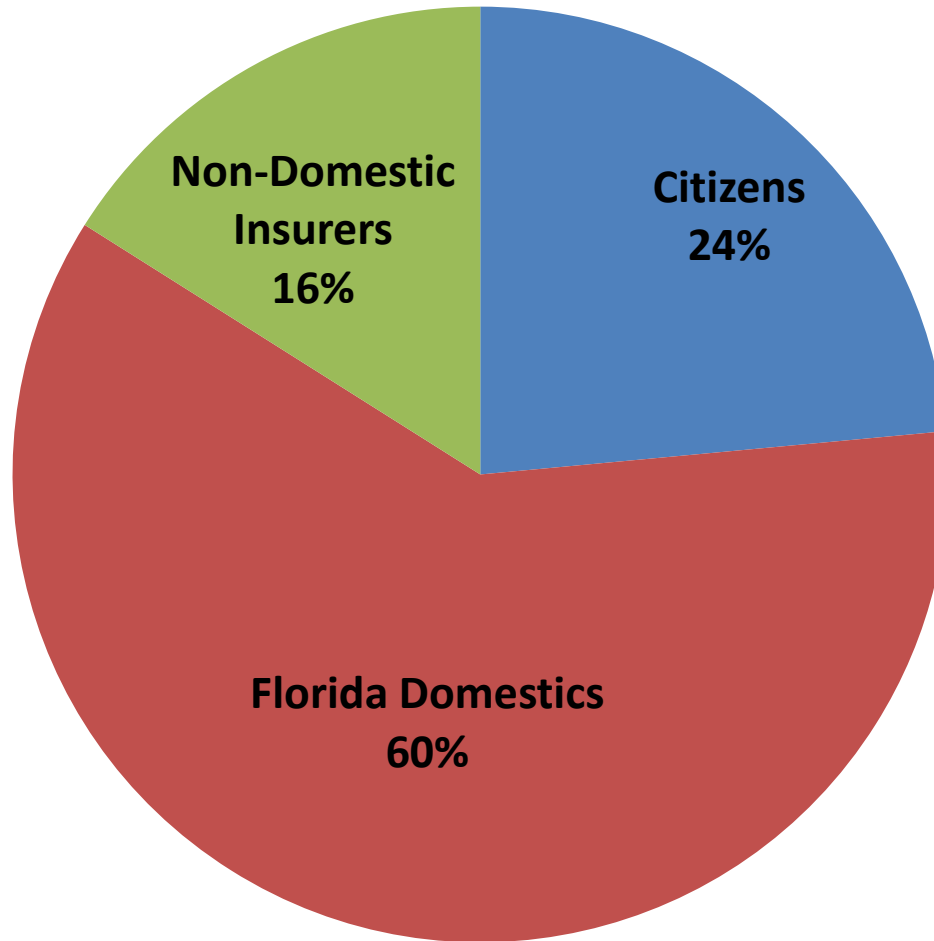
June 26, 2012

# Overview of Florida Homeowners' Insurance Marketplace

- **Financial Profitability is Improving**
- **Reinsurance Markets have Record Capacity**
- **Florida Insurers Well-Positioned for Storm Season**



# Composition of Marketplace Policies in Force – Personal Residential



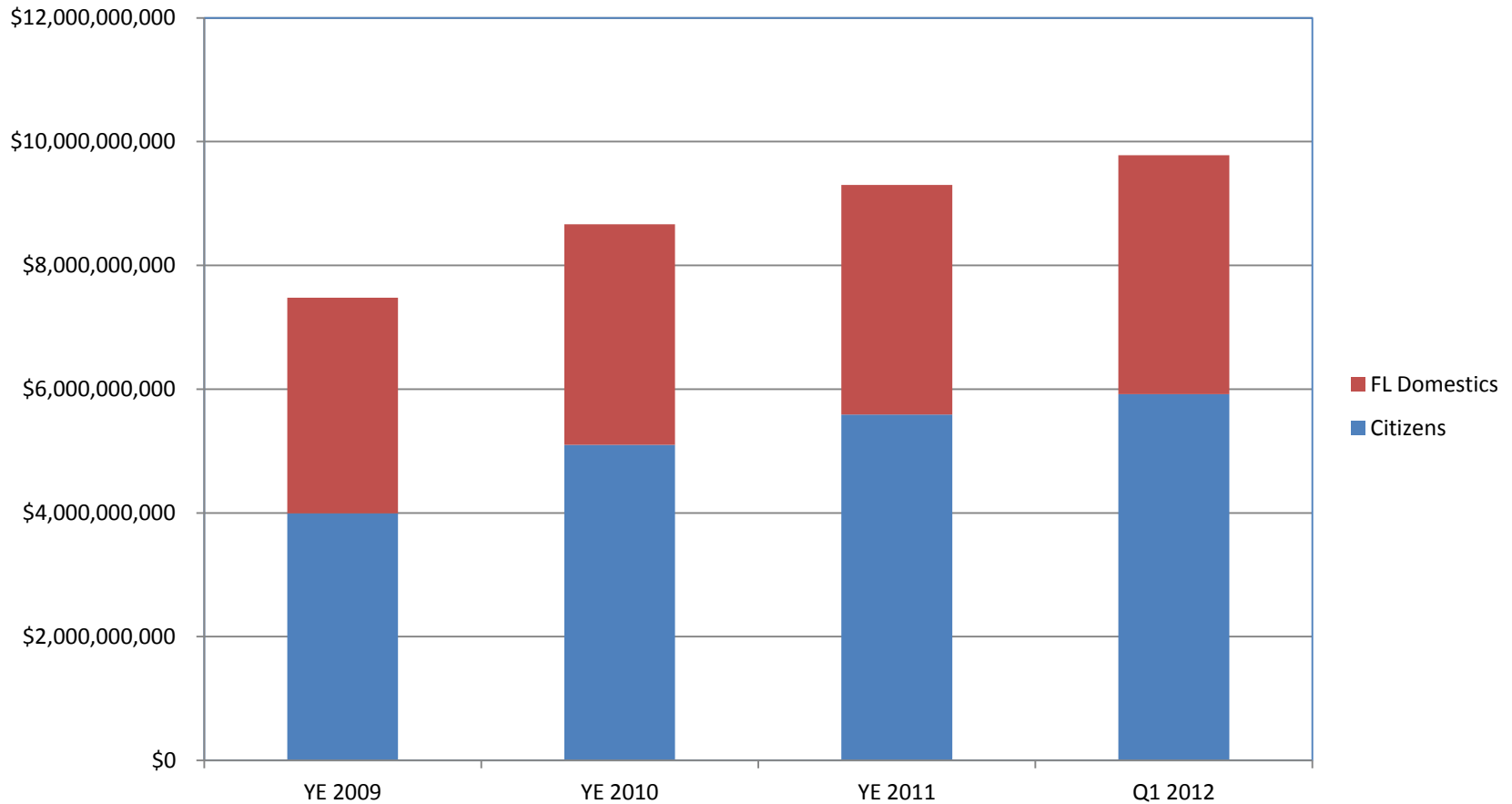
Source: Quarterly Supplemental Report 2011 Year-End Data



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# Financial Performance

## Surplus – Florida Domestic Homeowners Insurers & Citizens



Source: NAIC Annual & Quarterly Financial Statements



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# Financial Performance

## Income of Florida Domestic Homeowners Insurers

	Q1 2011	Q1 2012	% Chg
Net Premiums Earned	\$1,130,526,904	\$1,192,562,521	5.5%
Net Losses Incurred	\$602,115,787	\$567,030,413	- 5.8%
Net Loss Adjustment Expenses	\$120,748,456	\$121,605,955	0.7%
Other U/W Expenses	\$398,122,536	\$463,954,167	16.5%
U/W Gain	\$9,531,319	\$39,442,831	313.8%
Net Income	\$56,039,679	\$78,665,768	40.4%

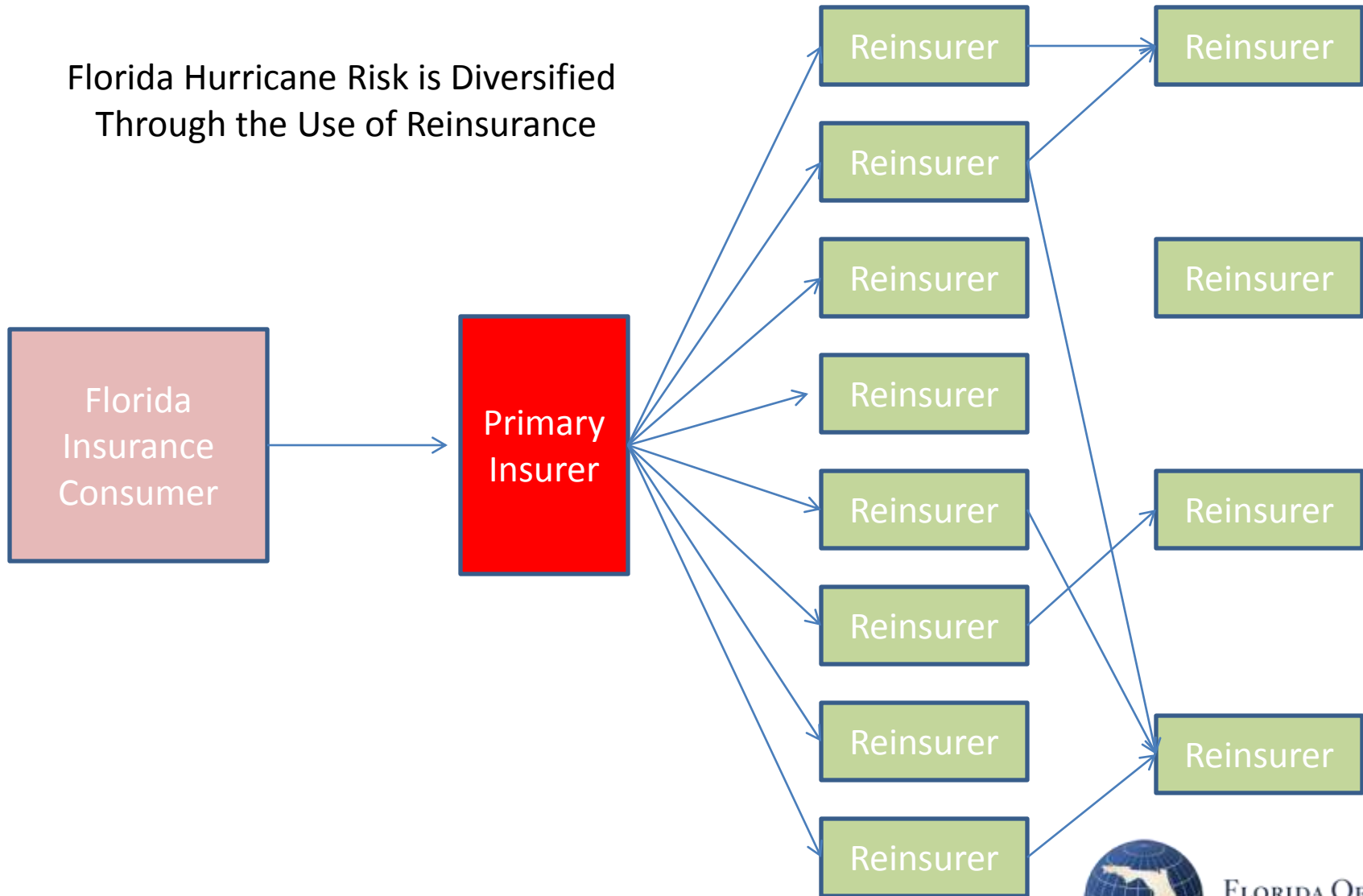
Source: March 31, 2012 - NAIC Quarterly Financial Statement



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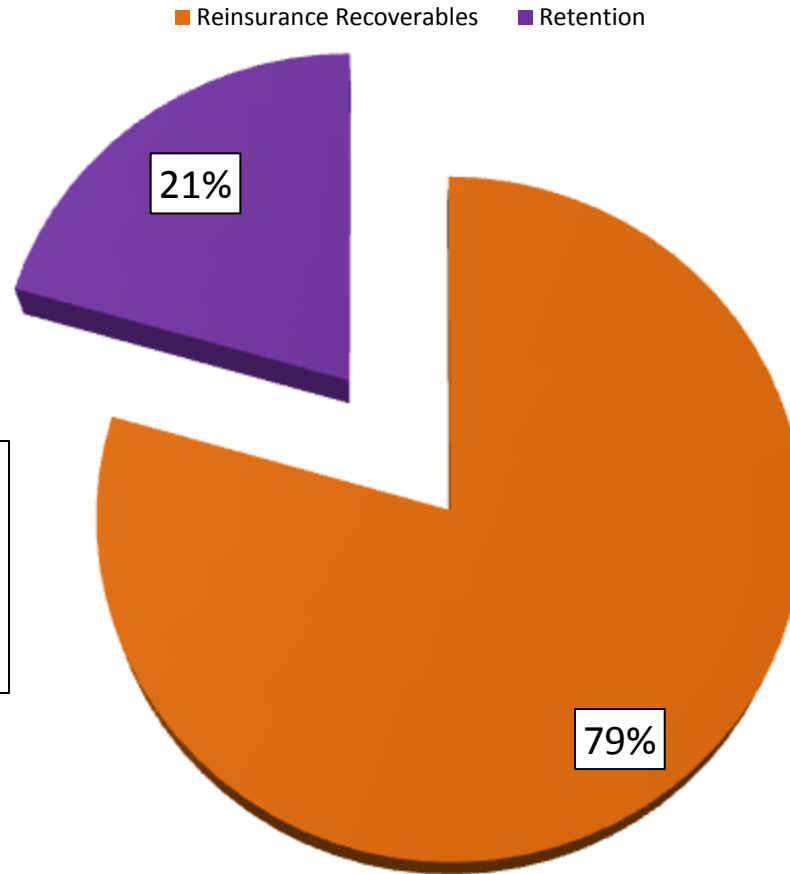
# Overview of the Reinsurance Marketplace

Florida Hurricane Risk is Diversified Through the Use of Reinsurance



# Overview of the Reinsurance Marketplace

## 1-in-100 Year Scenario



In 2005, Reinsurers Paid \$59 Billion of the nearly \$98 Billion in insurable losses (Source RAA)

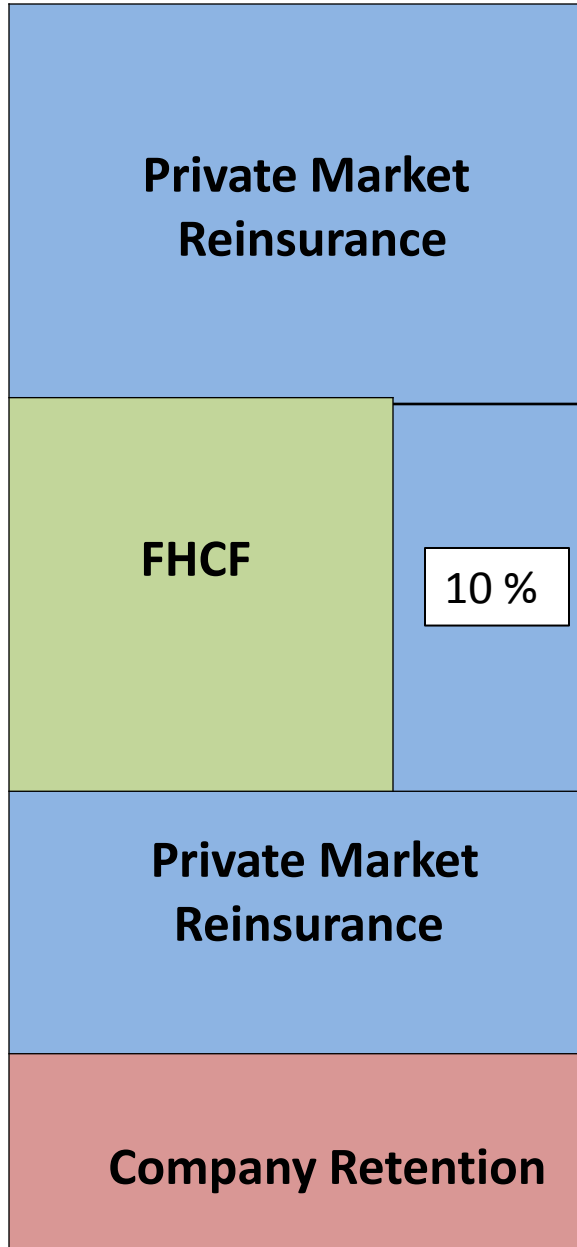
Source: 2012 OIR Reinsurance Data Call



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# Overview of Reinsurance Marketplace

## Reinsurance Protects Surplus





# Expansion of Global Capital Available For Florida Catastrophe Risk

- Capacity is available
  - As many as 12 Bermuda reinsurers are interested in increasing Florida capacity
  - As many as 8 London reinsurers looking to increase capacity, 18 to maintain current capacity
- In addition to the traditional capacity available in the reinsurance markets, an additional \$2.58 billion in alternative collateralized market capacity is available to the Florida market in 2012

Source: Towers Watson



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# Overview of the Reinsurance Marketplace

## Large Storm Preparedness

The Office examined over 95% of the private homeowners marketplace through our annual reinsurance data call, which takes place over three parts:

**Part 1 – Preliminary Reinsurance Data Call**

**Part 2 – Final Reinsurance Data Call**

**Part 3 – Summary Statement Submission**

According to Preliminary Data:

- ✓ 78% -- Reinsured for at least a 1-in-100 year event\*
- ✓ 96% -- Reinsured for at least a 1-in-80 year event\*

\* Includes demand surge, and is based on accepted models

Source: OIR Reinsurance Data Call Part 1



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## Conclusion:

- **Financial Profitability is Improving**
- **Reinsurance Markets have Record Capacity**
- **Florida Insurers Well-Positioned for Storm Season**