



State of the Florida Homeowners Market: What A Long, Strange Trip

FINREP FL

October 24, 2023

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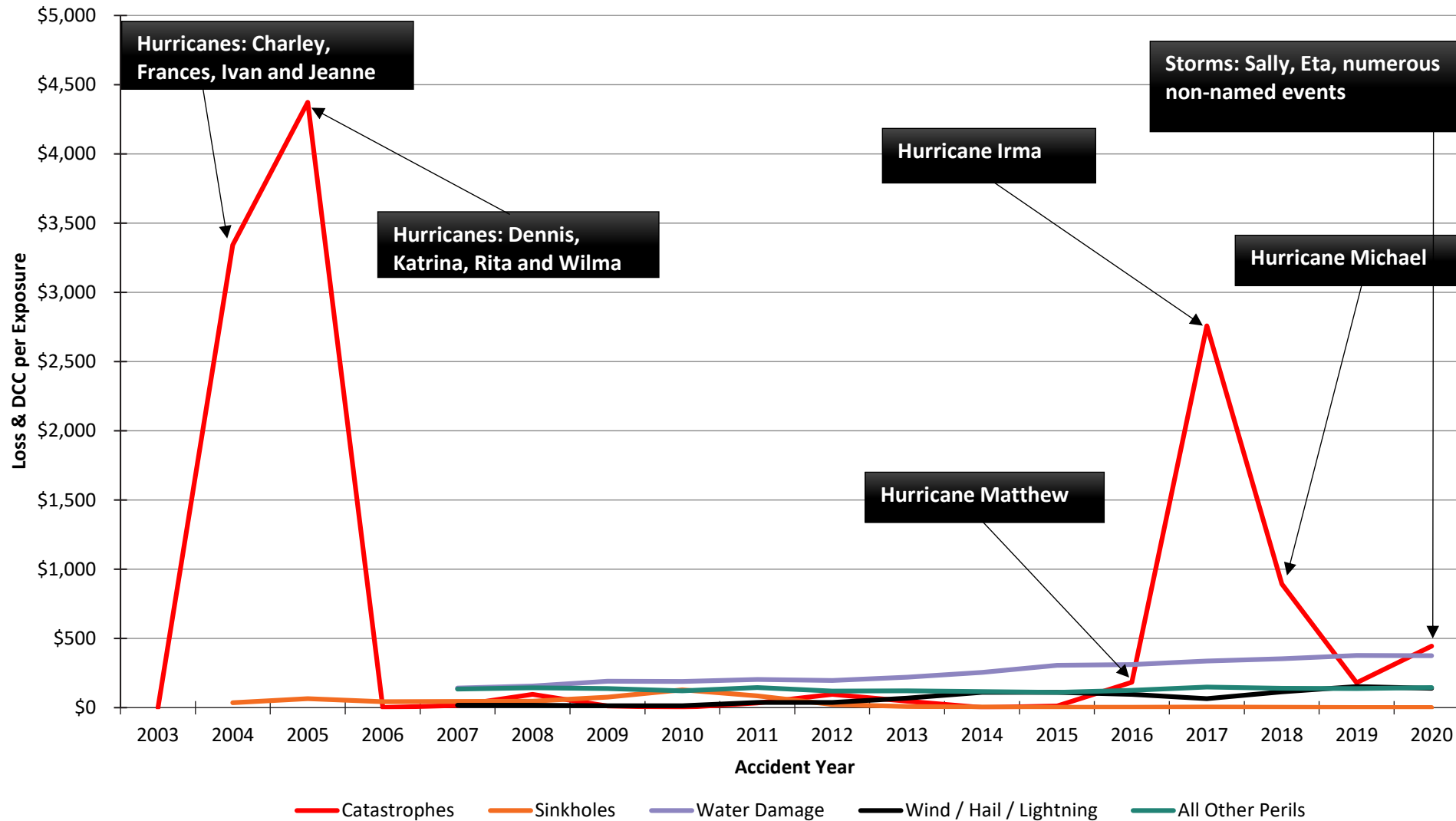
Agenda

- Fundamental Questions over Time
- Financial Results
 - Balance Sheet
 - Traditional Insurance Risks
 - Profitability
- Florida vs Other States
 - Loss Development Characteristics
 - Underwriting Performance
- Insolvencies: Impact on Other States

Fundamental Questions over Time

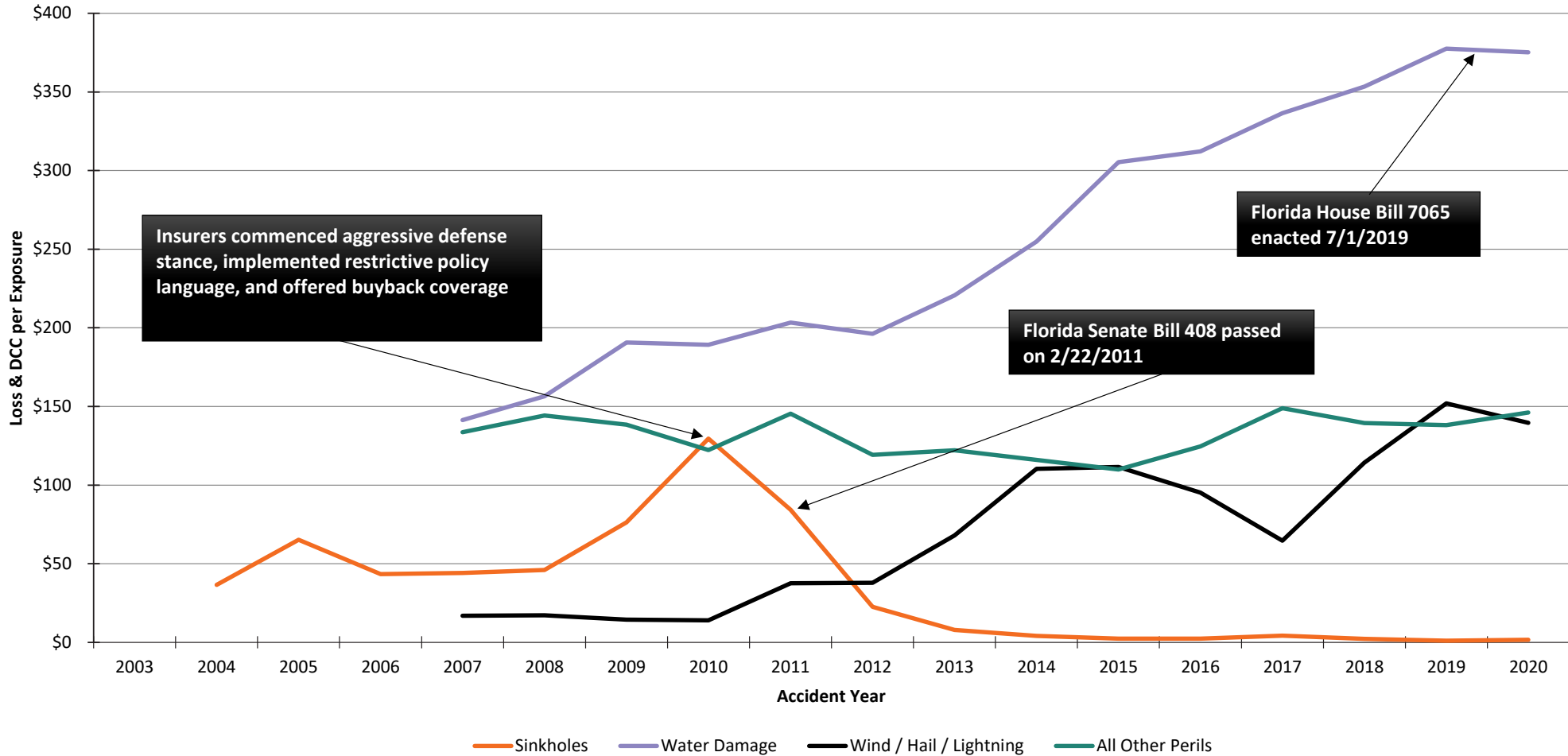


Yesterday's Question: Loss Costs...How High?



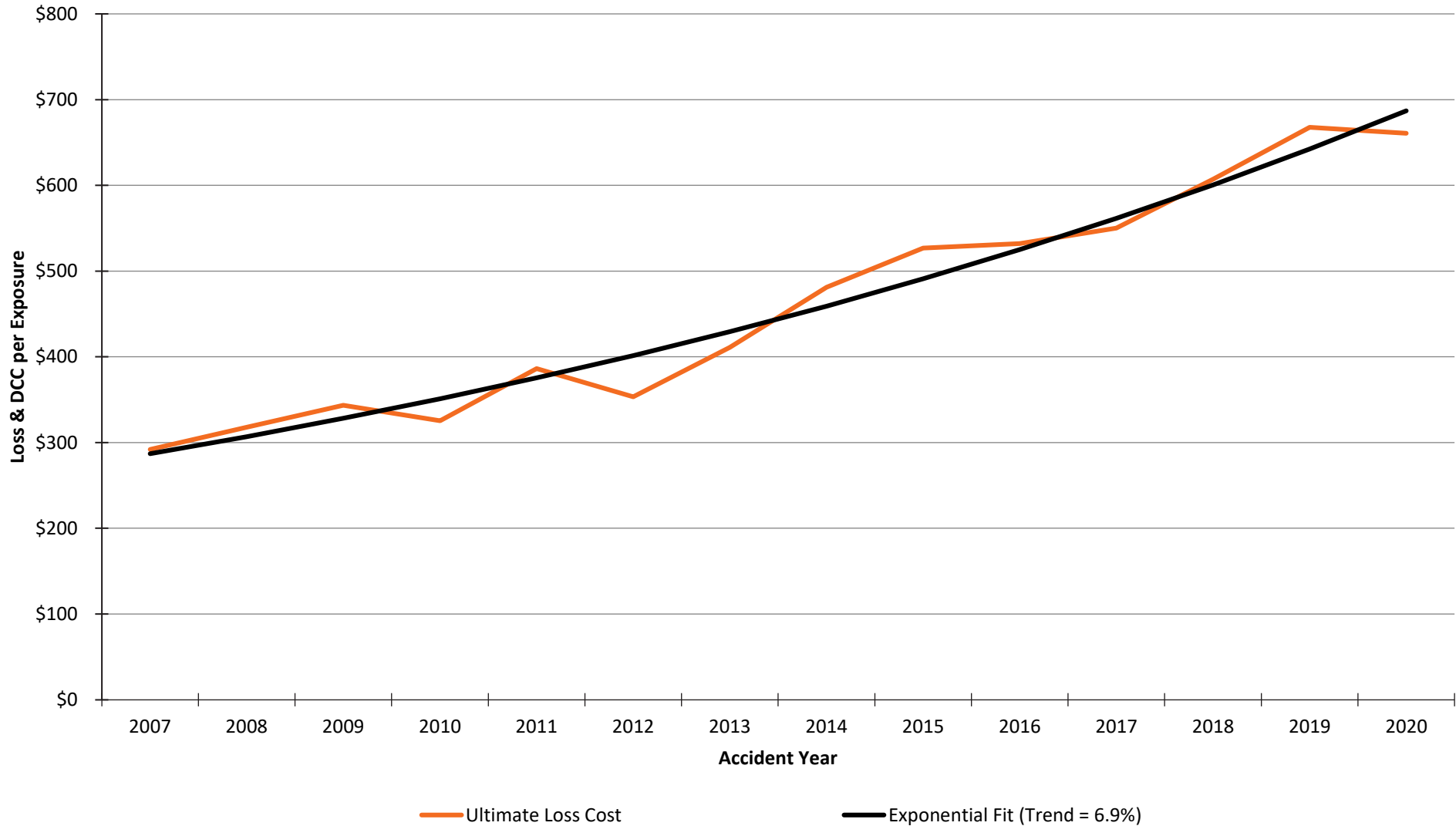
Yesterday's Question: Loss Costs...How High?

2022 Claim count distribution:
 WD = 63.0% | WHL = 18.5% |
 AOP = 18.5%

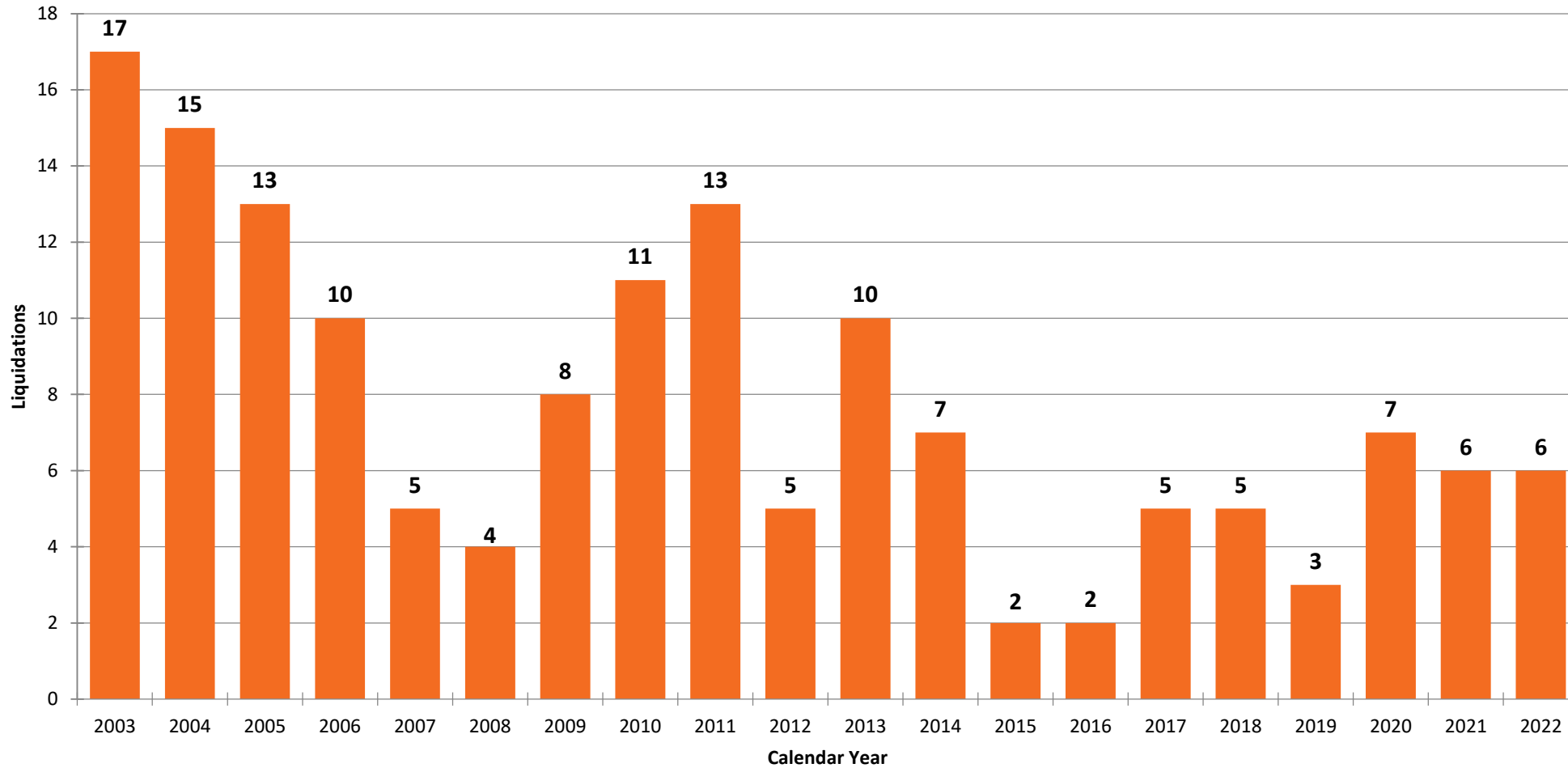


Yesterday's Question: Loss Costs...How High?

Excludes catastrophe and sinkhole historical experience



Today's Question: Insolvencies...How Many?



Source: [FIGA 2022 Annual Report](#)

Financial Results

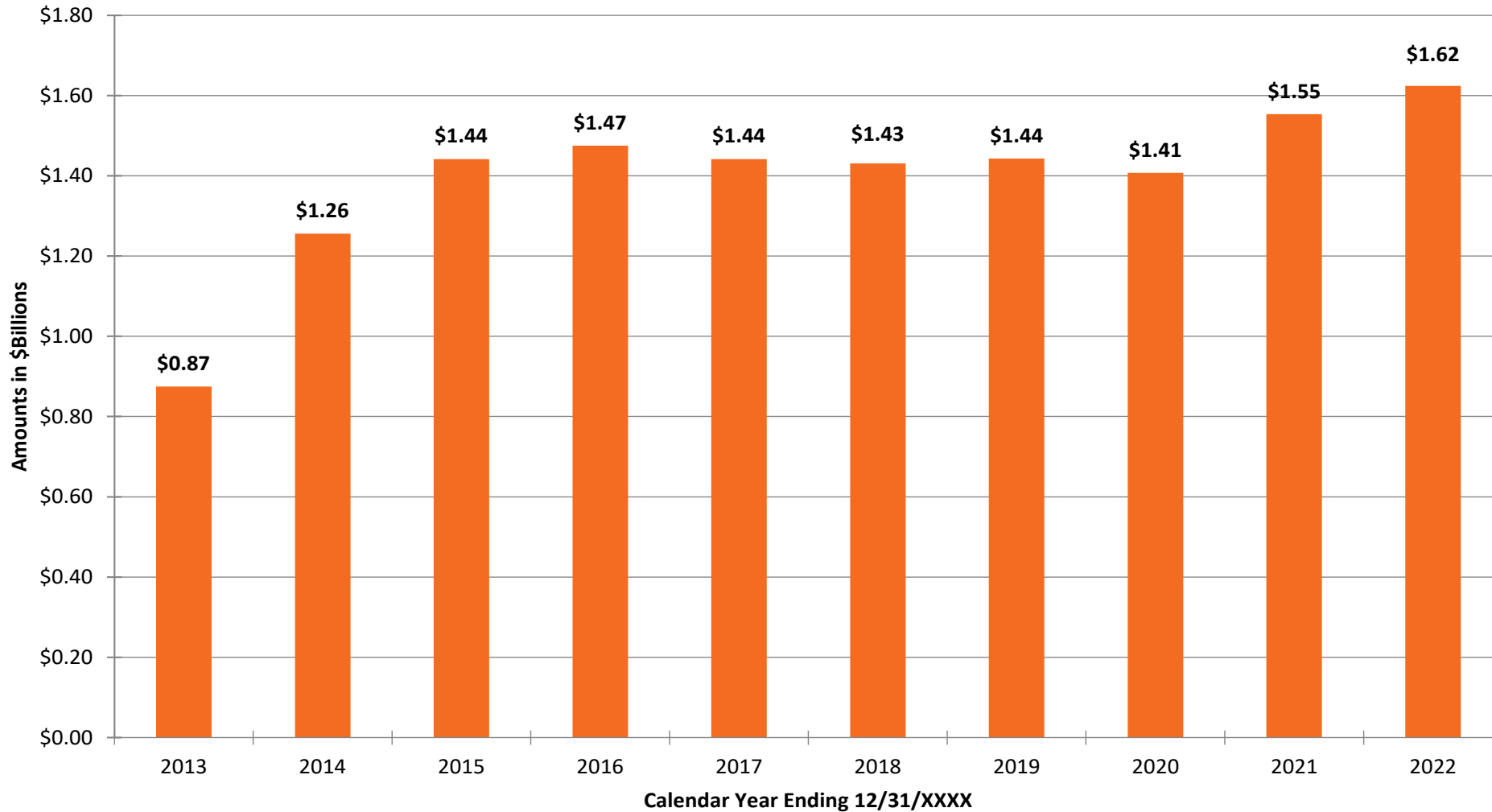


Balance Sheet

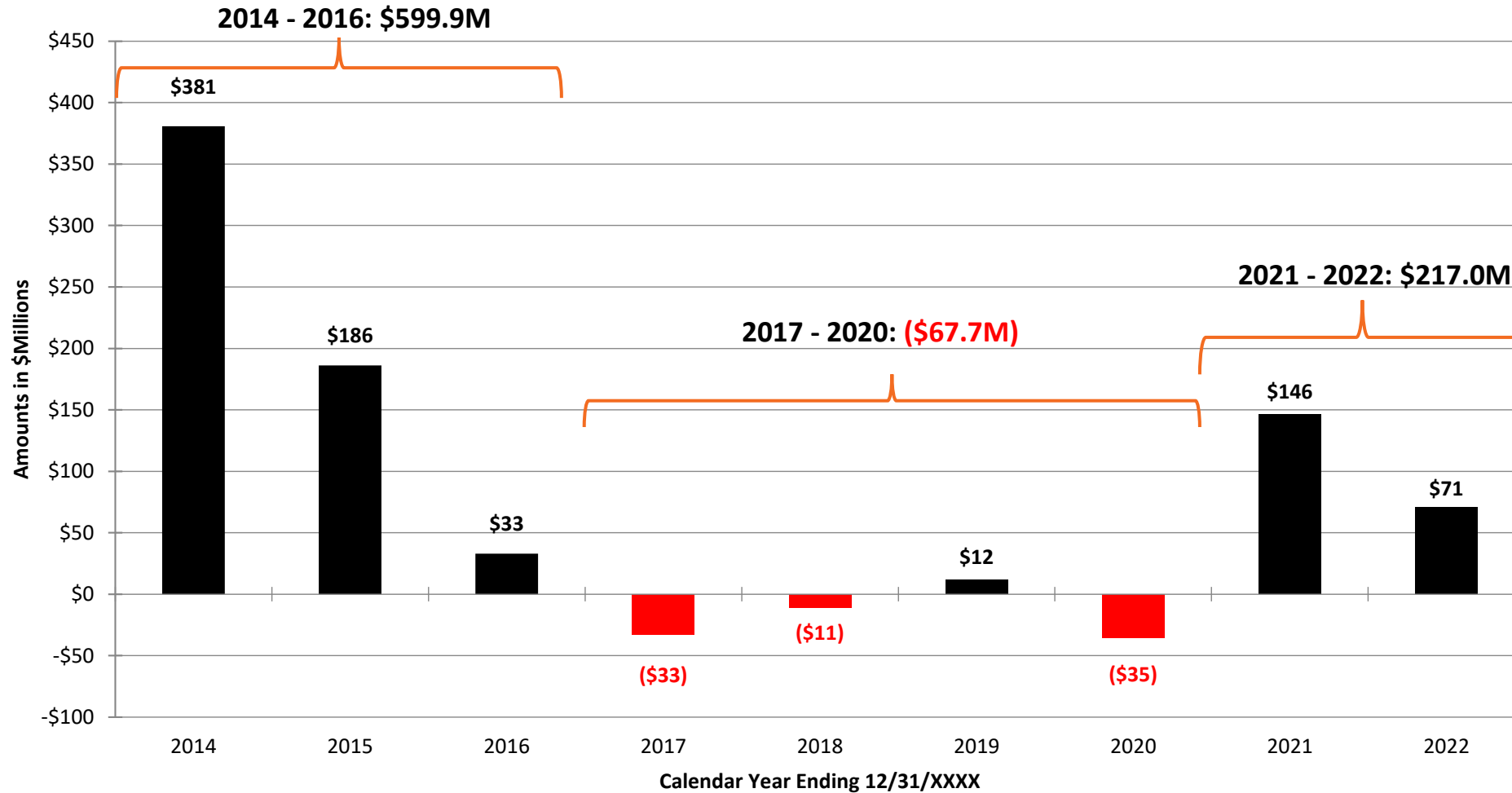
- Calendar years 2013 through 2022
- Presented for select Florida-domiciled homeowners insurance companies
 - Excludes national carriers and affiliates
 - Majority of premium associated with FL HMP annual statement line
 - Generally, more than 10 years of experience for the group
 - Filed annual statements for 2022



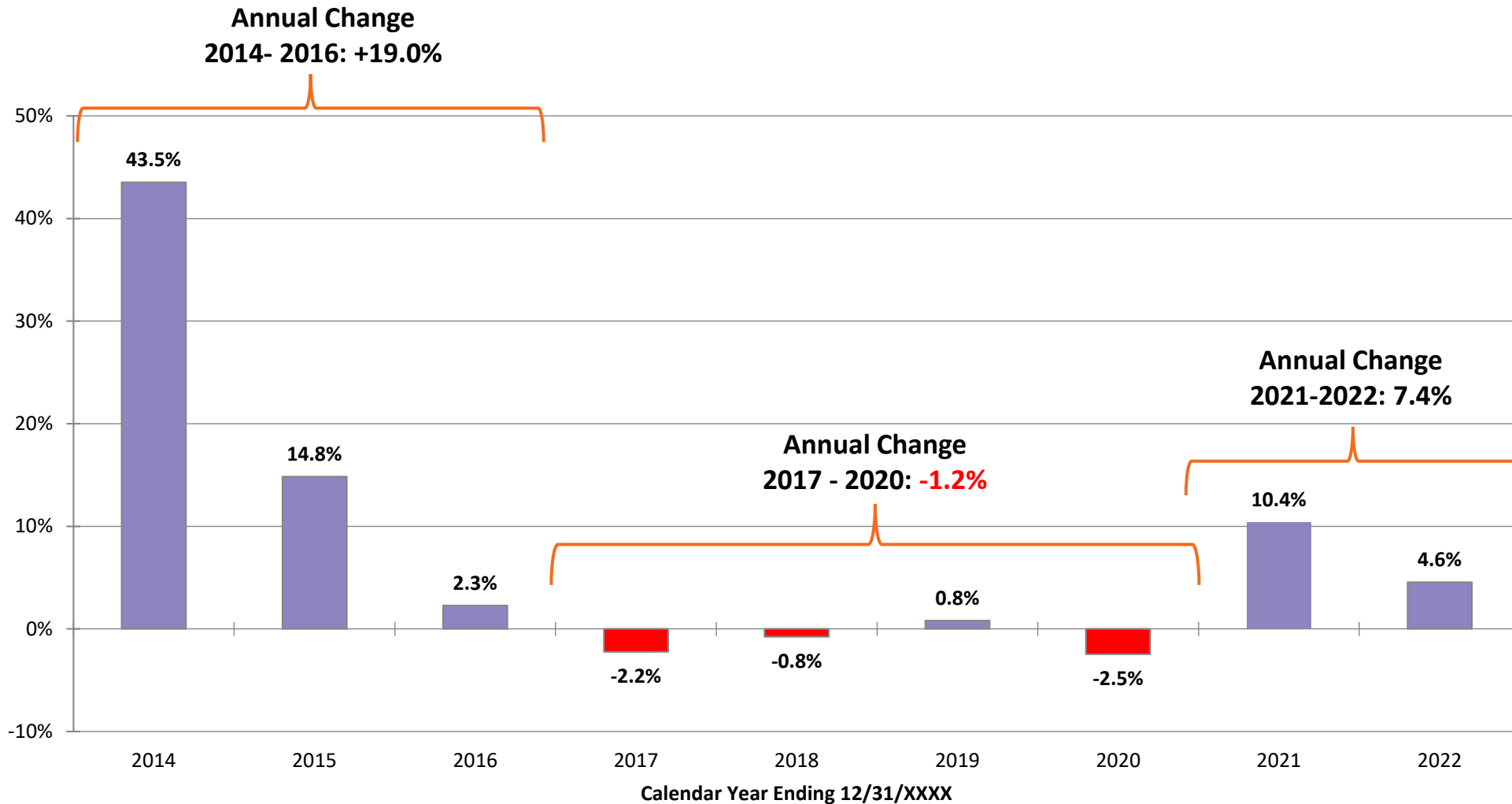
Surplus



Change in Surplus



Change in Surplus

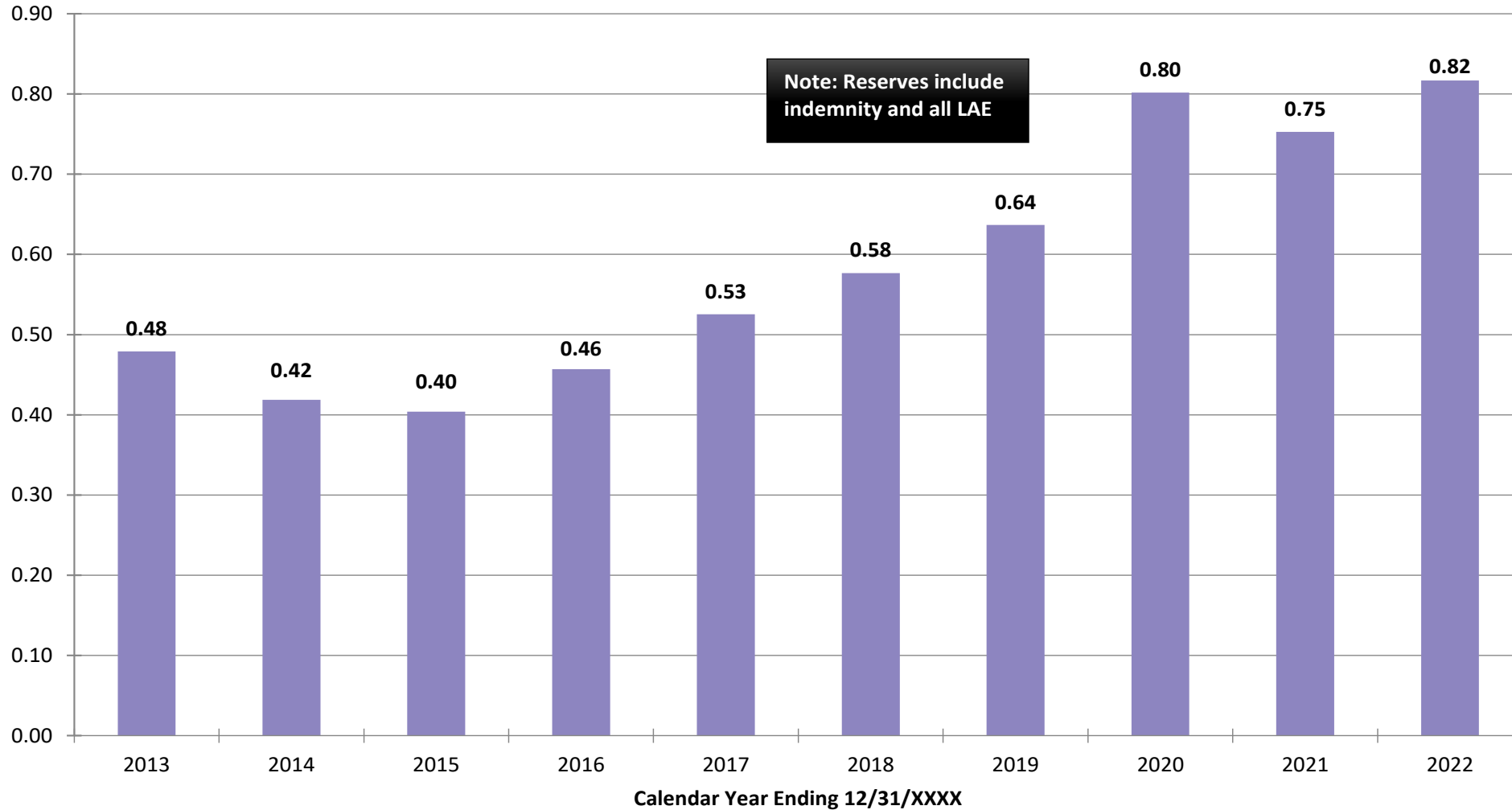


Traditional Insurance Risks

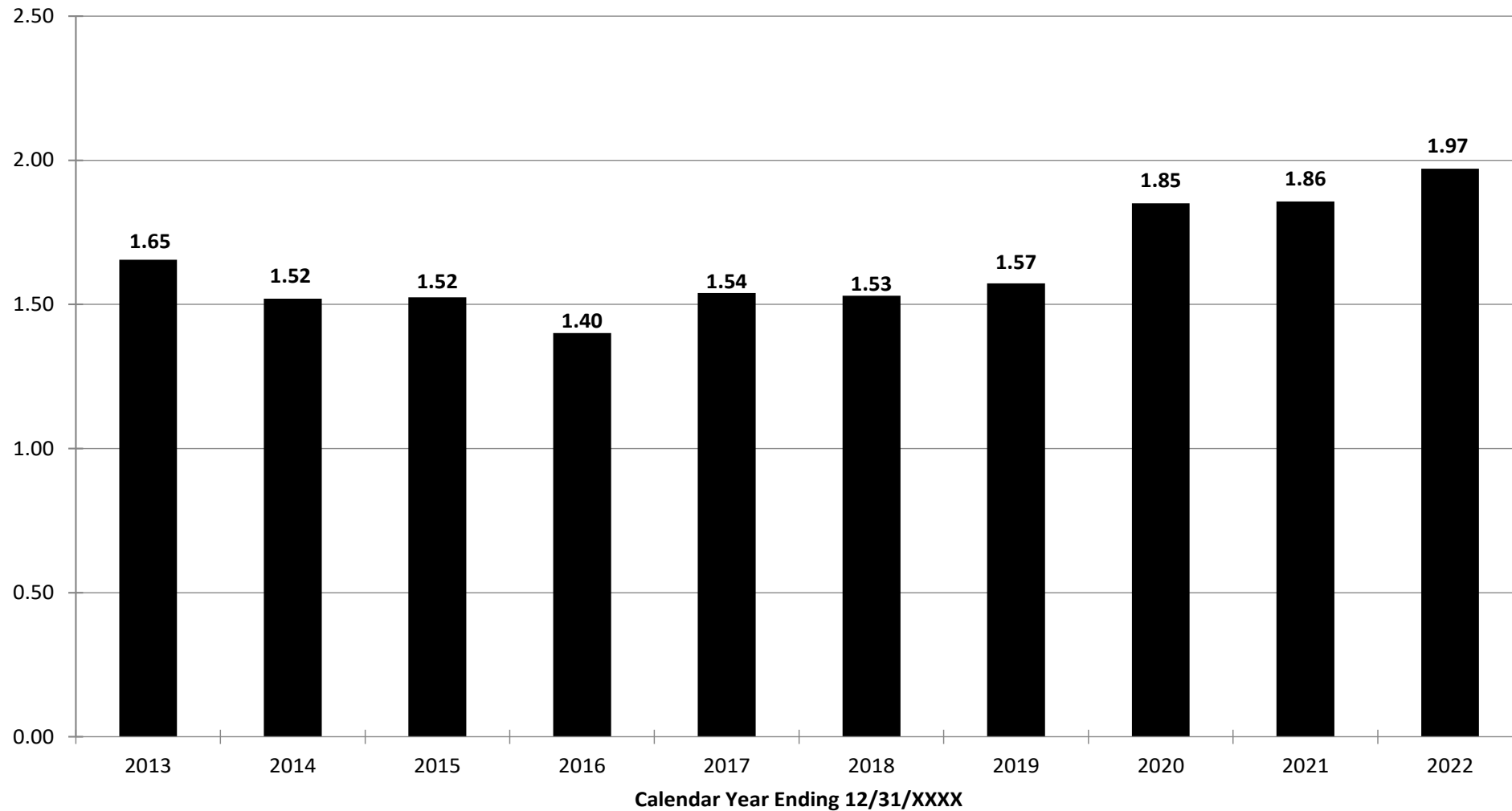
- Reserve Risk
- Pricing Risk
- Investment Risk
- Reinsurance Risk



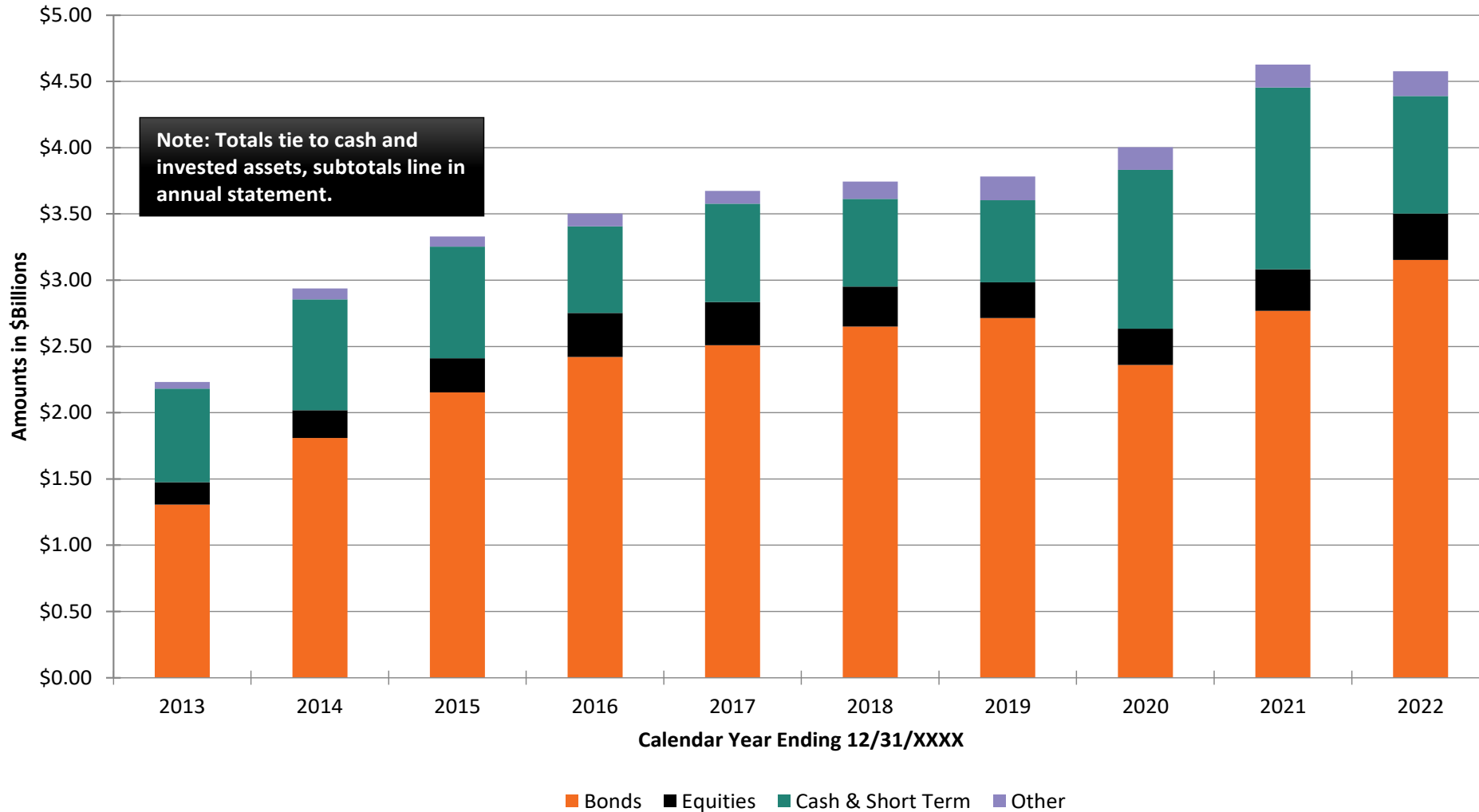
Net Reserves to Surplus



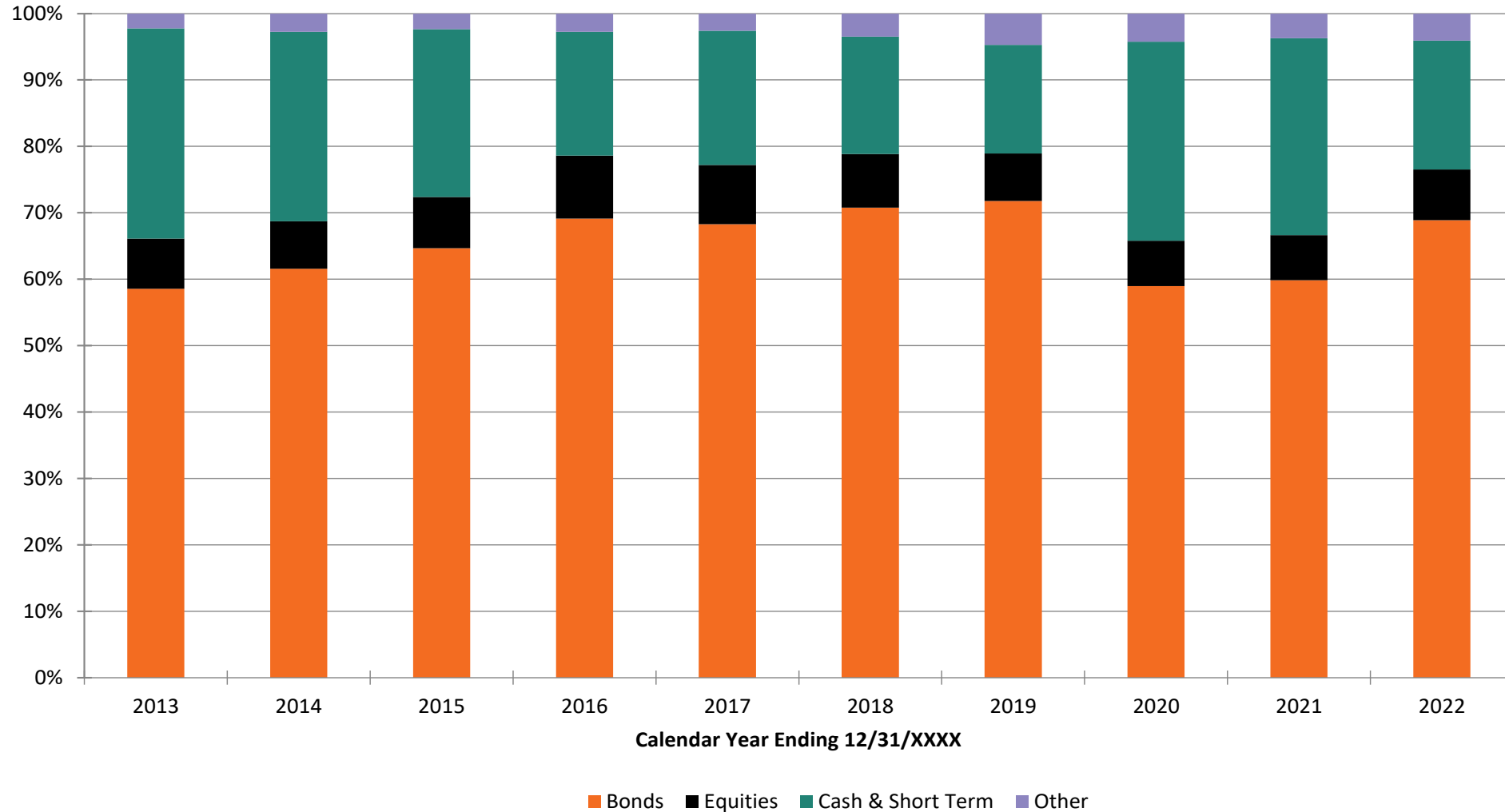
Net Written Premium to Surplus



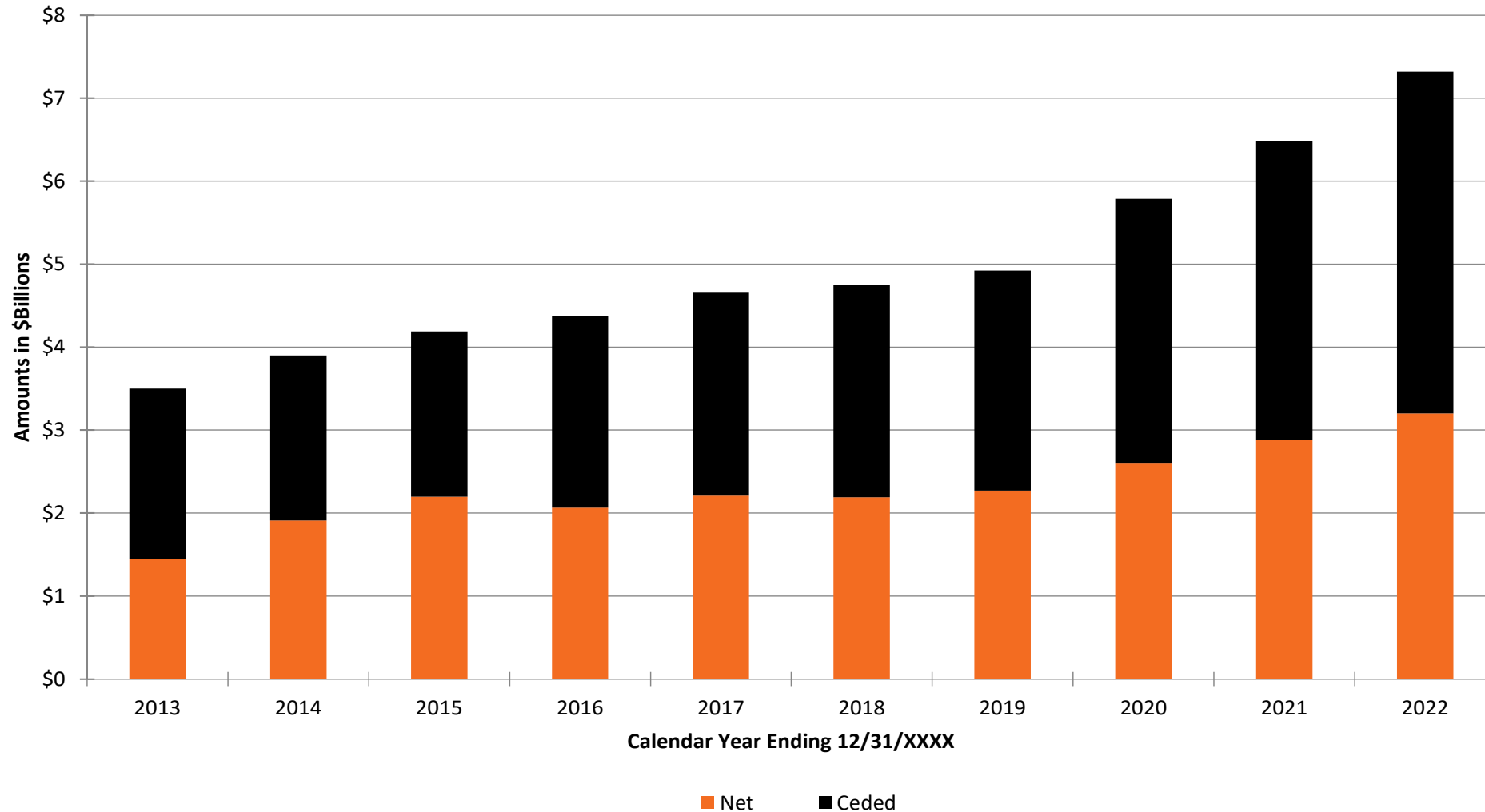
Net Admitted Assets by Class



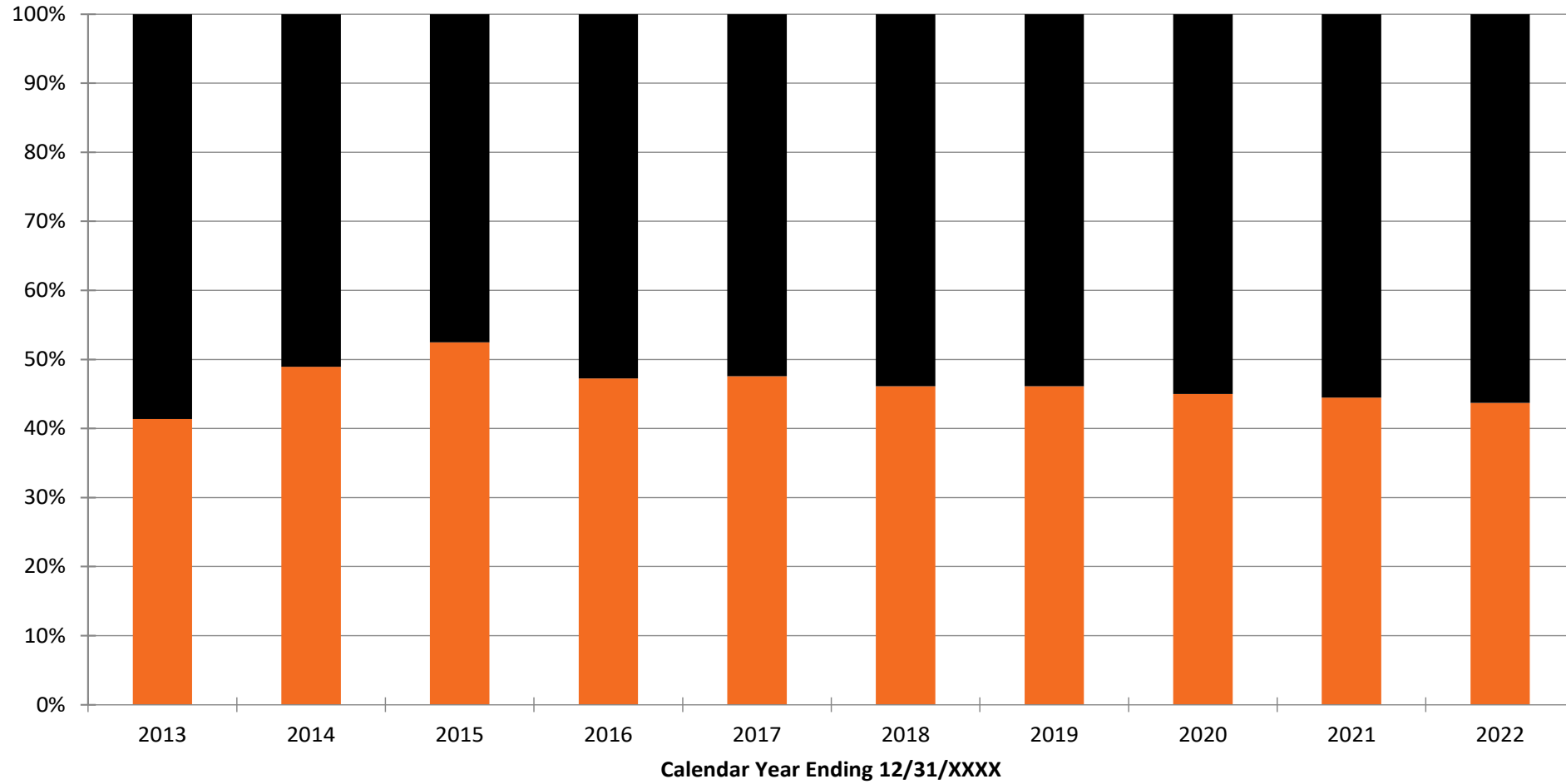
Net Admitted Assets by Class



Gross Written Premium by Component

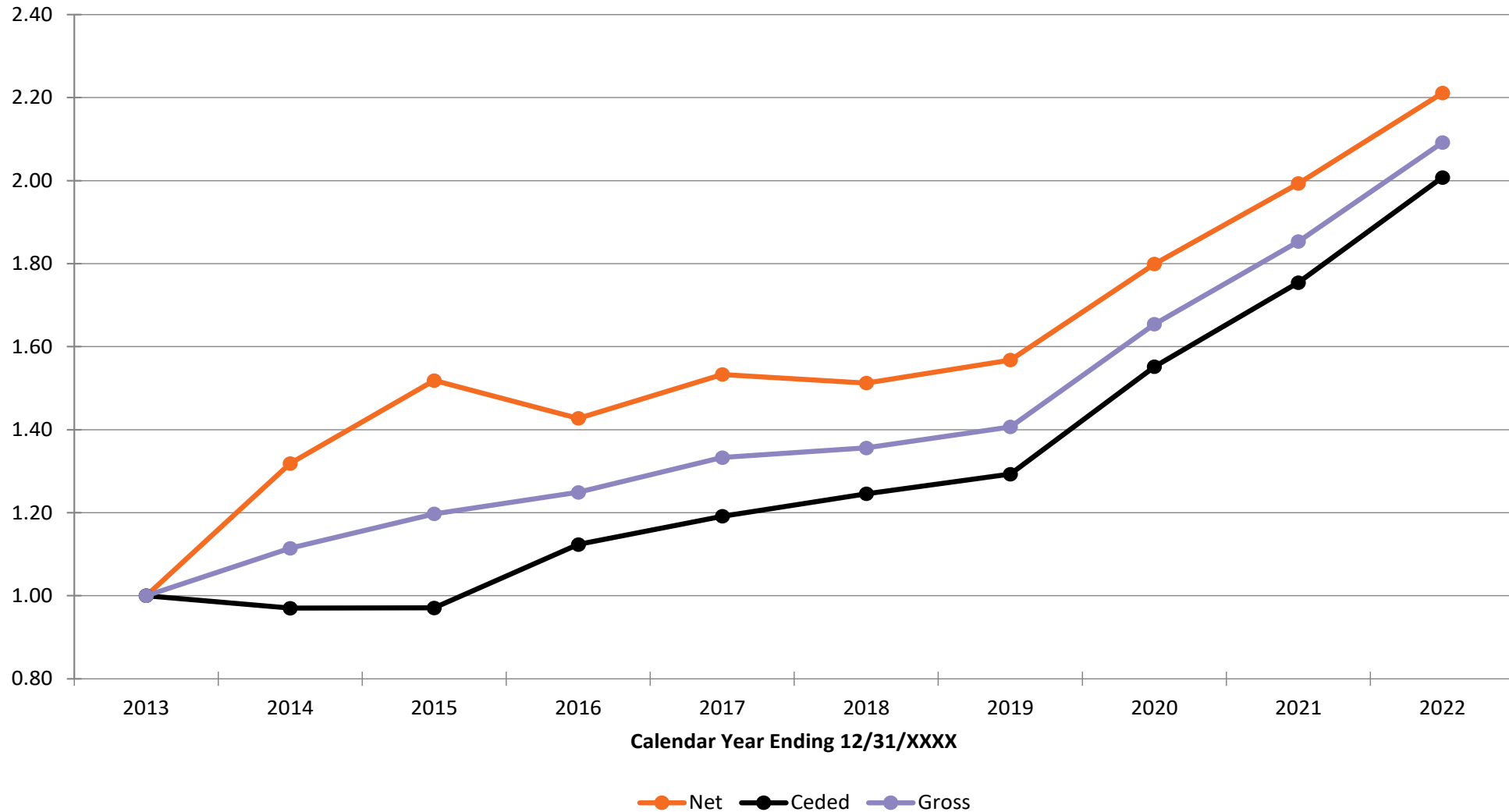


Gross Written Premium Allocation



Net Ceded

Gross Written Premium by Component: Indexed to 2013



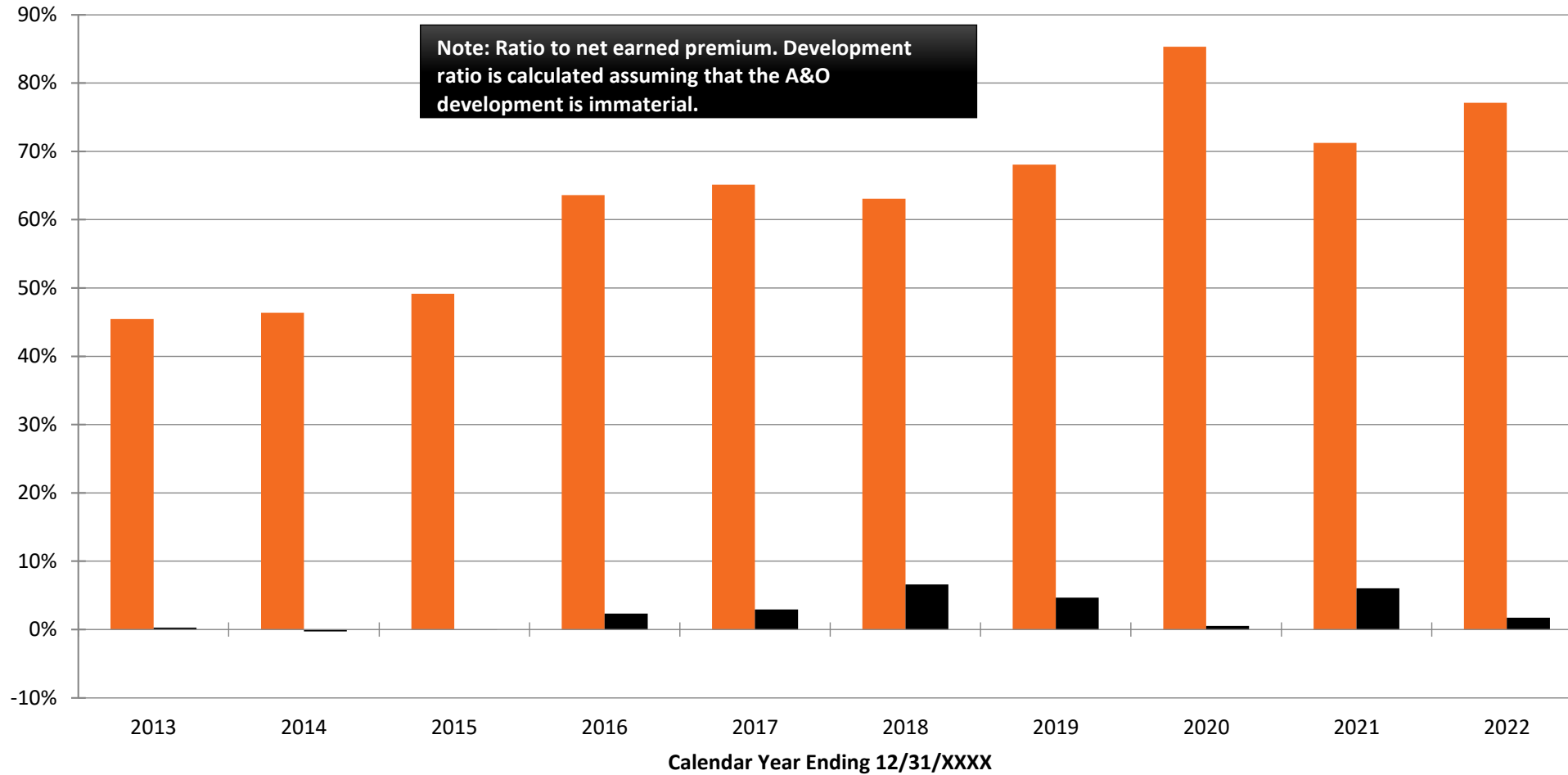
Profitability

On a calendar year basis, measured by two key ratios:

$$\text{Combined Ratio} = \frac{\text{Losses} + \text{U/W Expenses} + \text{PH Dividends}}{\text{Premium}}$$

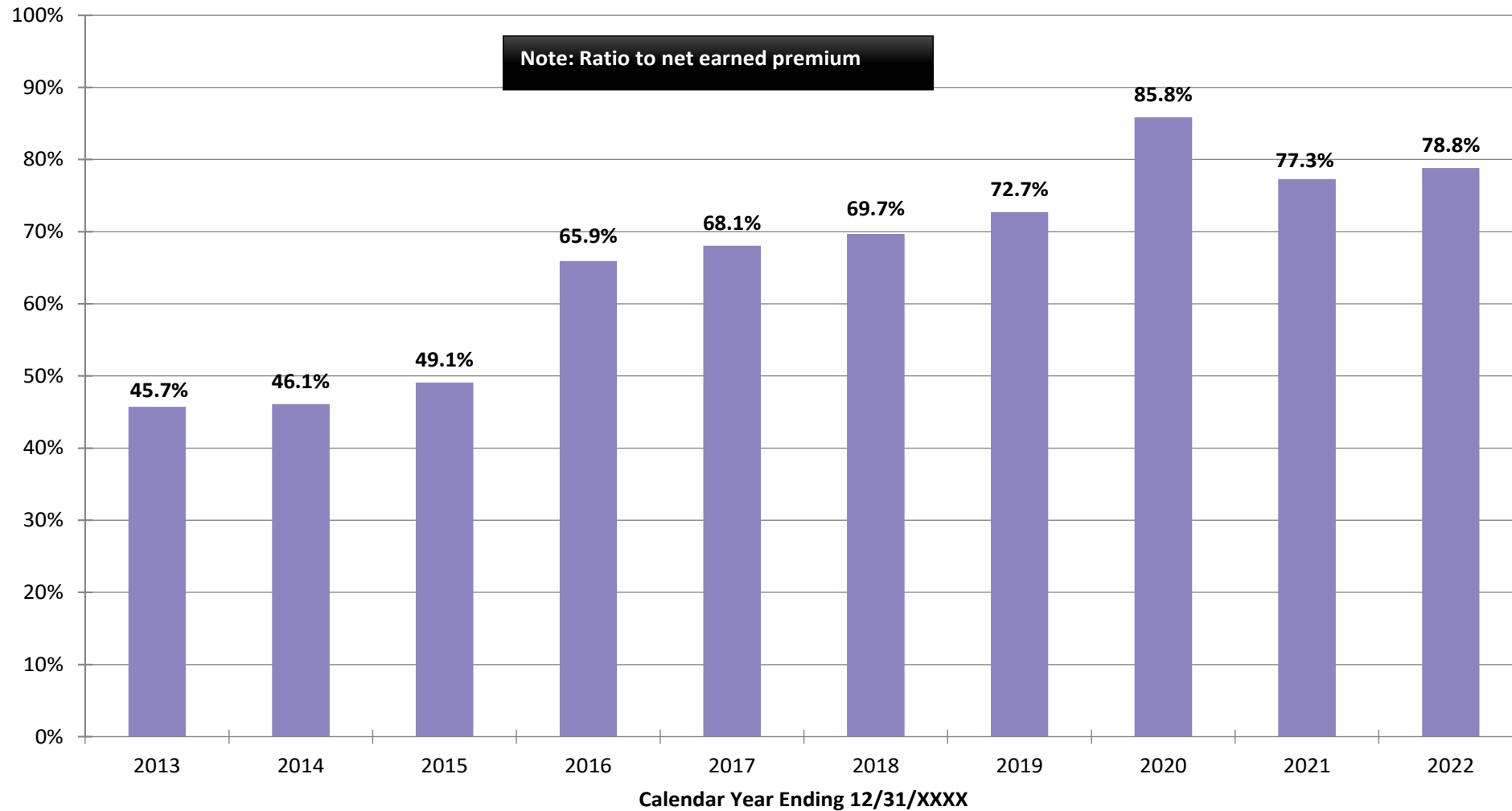
$$\text{Operating Ratio} = \frac{\text{Losses} + \text{U/W Expenses} + \text{PH Dividends} - \text{Investment Gain}}{\text{Premium}}$$

Calendar Year Net Loss & LAE Ratio

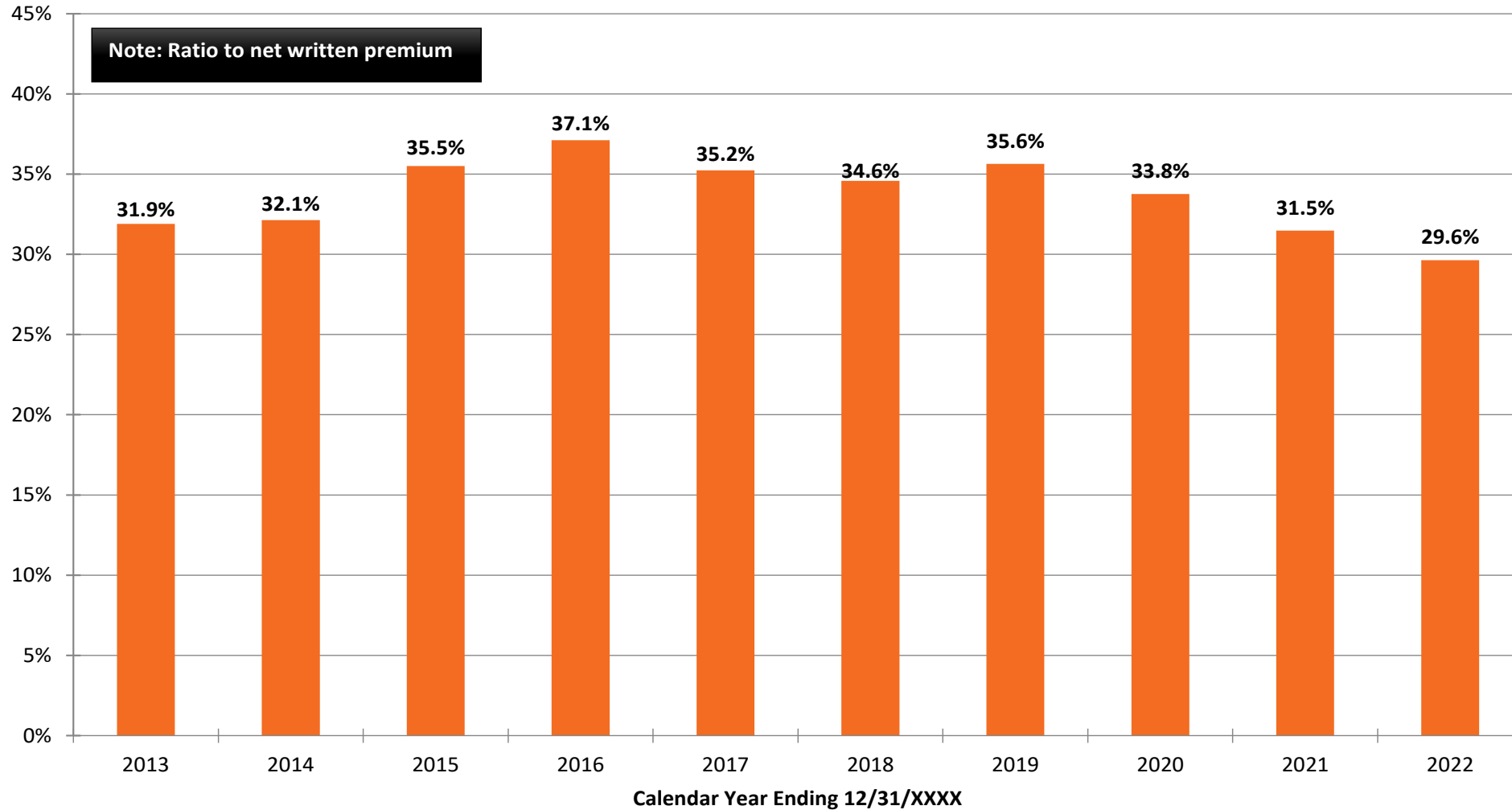


■ Initial Accident Year Ratio ■ One-Year Development Ratio

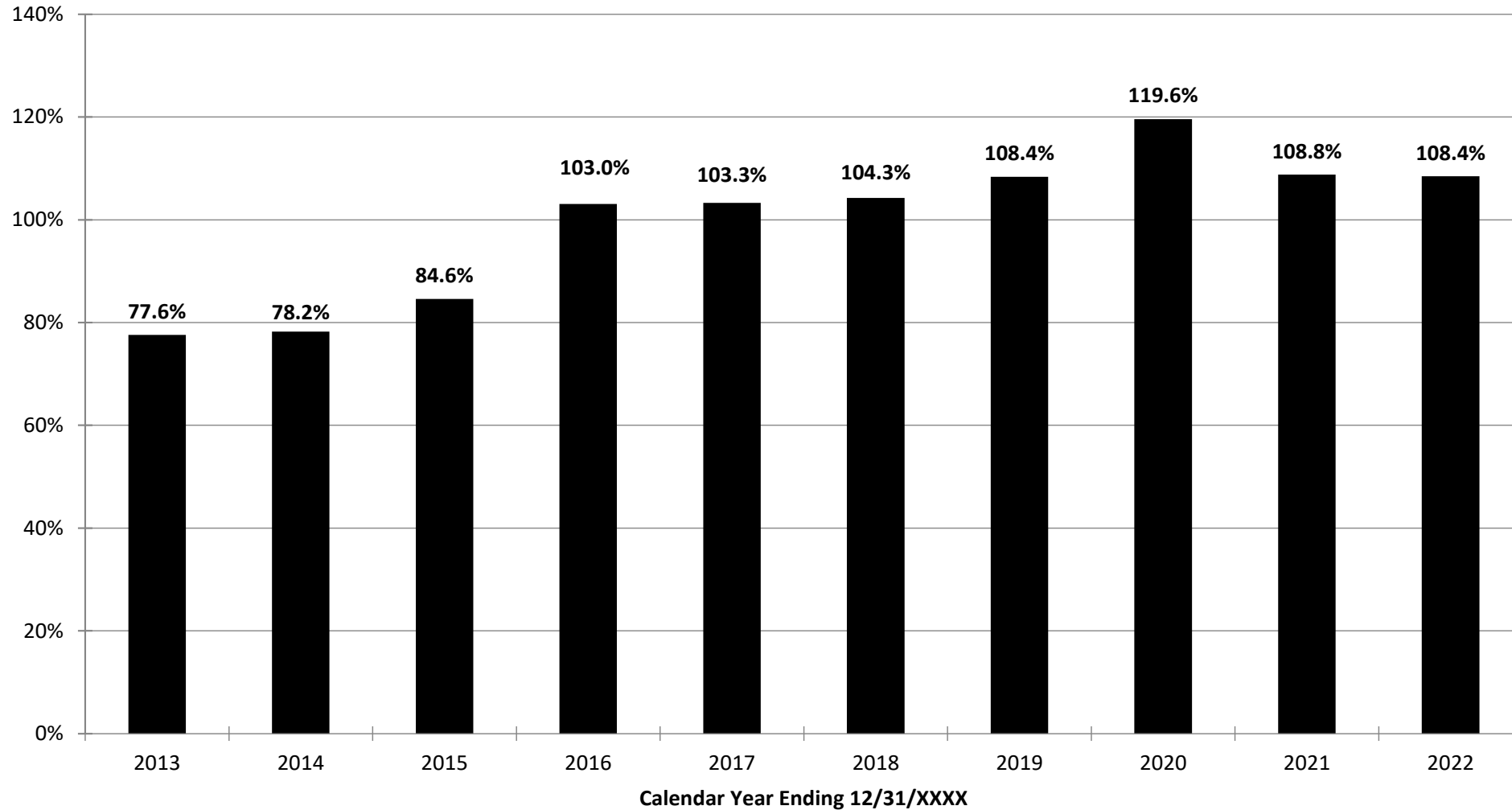
Calendar Year Net Loss & LAE Ratio



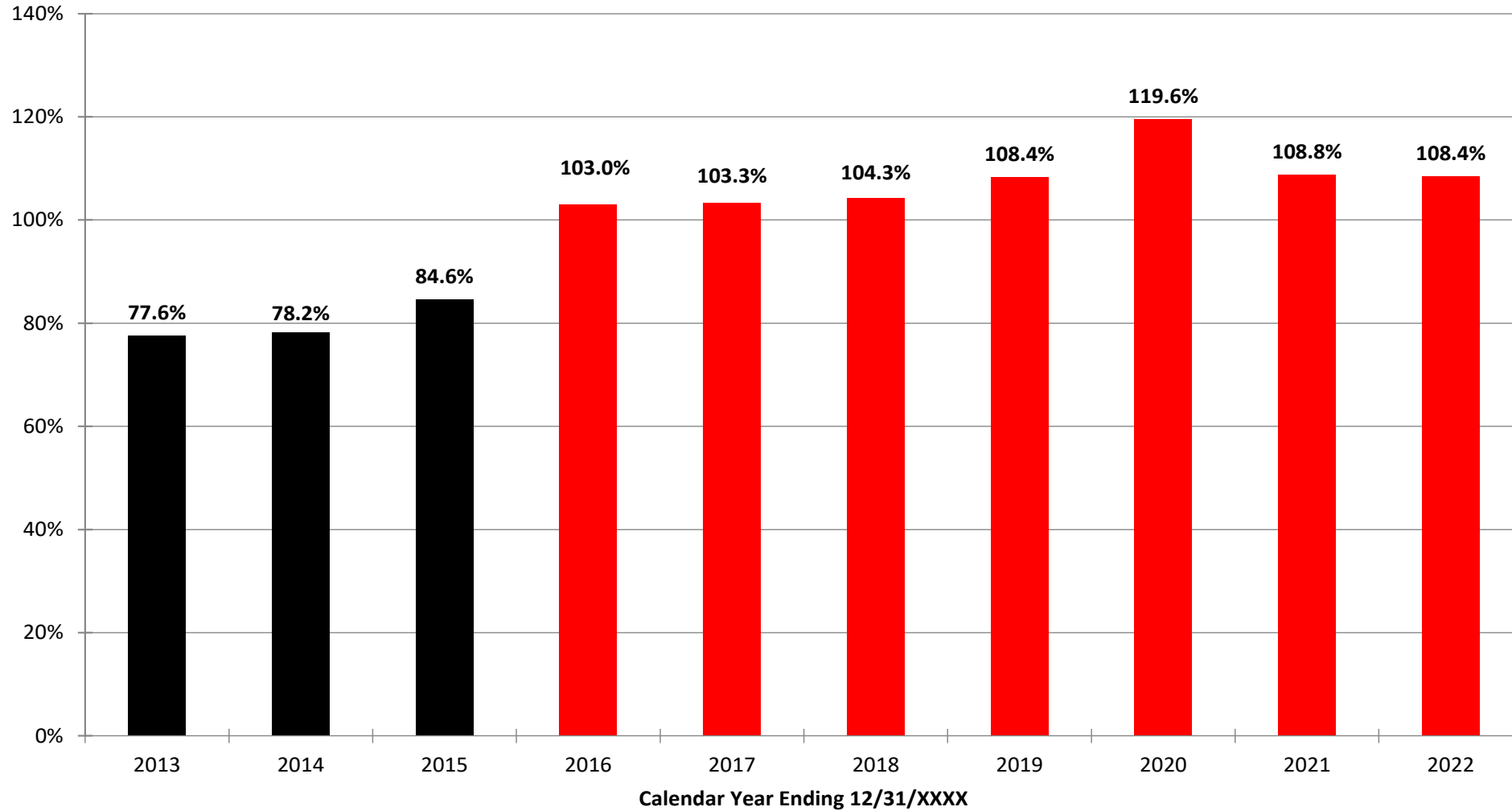
Underwriting Expense Ratio



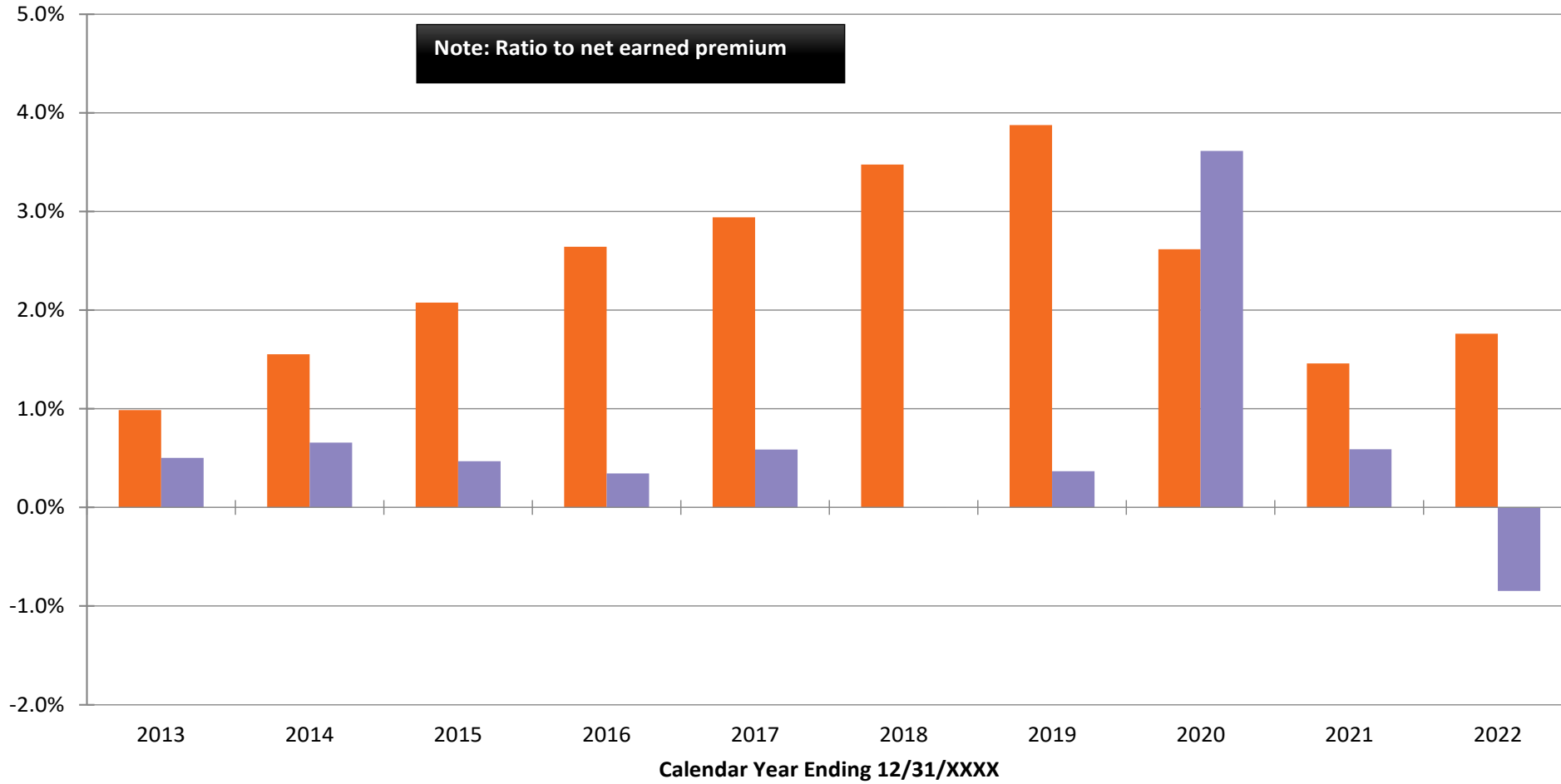
Loss & LAE Ratio + Underwriting Expense Ratio



Combined Ratio

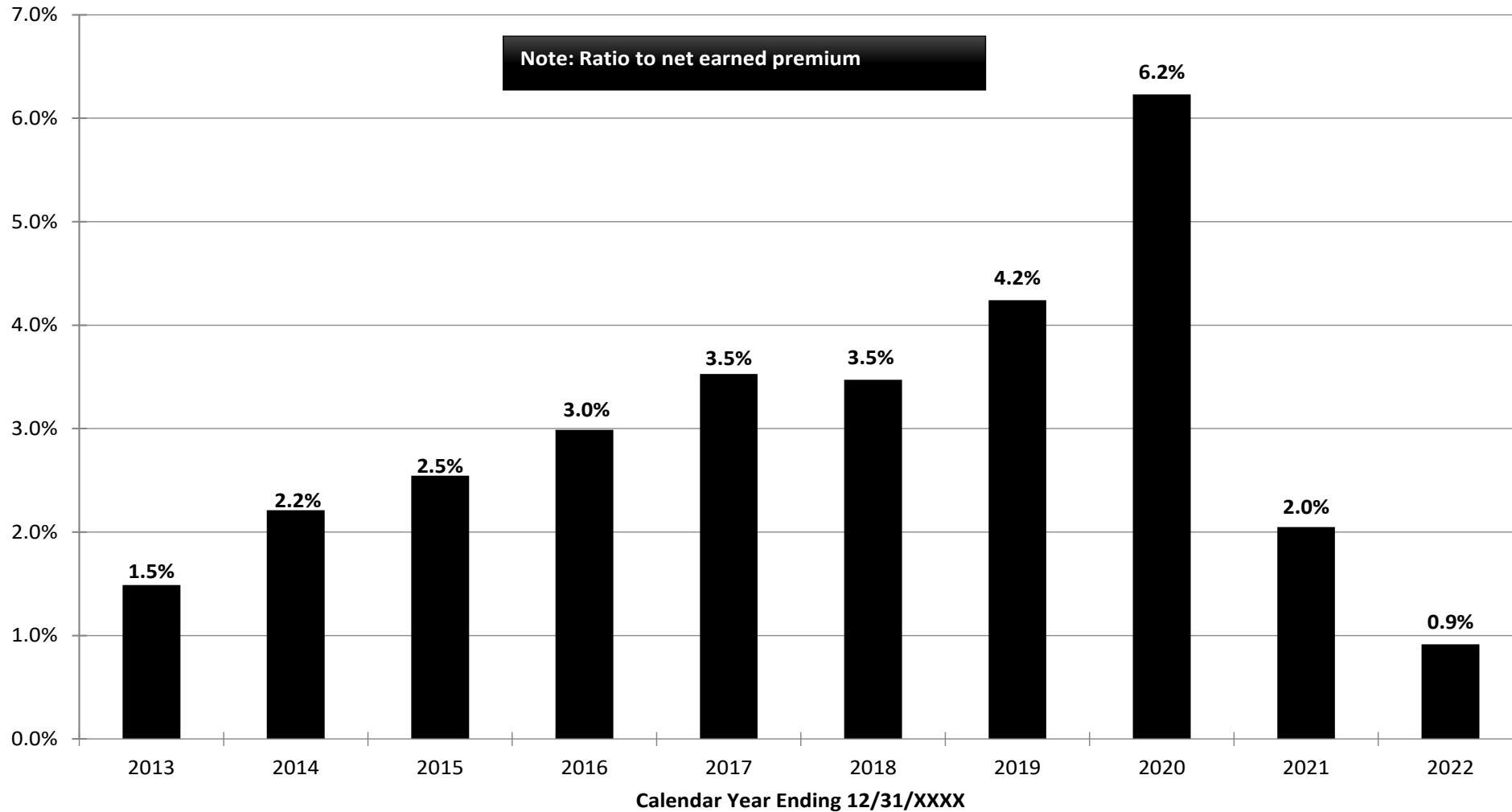


Investment Gain

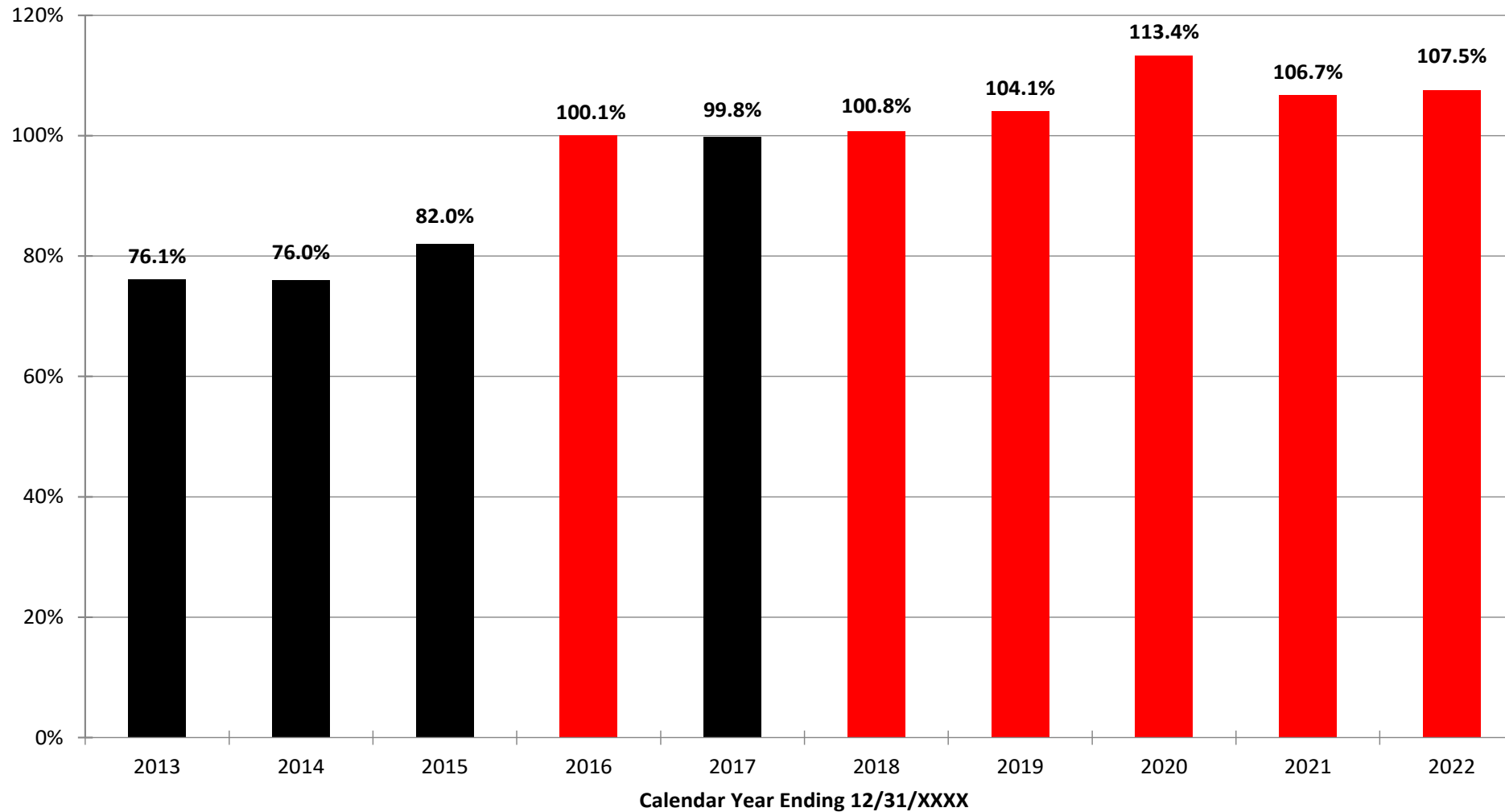


Net Investment Income Earned Net Realized Capital Gain/Loss

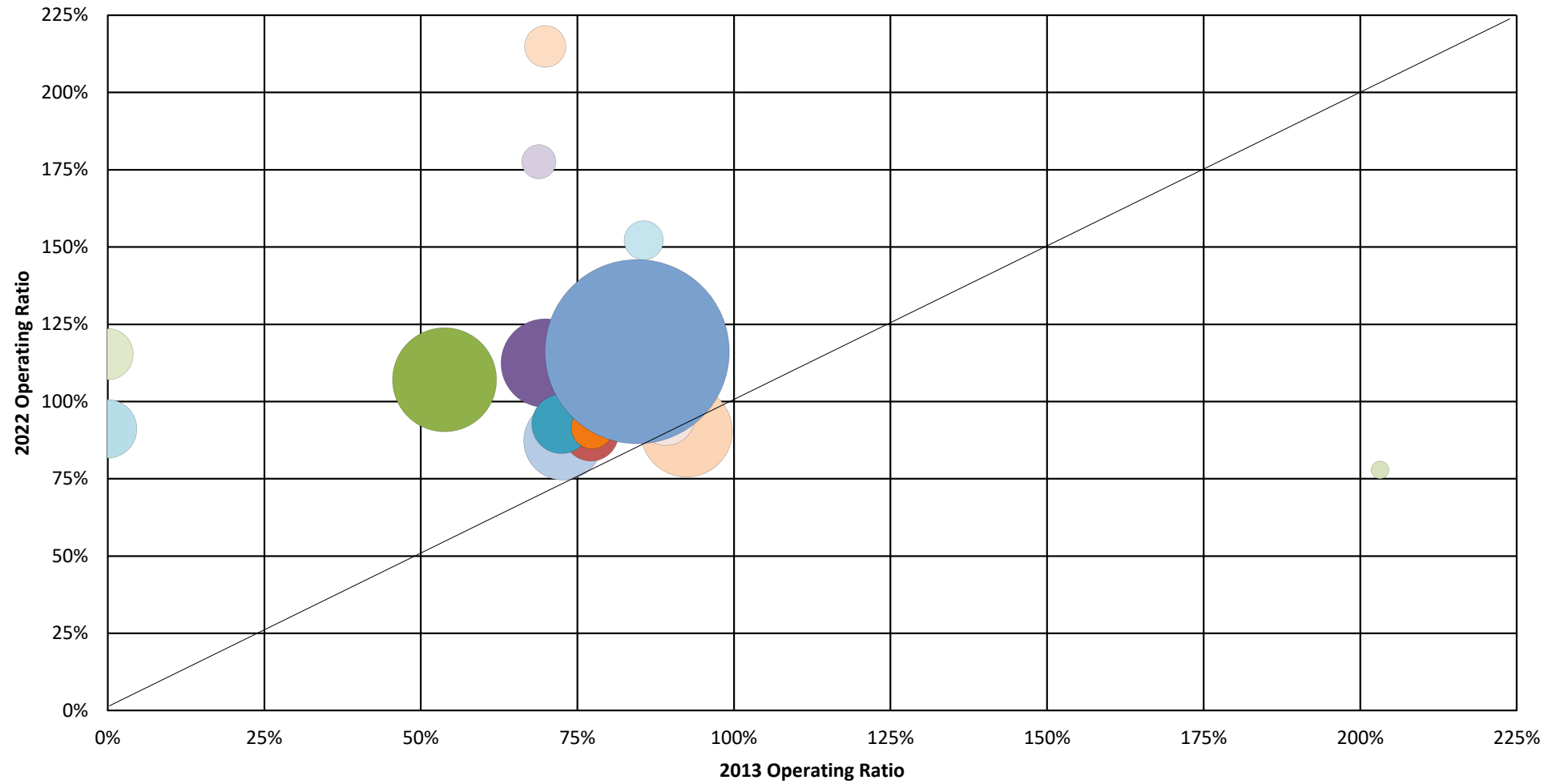
Investment Gain



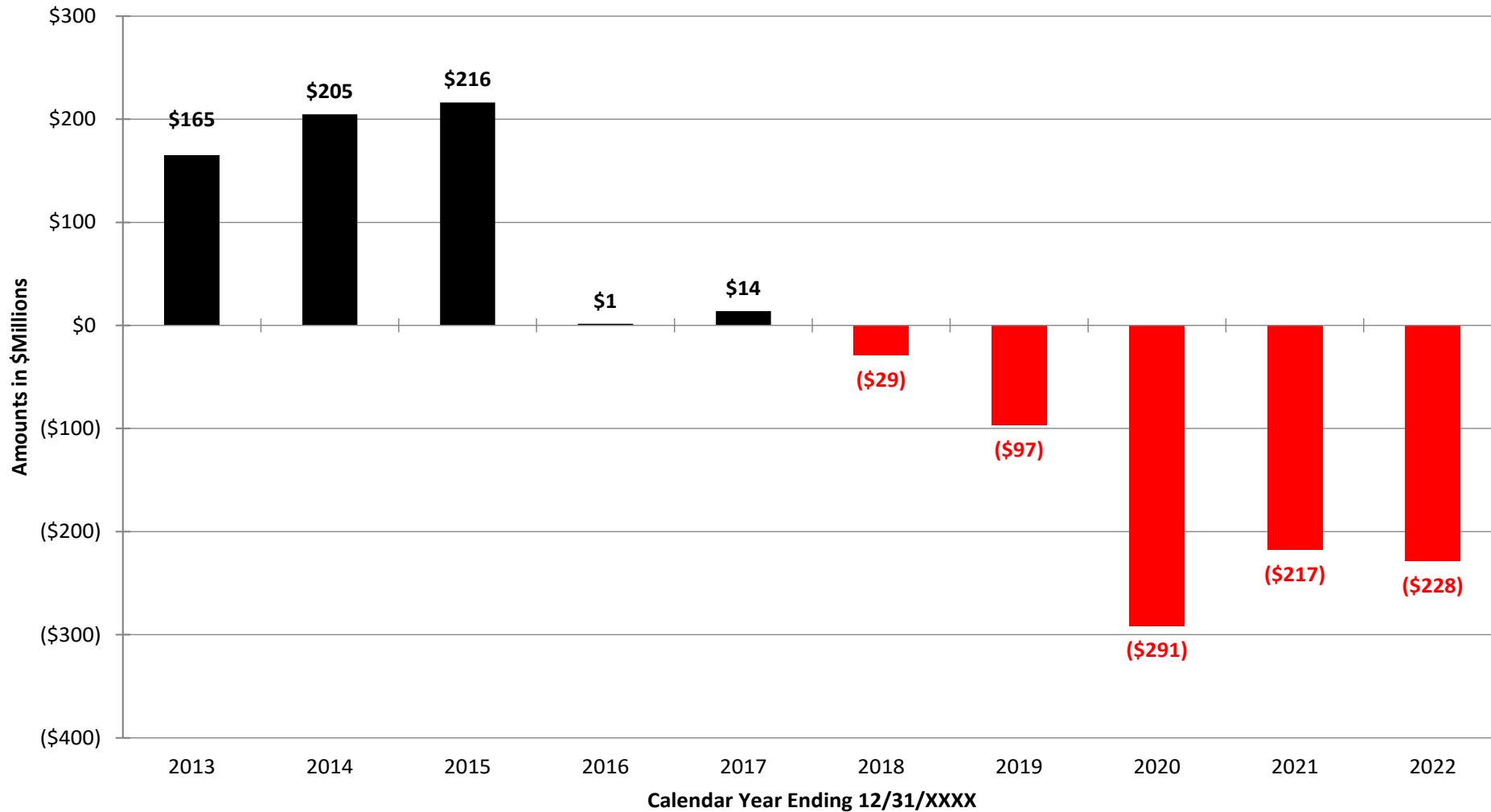
Operating Ratio = Combined Ratio - Investment Gain



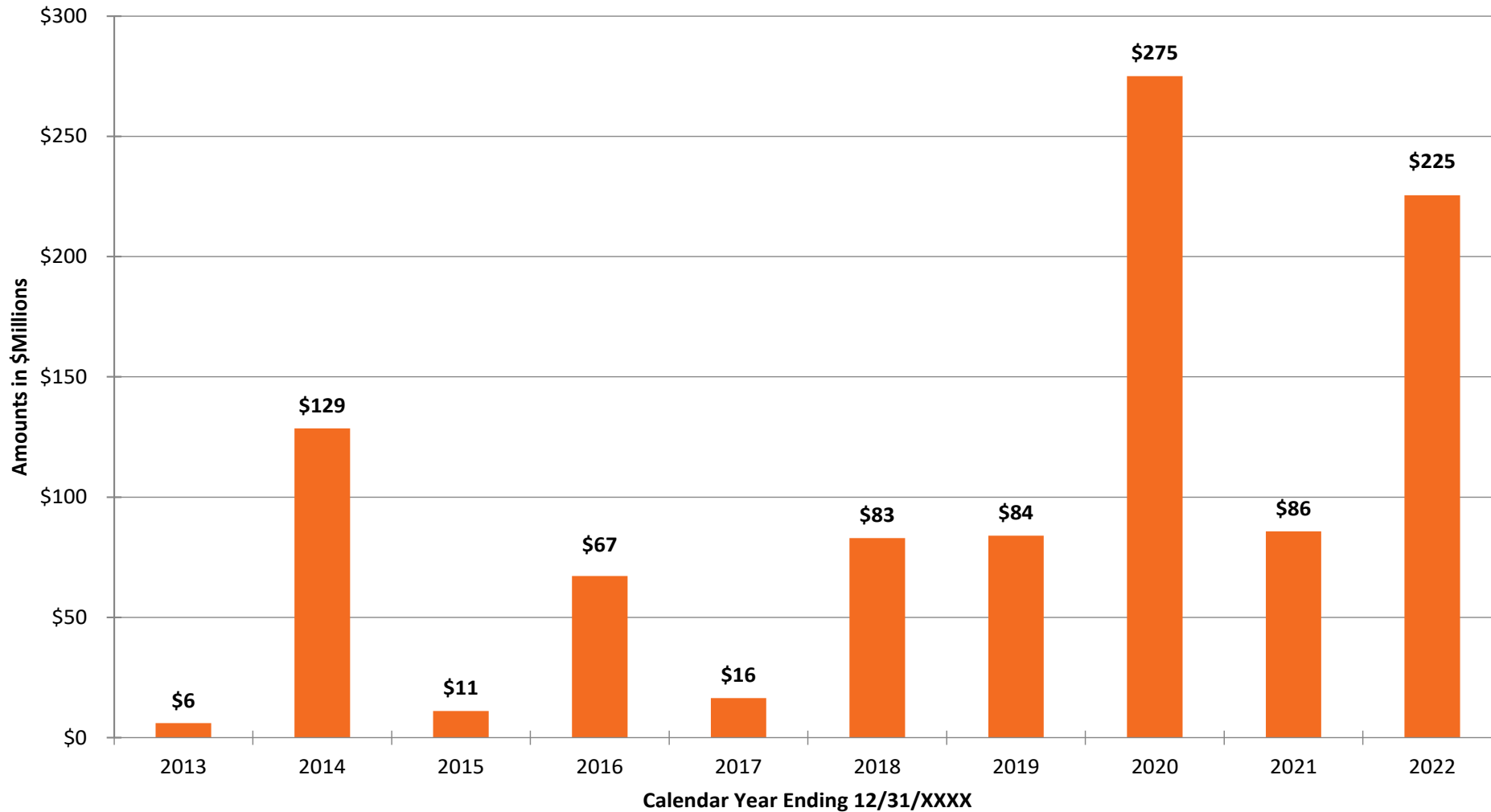
Operating Ratio



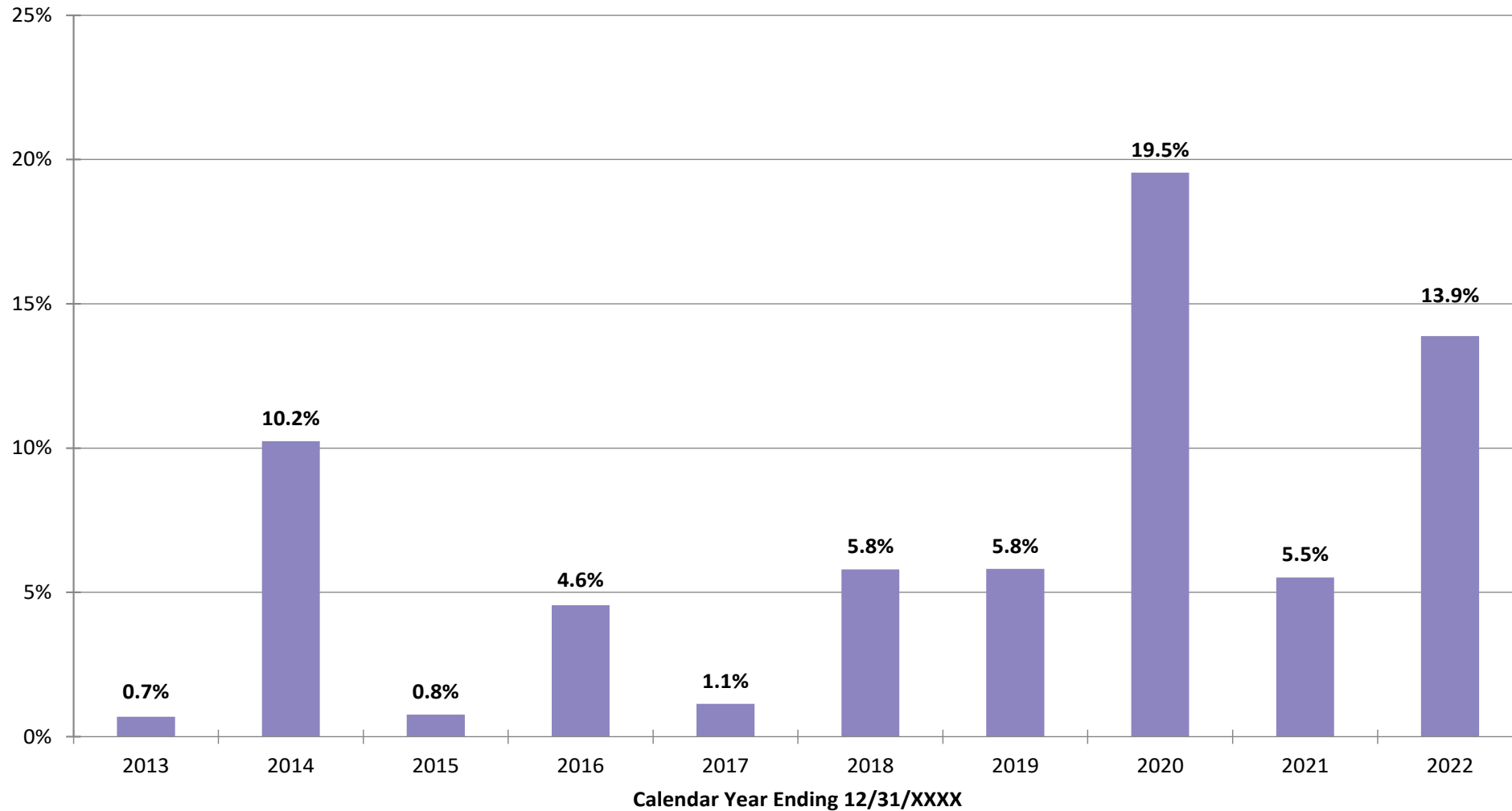
Net Income or (Loss)



Paid-In Surplus



Ratio of Paid-In Surplus to Total Surplus

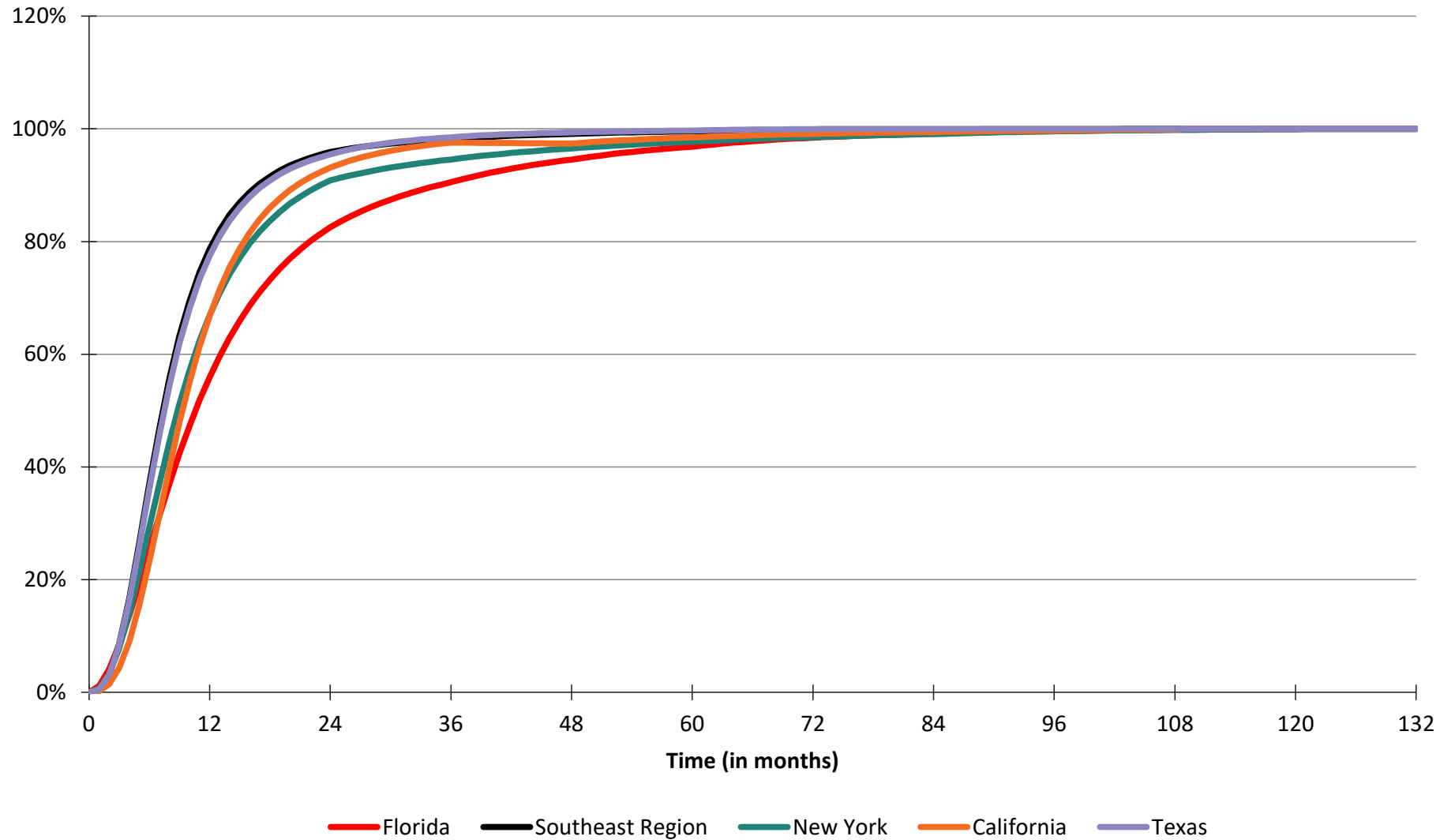


Florida: represented by 19
domestics contained in
Financial Results section

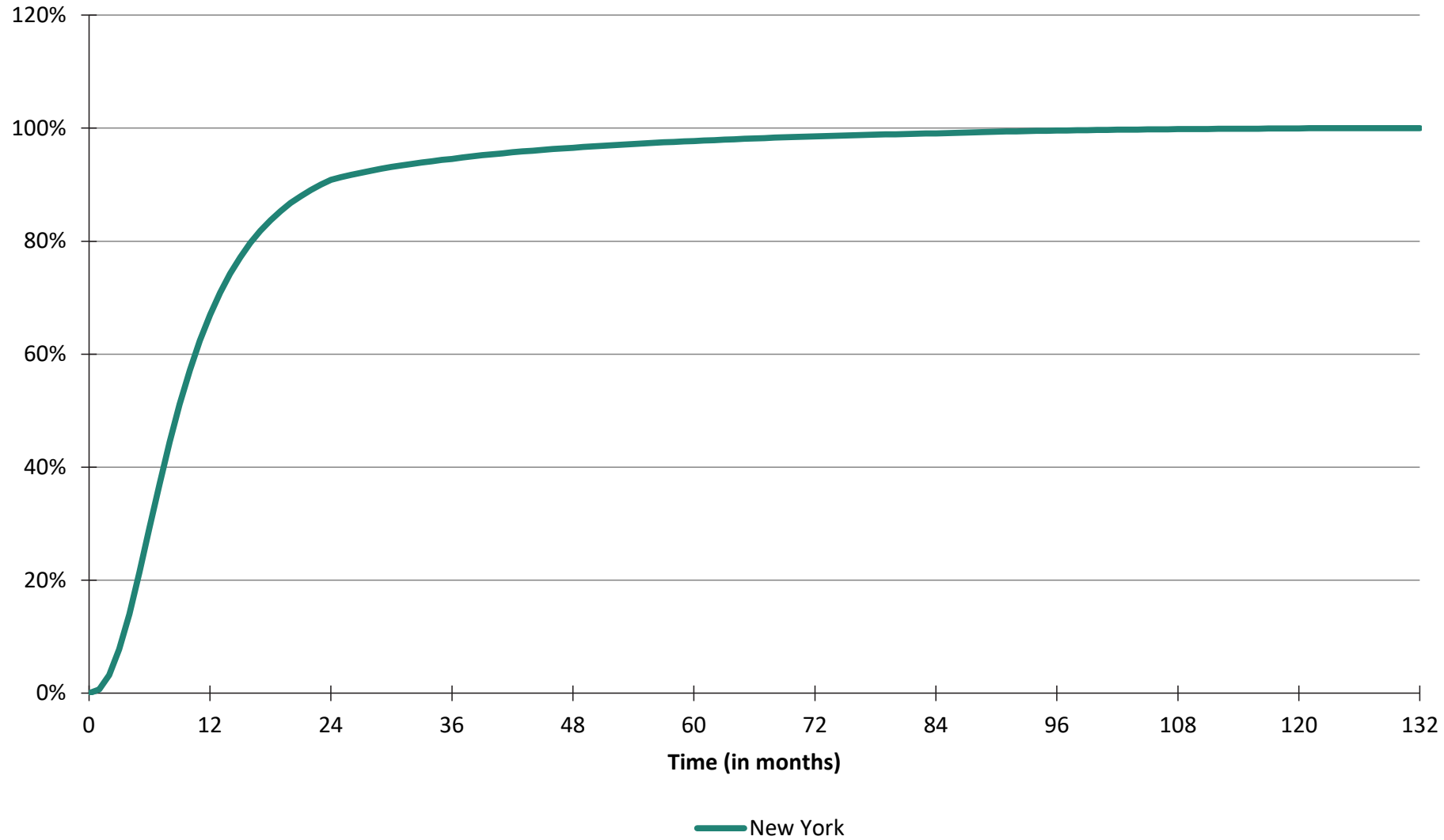
Florida vs Other States: Loss Development Characteristics



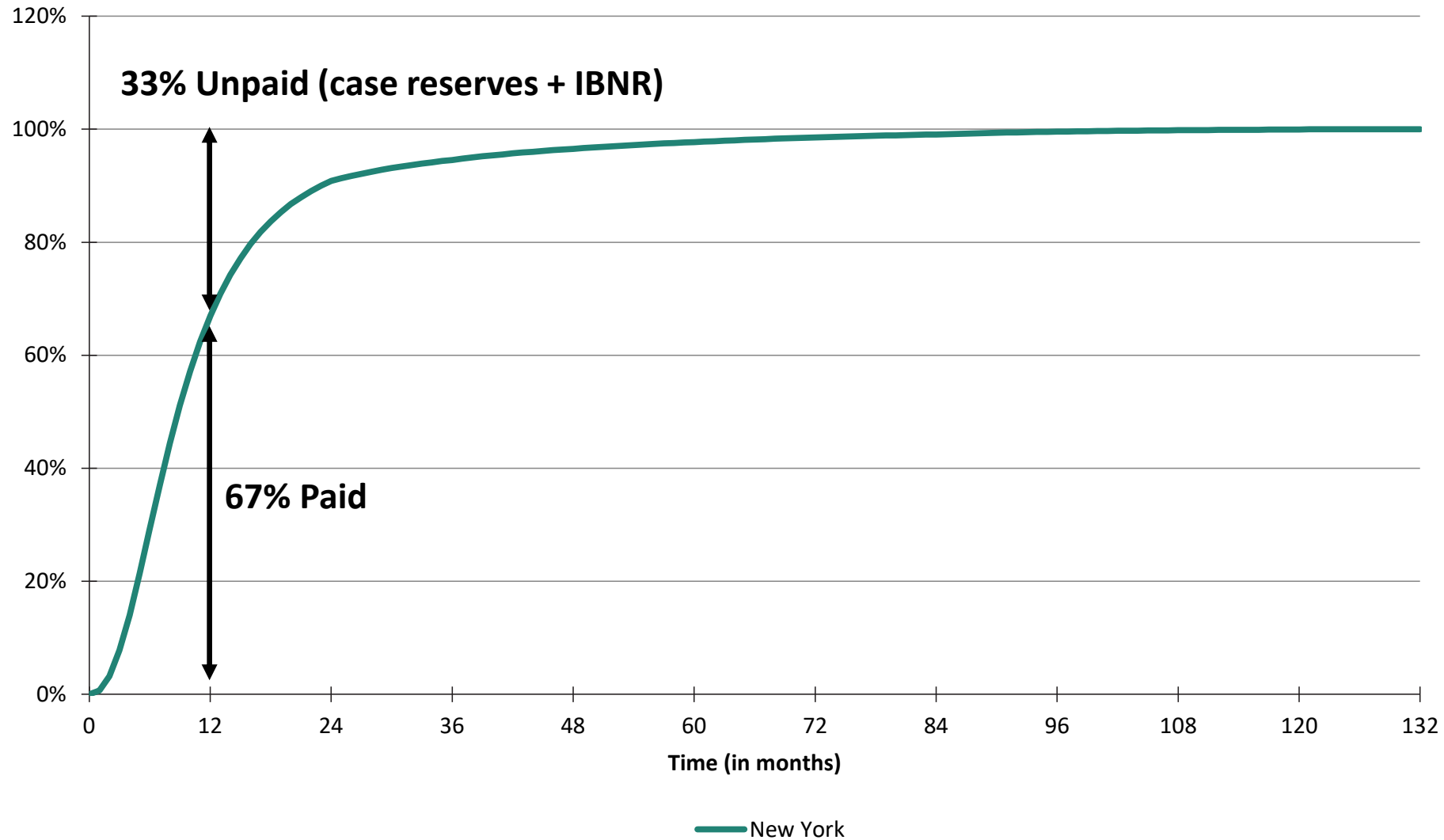
Paid Loss & DCC Development Pattern



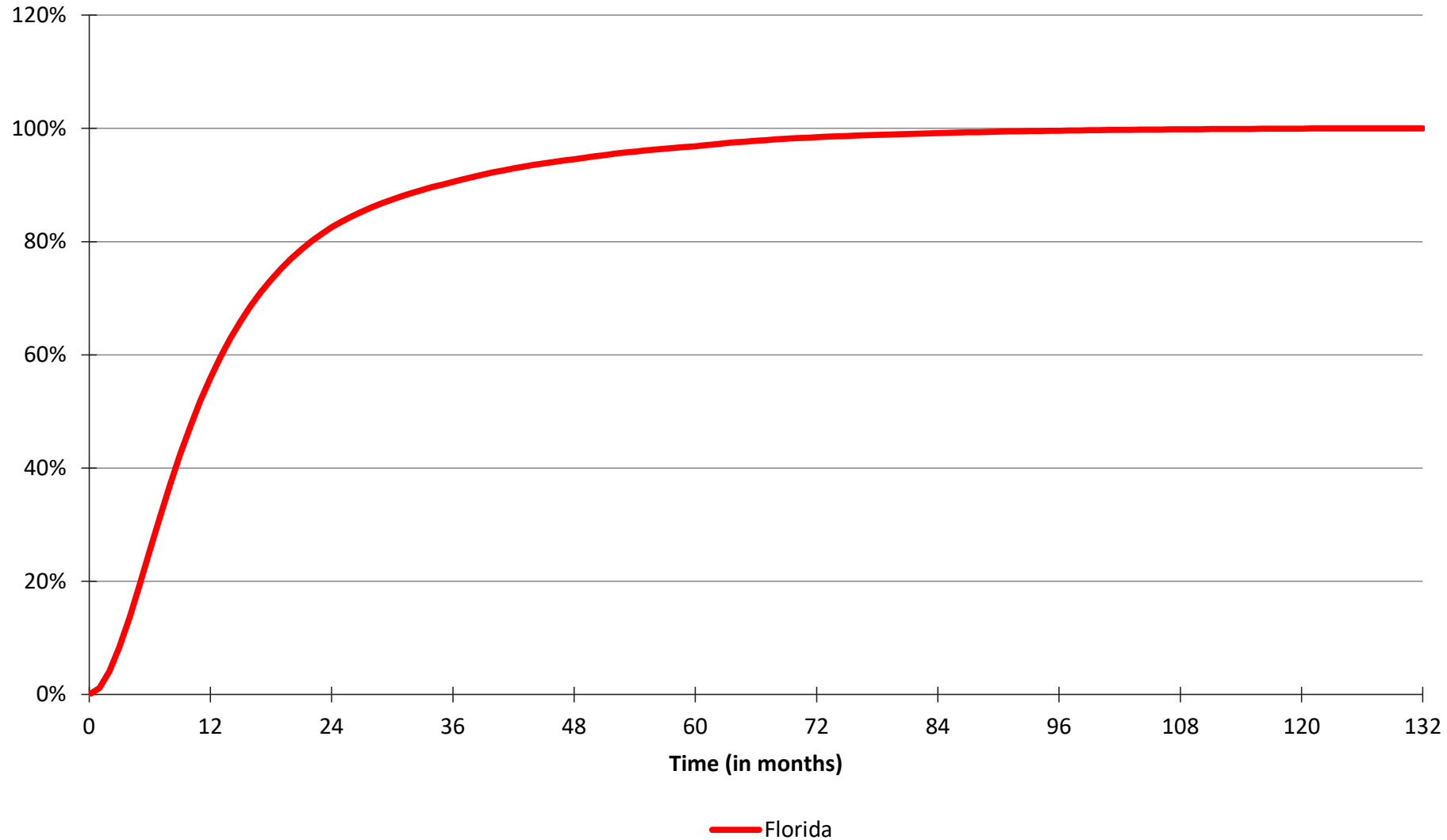
Paid Loss & DCC Development Pattern



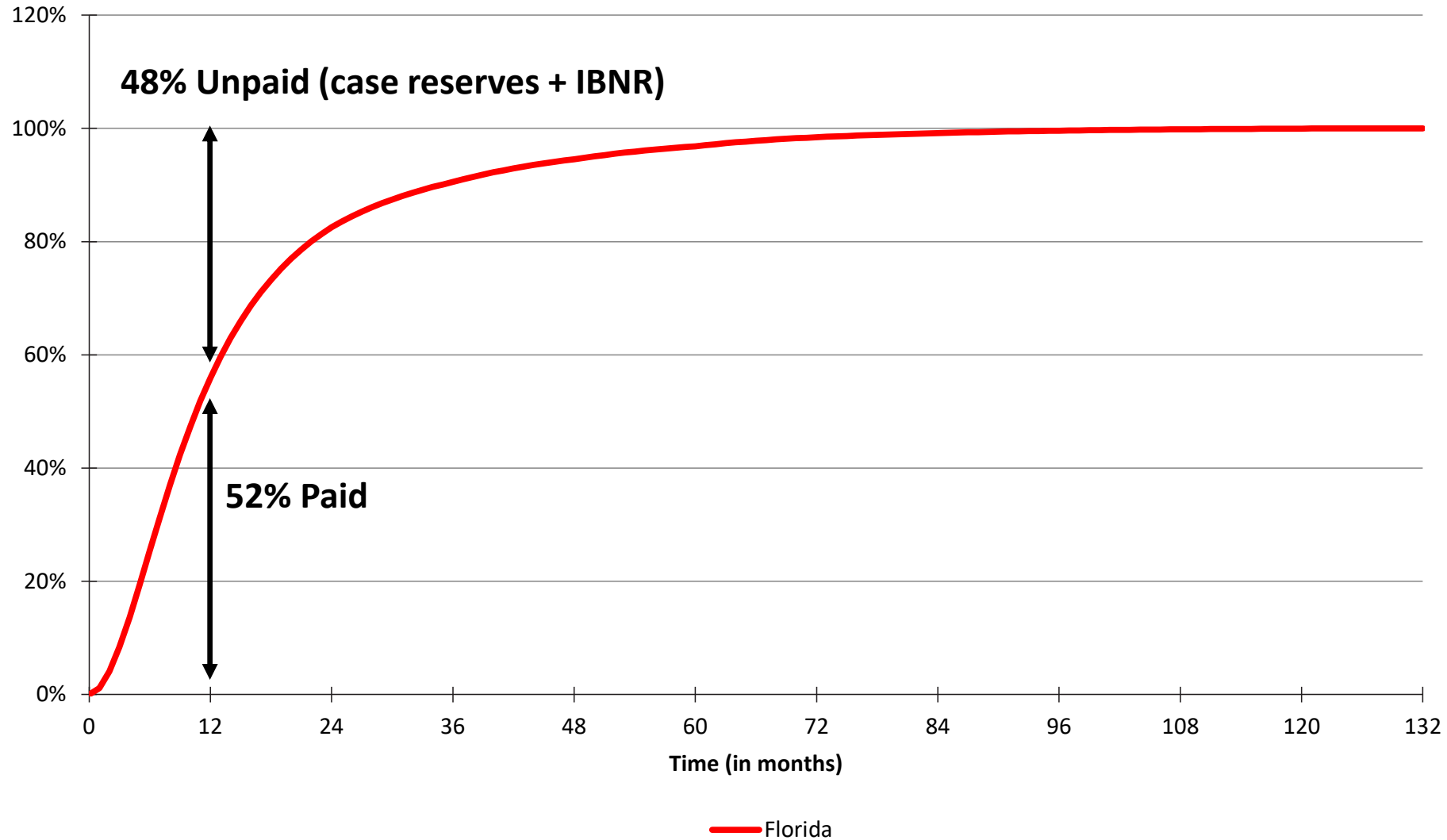
Paid Loss & DCC Development Pattern



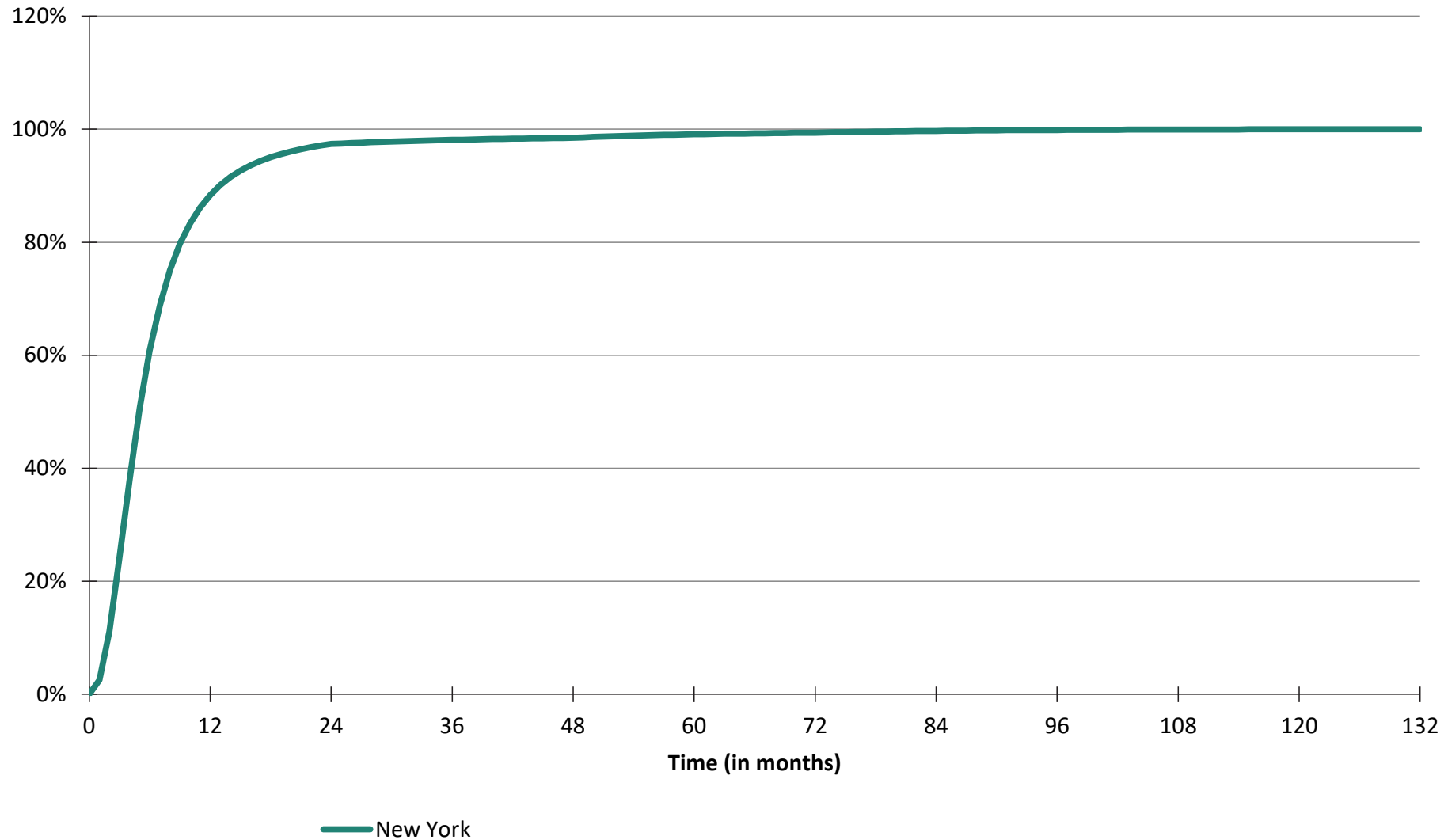
Paid Loss & DCC Development Pattern



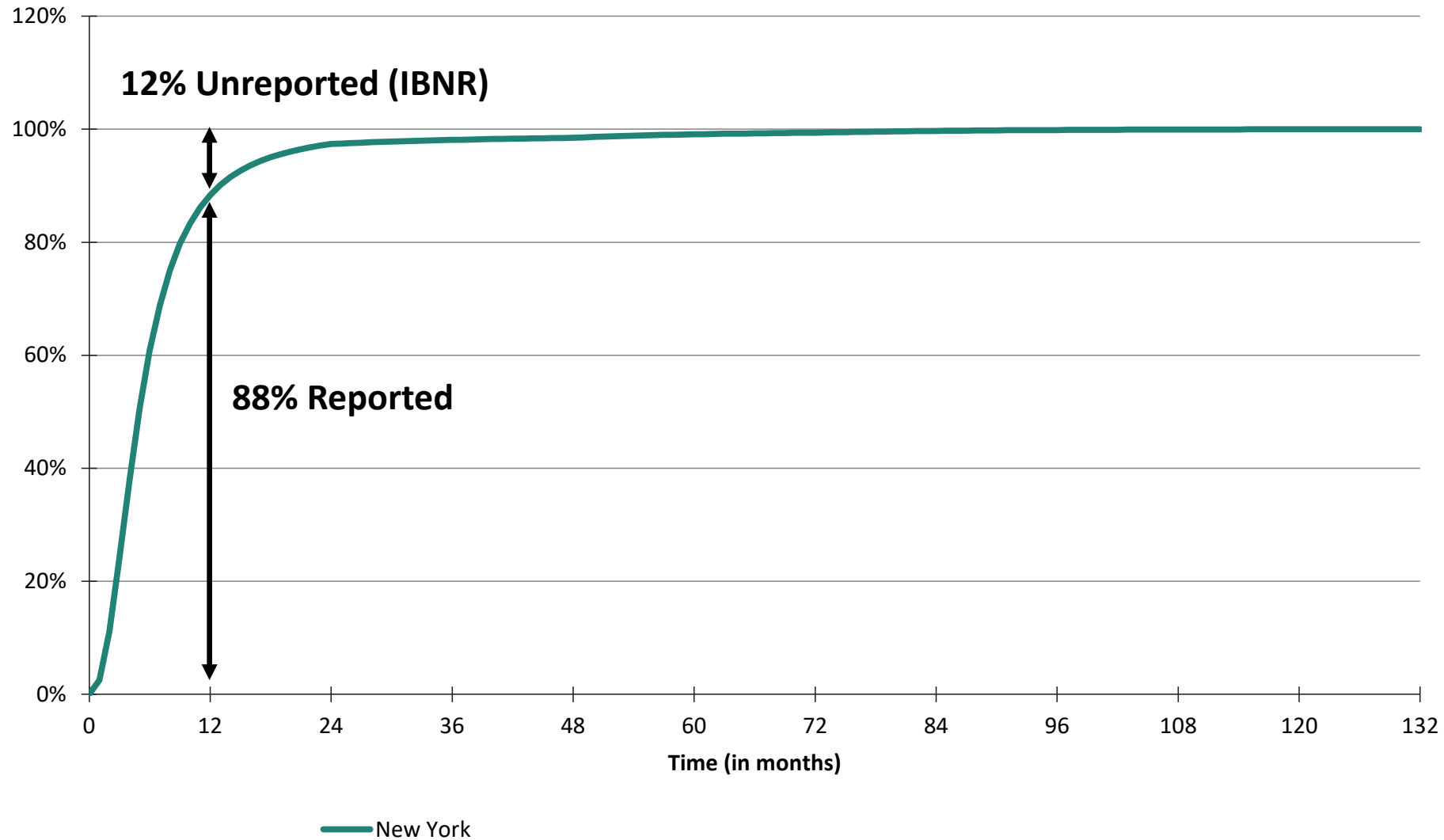
Paid Loss & DCC Development Pattern



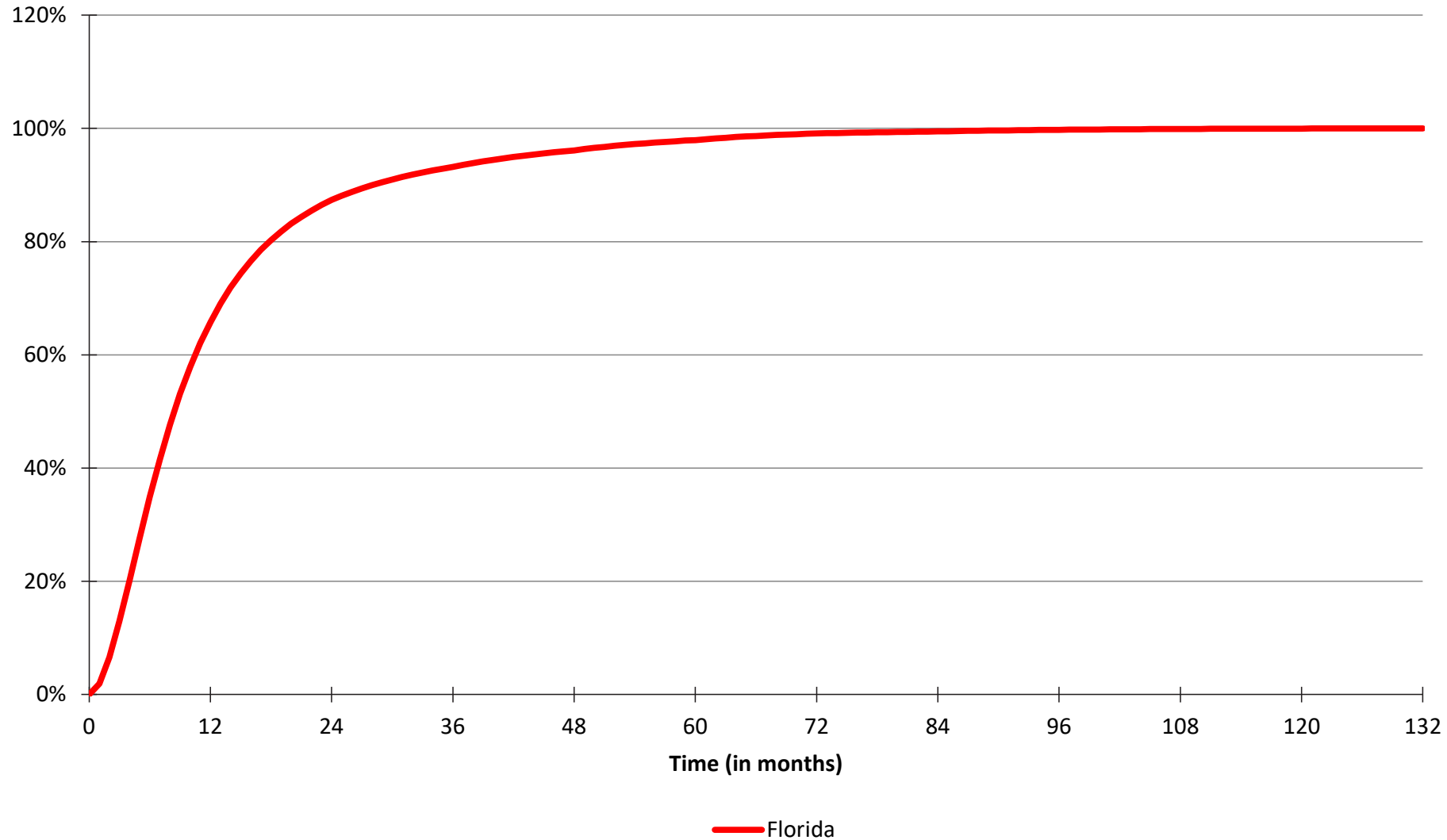
Reported Loss & DCC Development Pattern



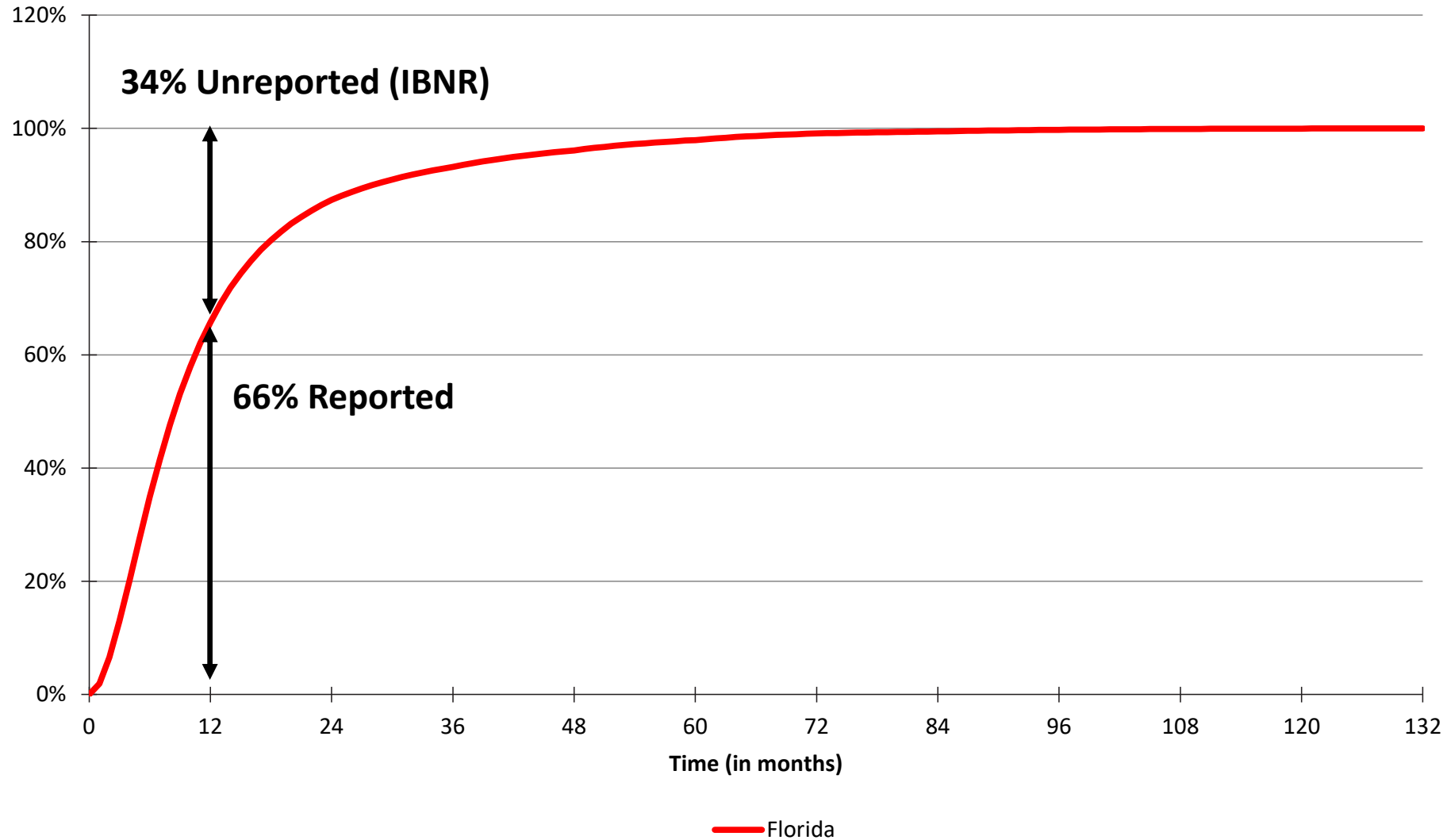
Reported Loss & DCC Development Pattern



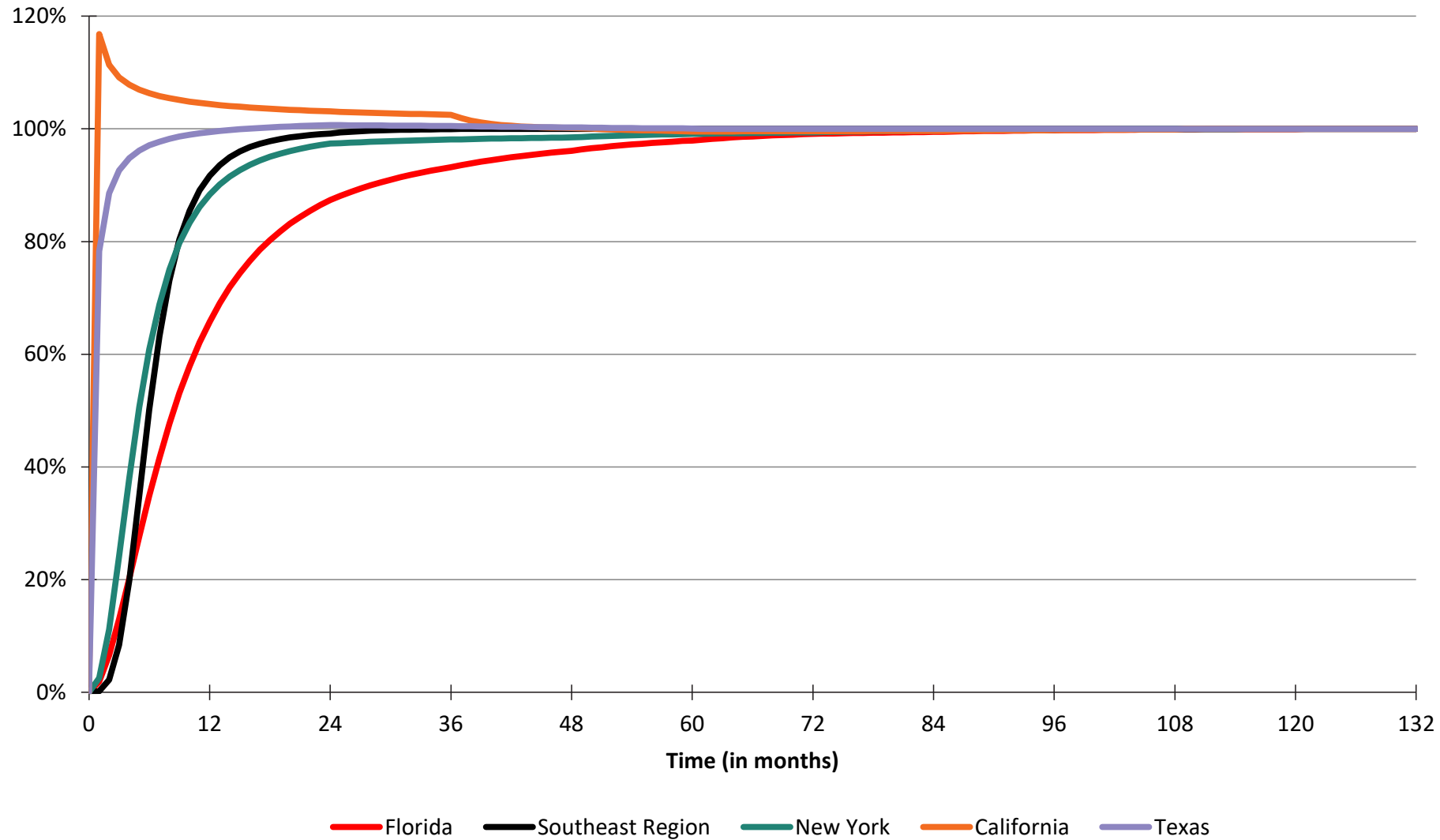
Reported Loss & DCC Development Pattern



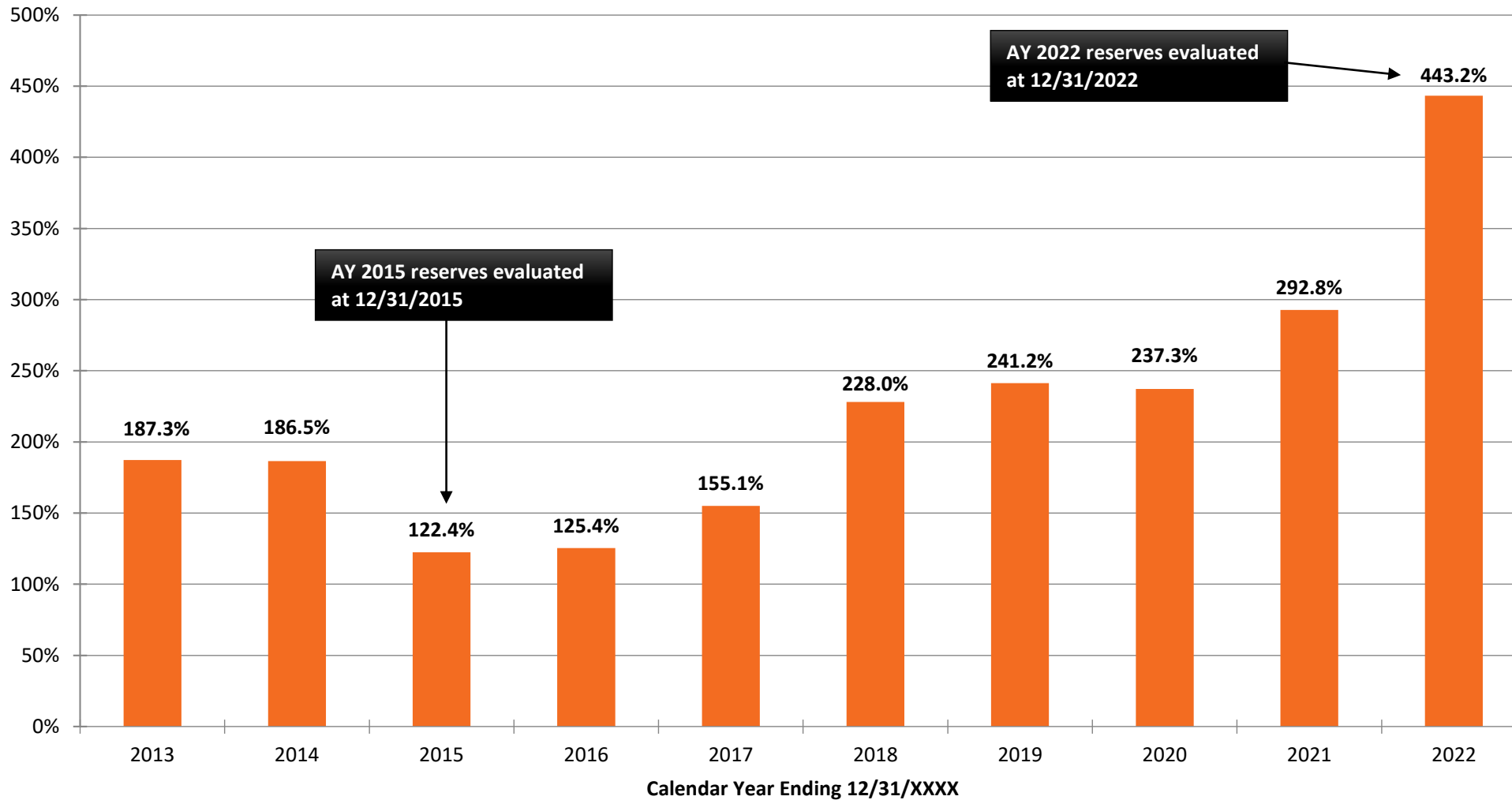
Reported Loss & DCC Development Pattern



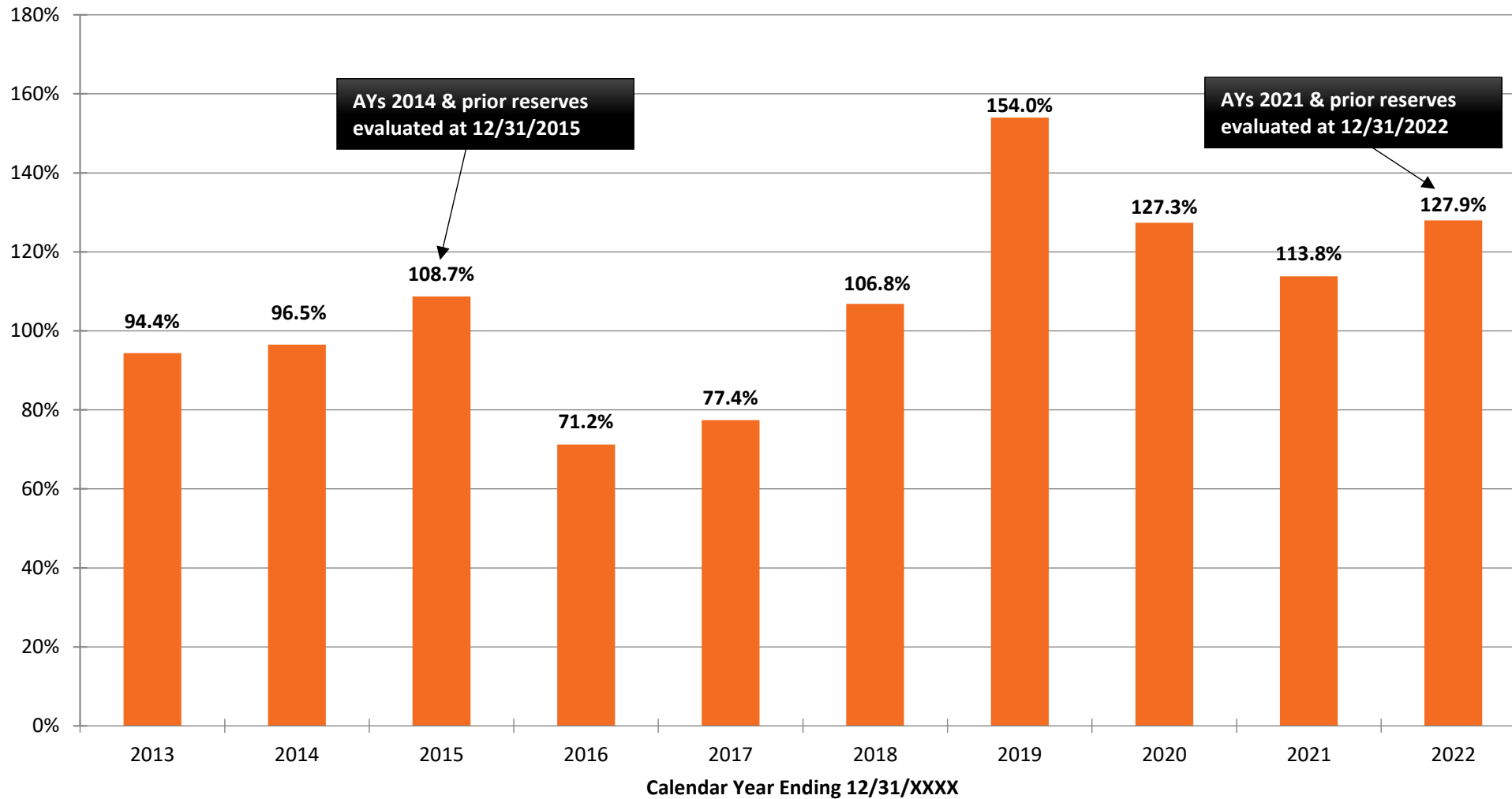
Reported Loss & DCC Development Pattern



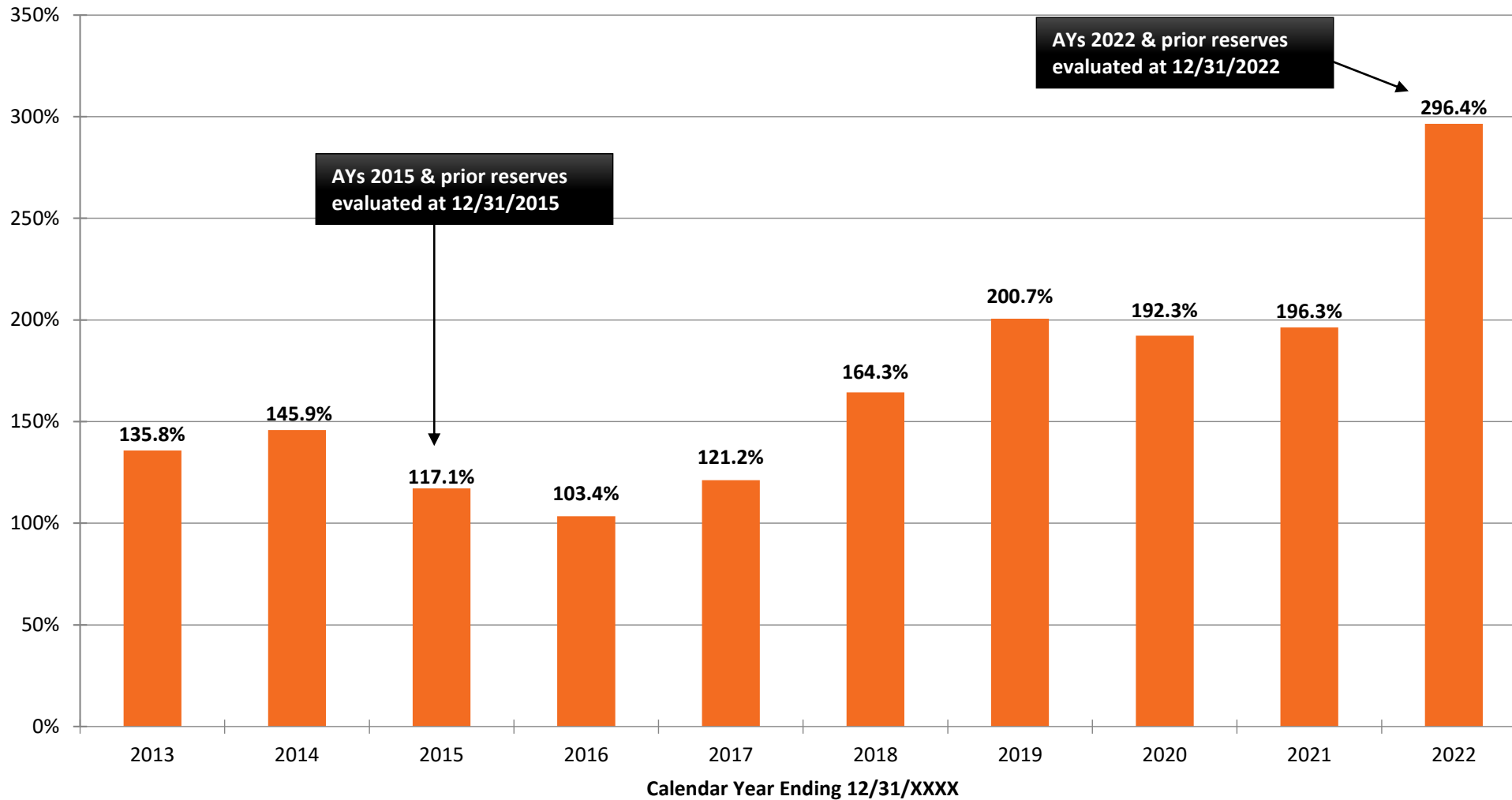
IBNR-to-Case Ratio: Initial Accident Year



IBNR-to-Case Ratio: Prior Accident Years



IBNR-to-Case Ratio: Calendar Year

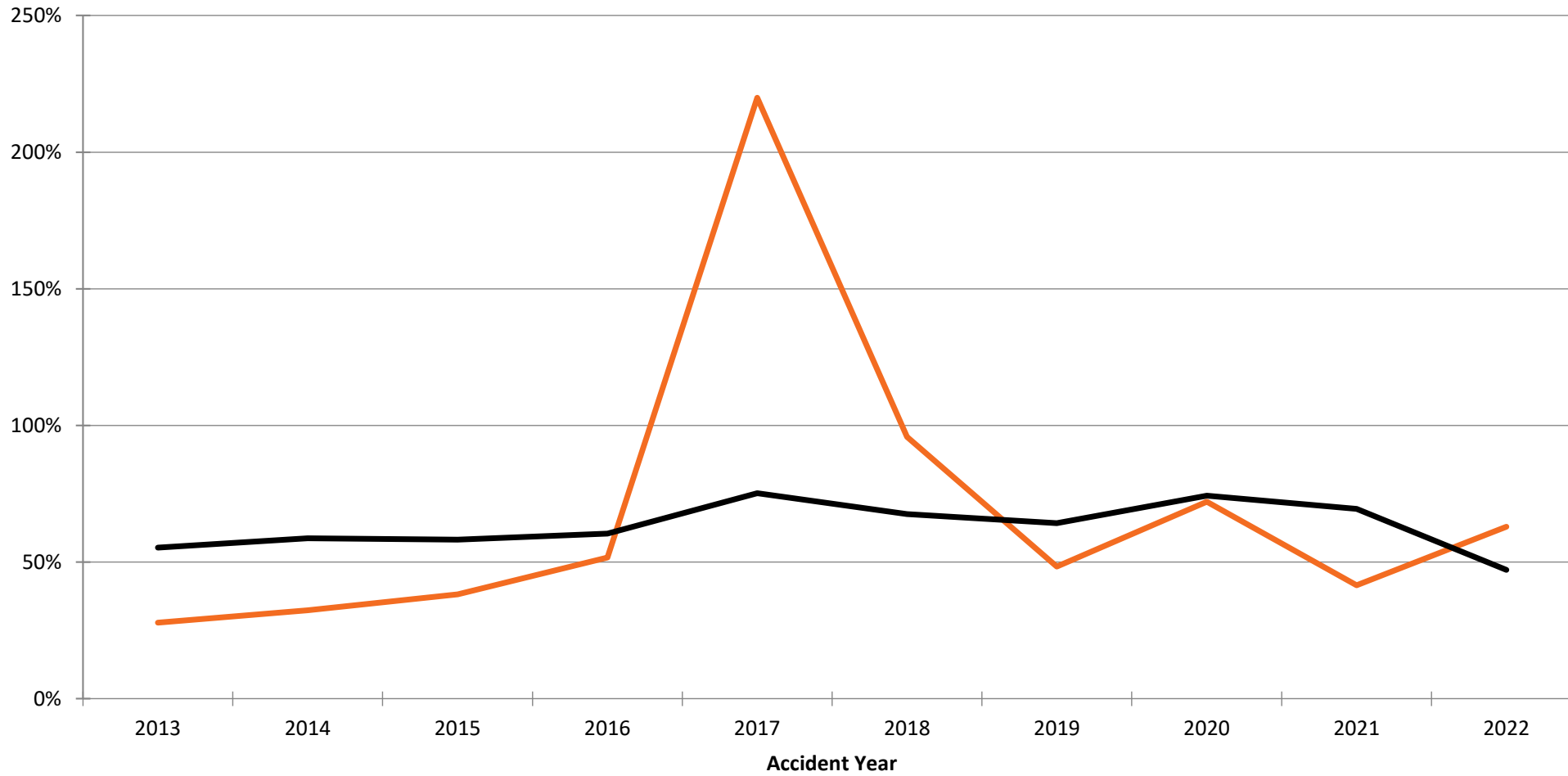


Florida: represented by 19 domestics contained in *Financial Results* section
Other States: represented by all other HO writers including those in FL (excluding 19 domestics)

Florida vs Other States: Underwriting Performance

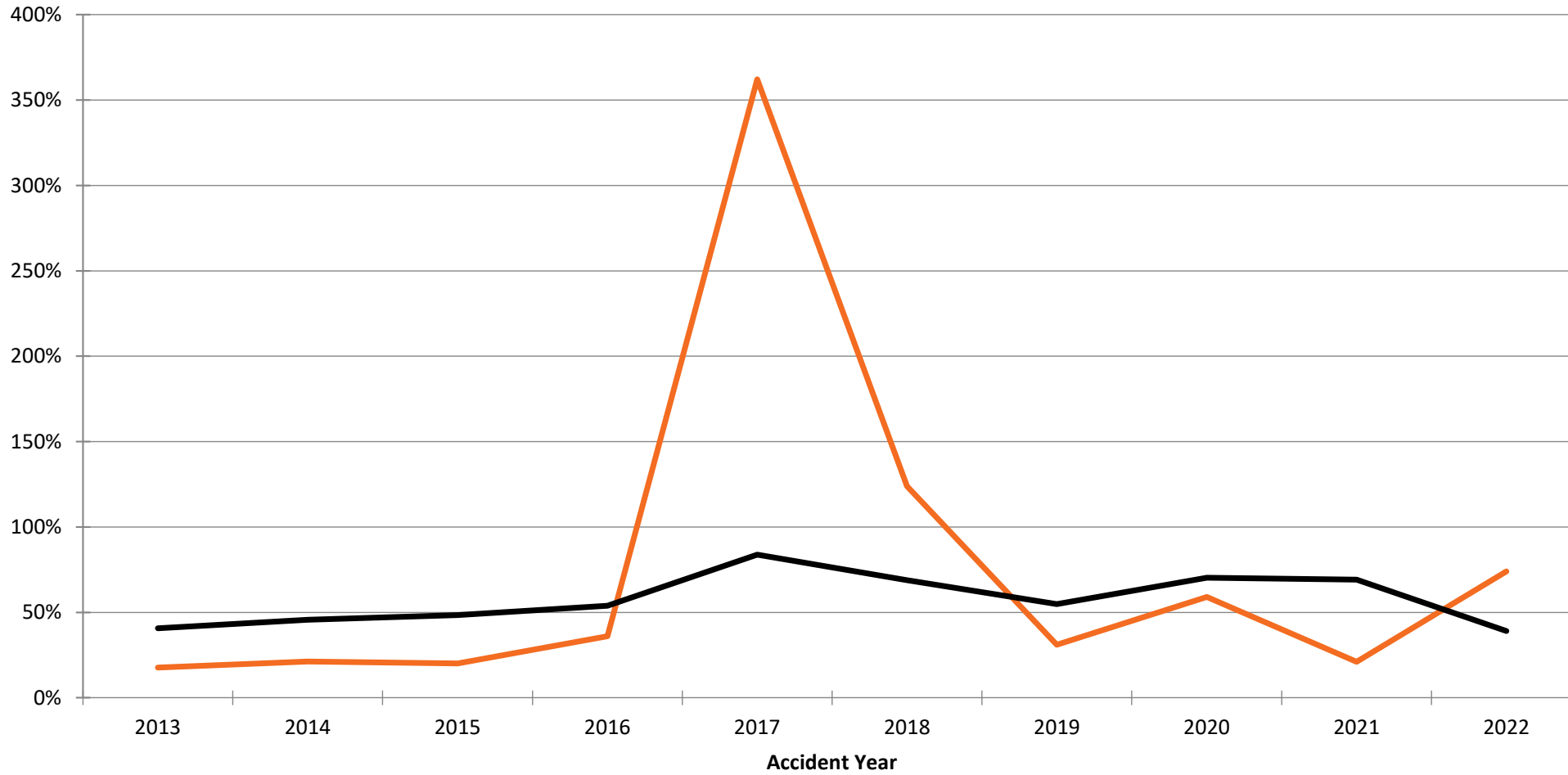


Gross Loss & LAE Ratio



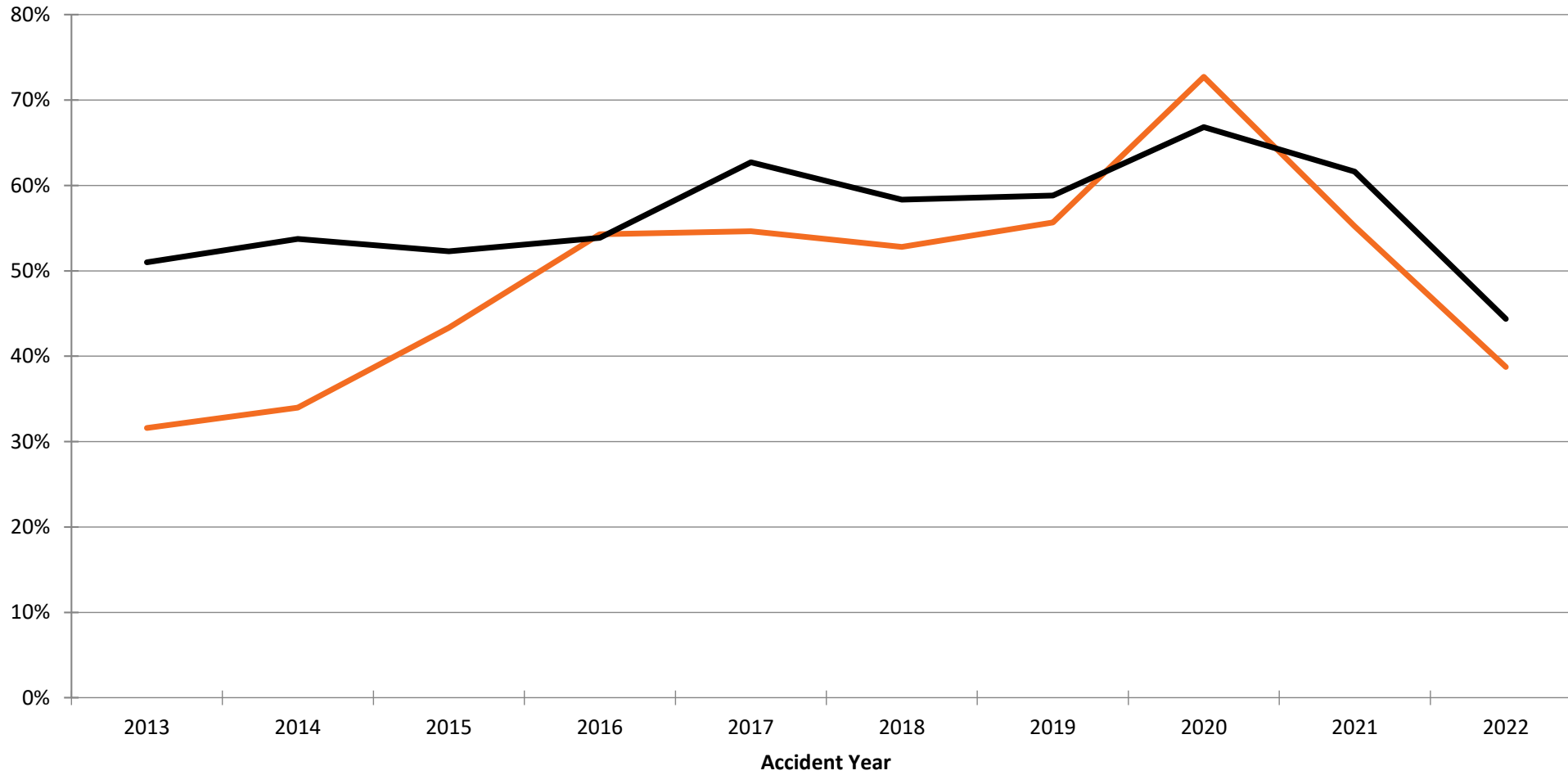
— FL Cohort — C/W x-FL Cohort

Ceded Loss & LAE Ratio



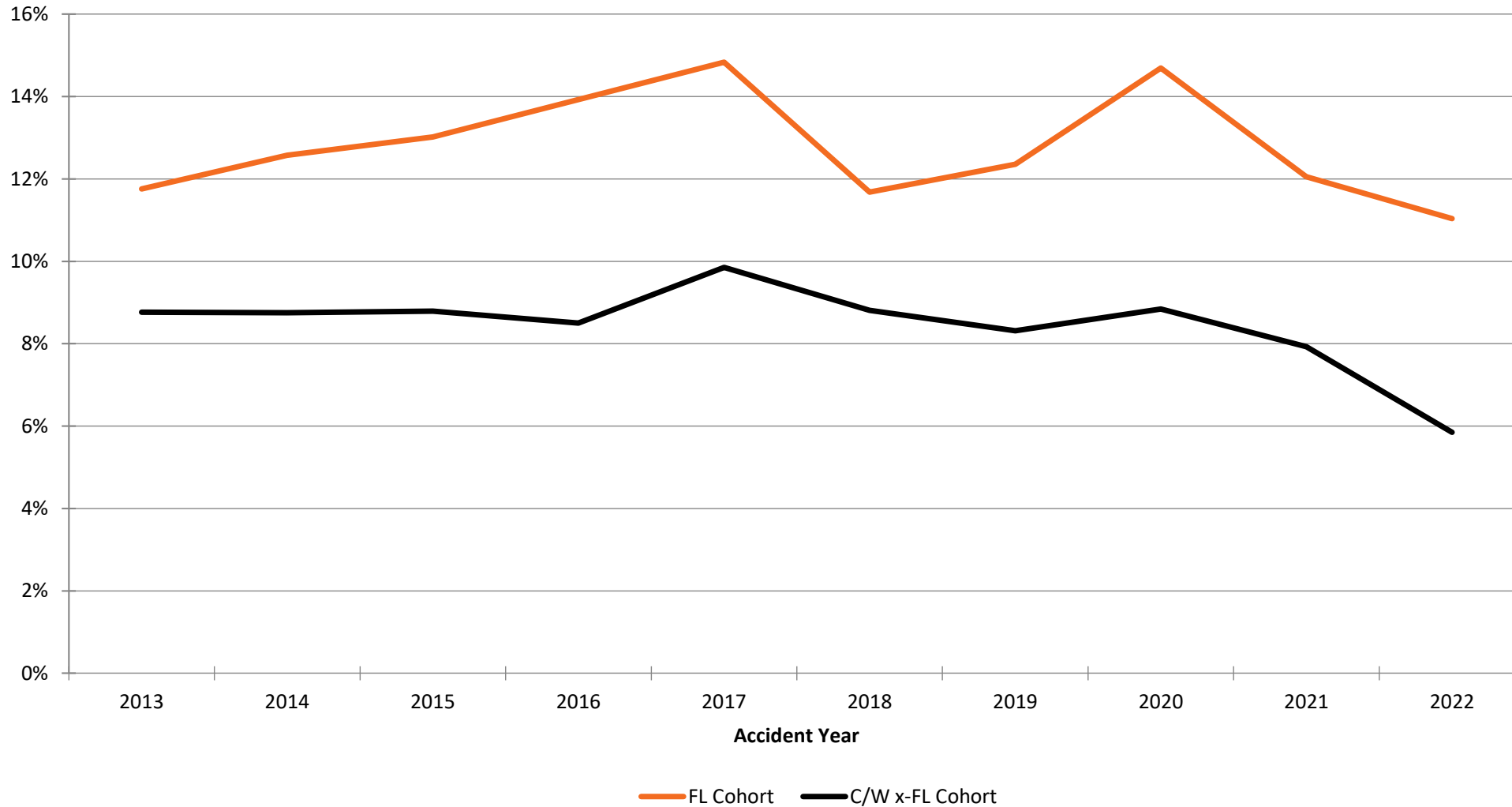
— FL Cohort — C/W x-FL Cohort

Net Loss Ratio

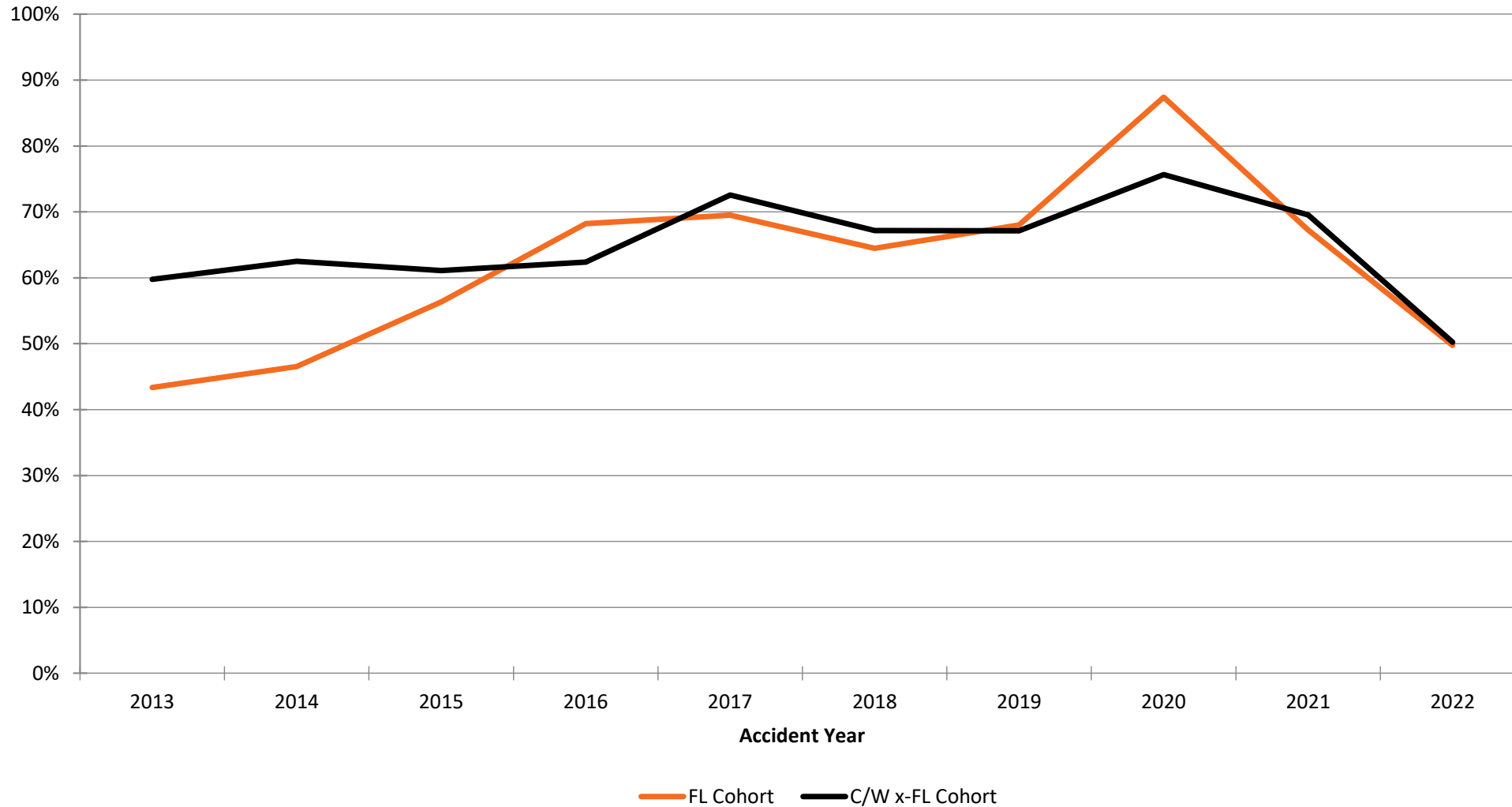


— FL Cohort — C/W x-FL Cohort

Net LAE Ratio



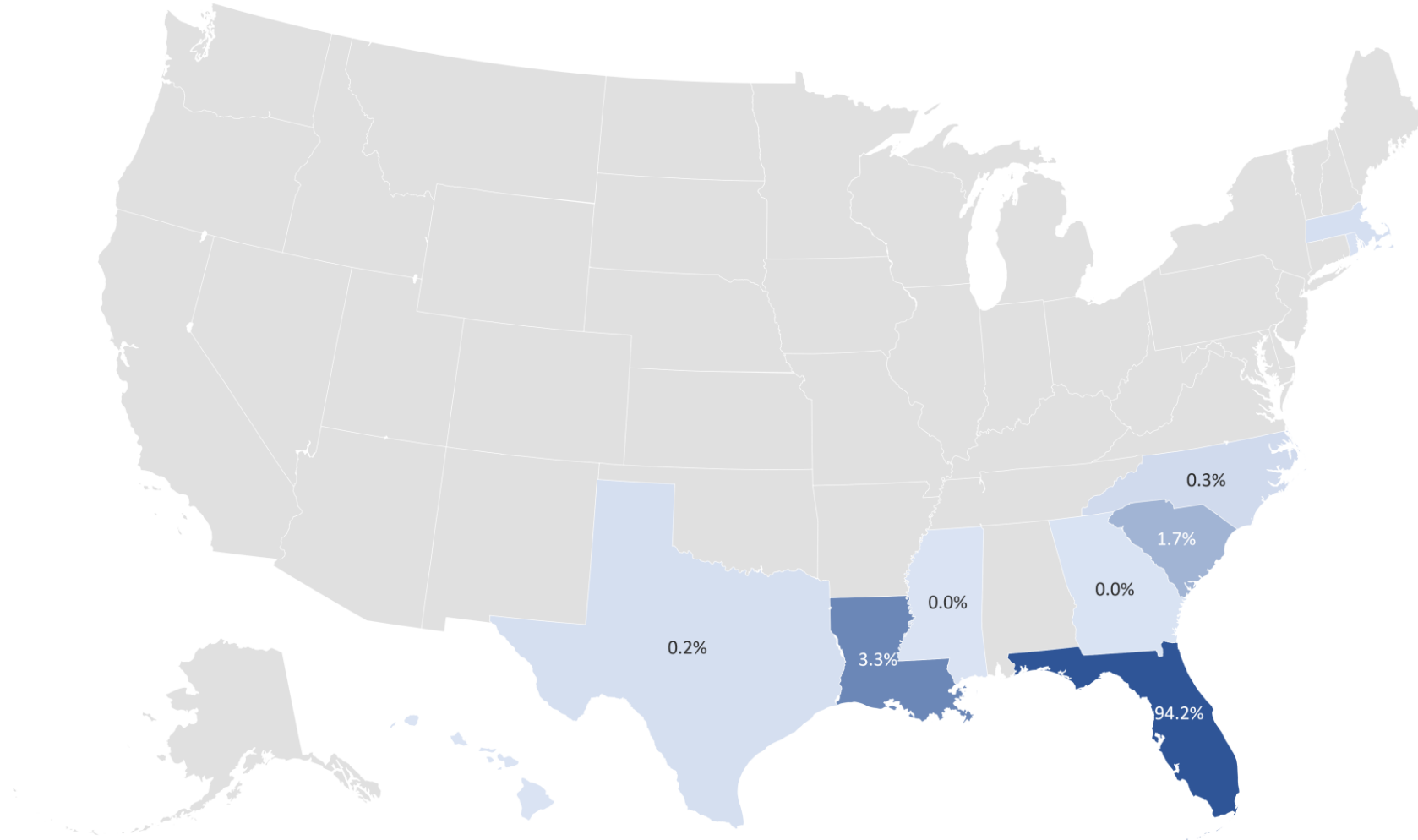
Net Loss & LAE Ratio



Insolvencies: Impact on Other States

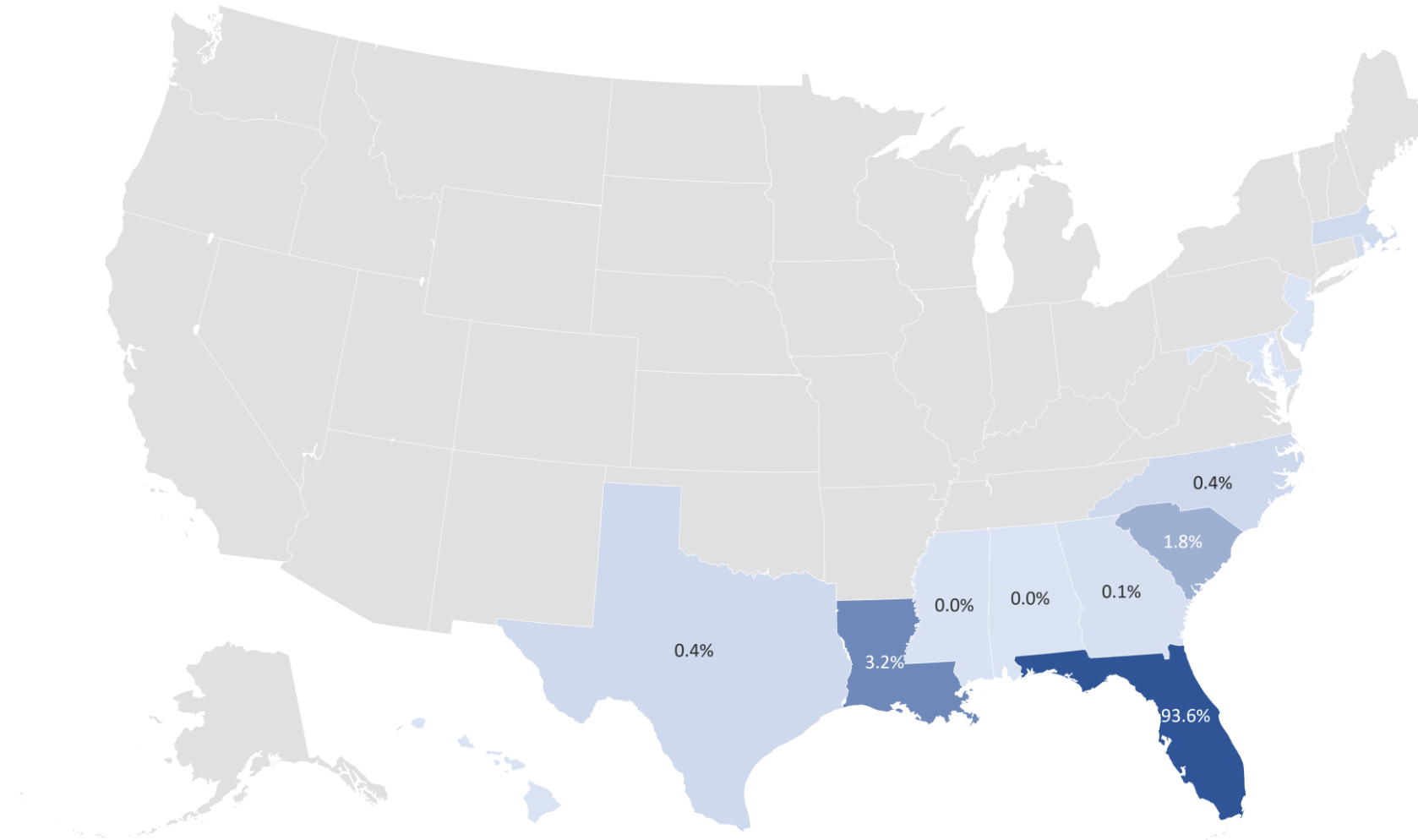


Geographic Diversification: 2012 DWP Distribution



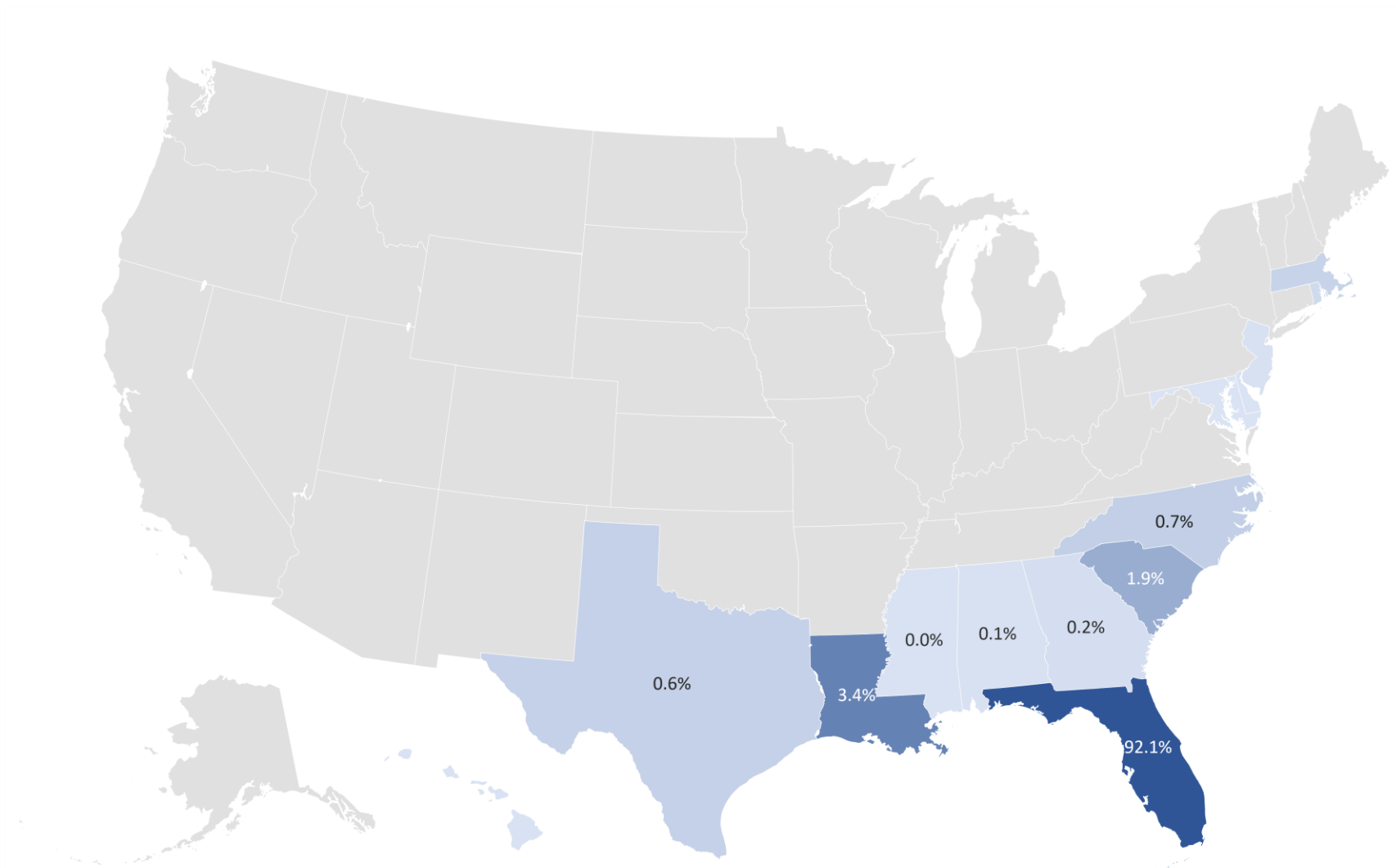
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Geographic Diversification: 2013 DWP Distribution



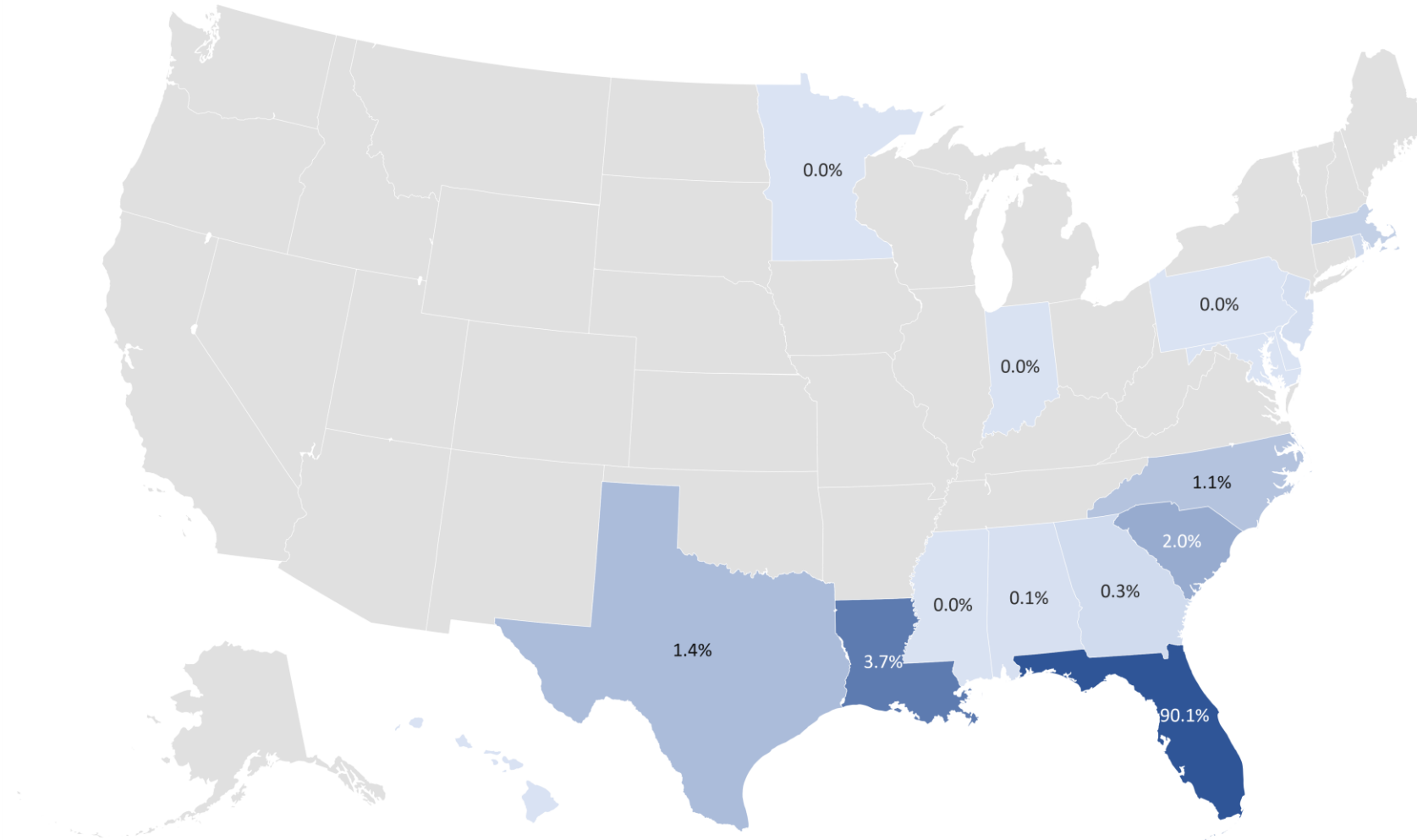
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Geographic Diversification: 2014 DWP Distribution



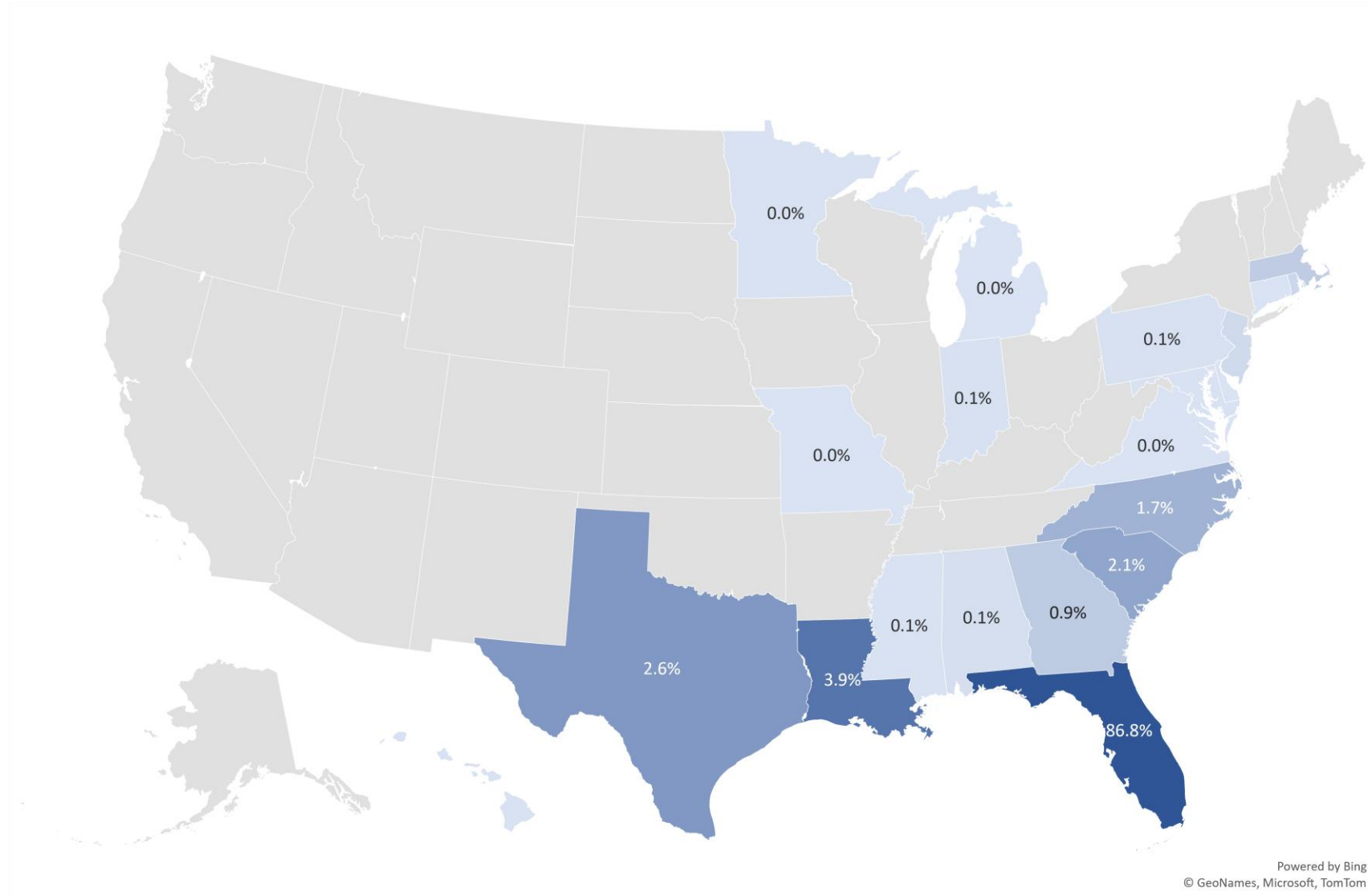
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Geographic Diversification: 2015 DWP Distribution

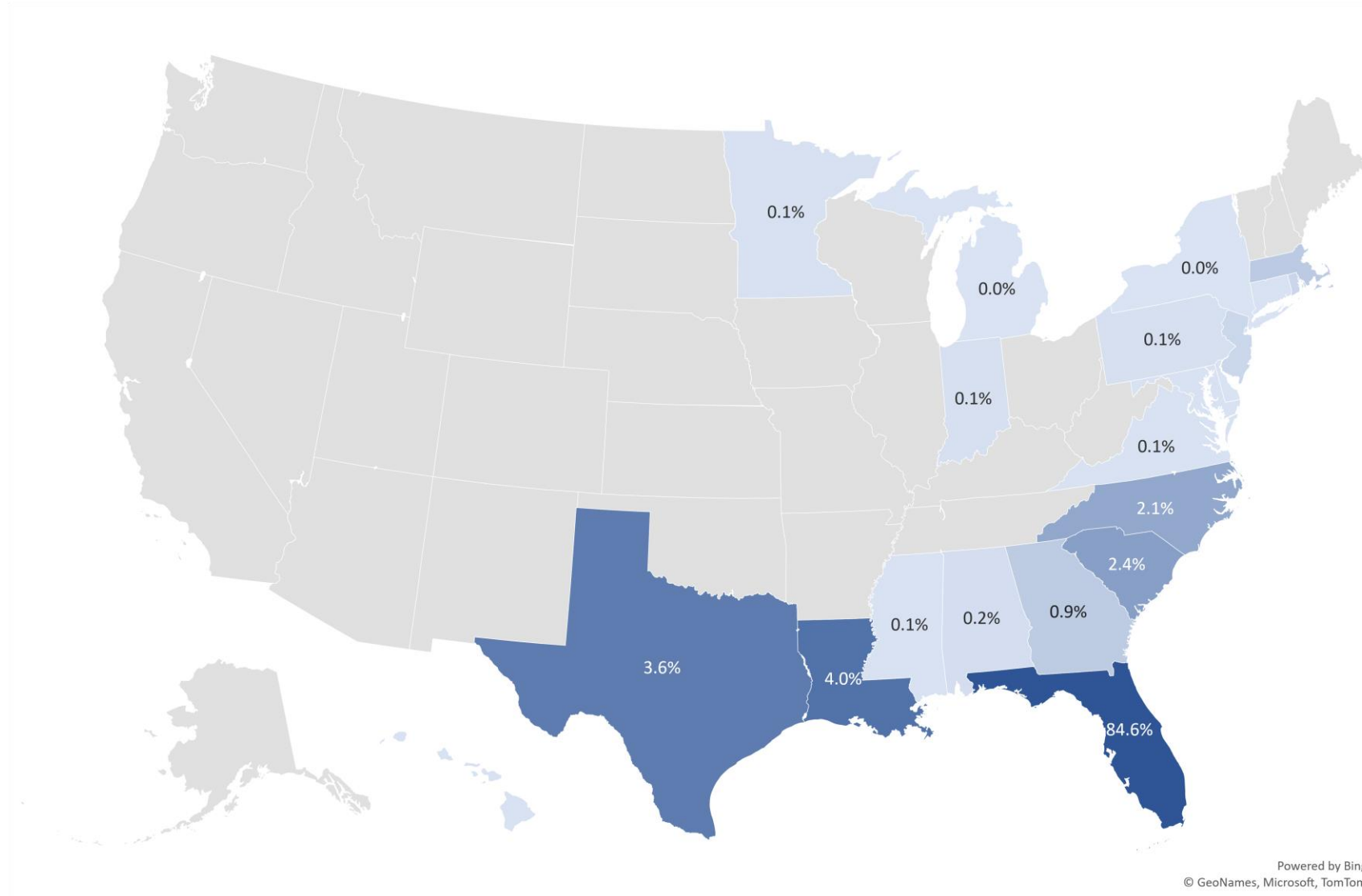


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Geographic Diversification: 2016 DWP Distribution

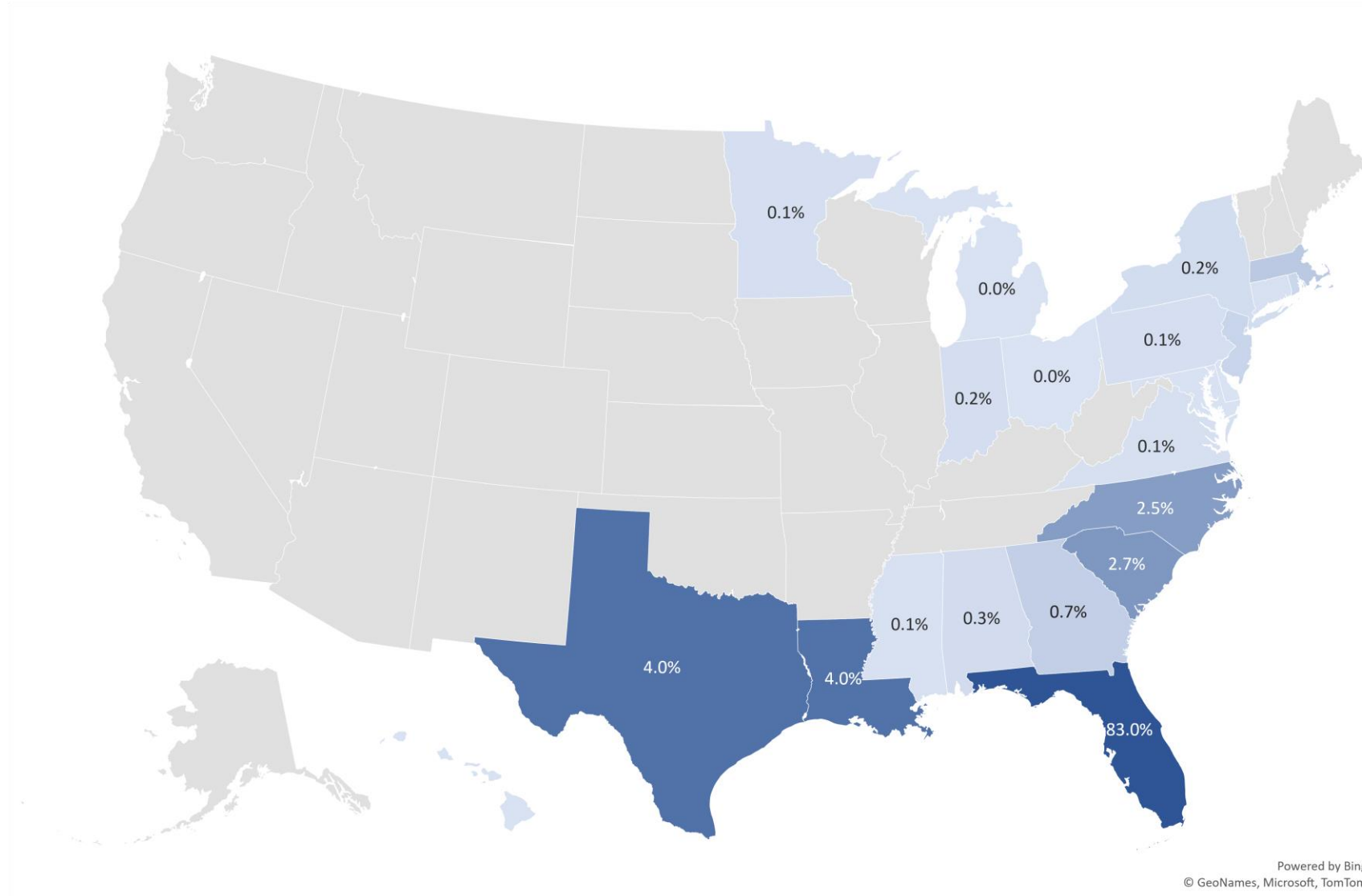


Geographic Diversification: 2017 DWP Distribution

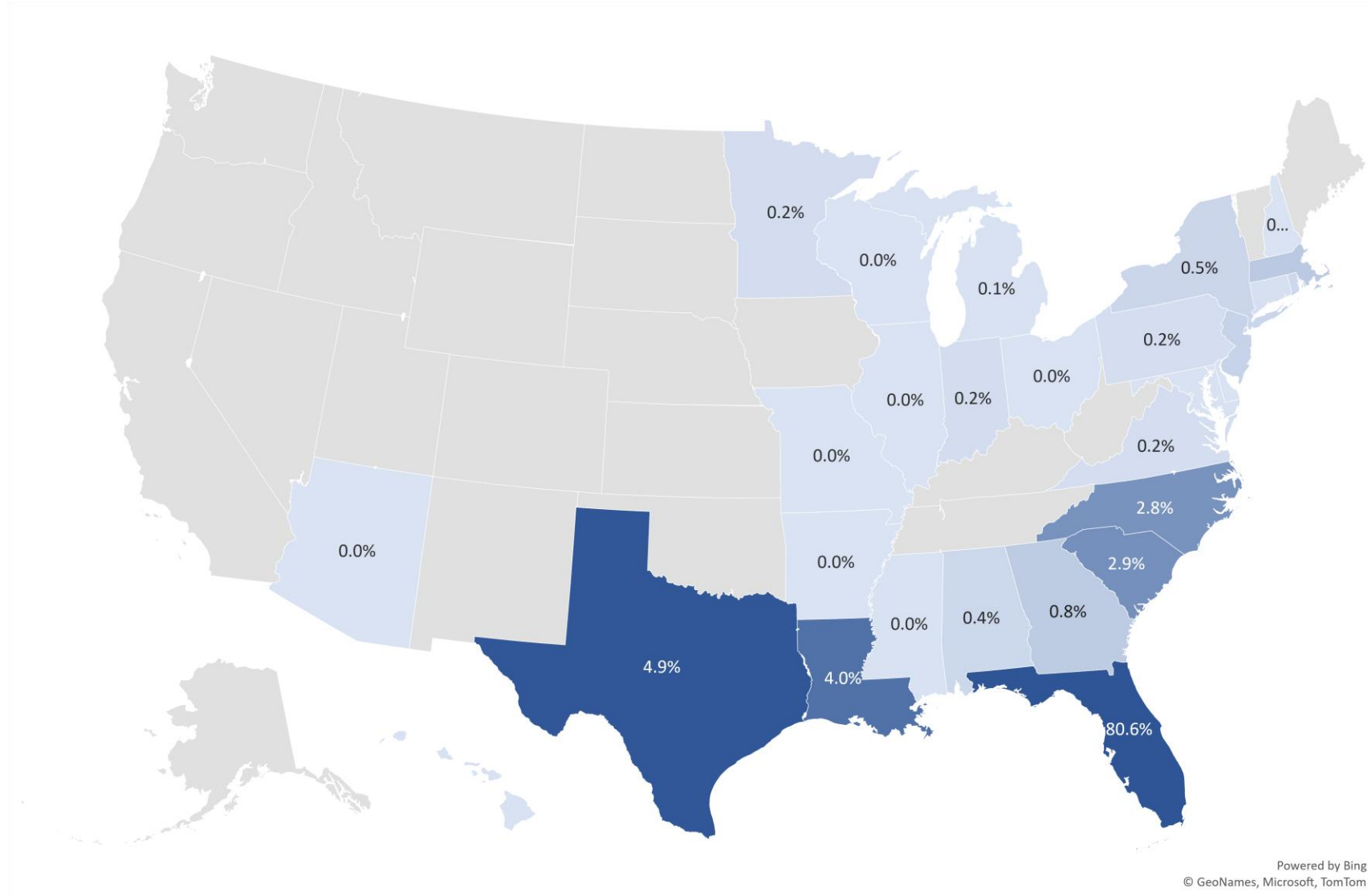


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Geographic Diversification: 2018 DWP Distribution

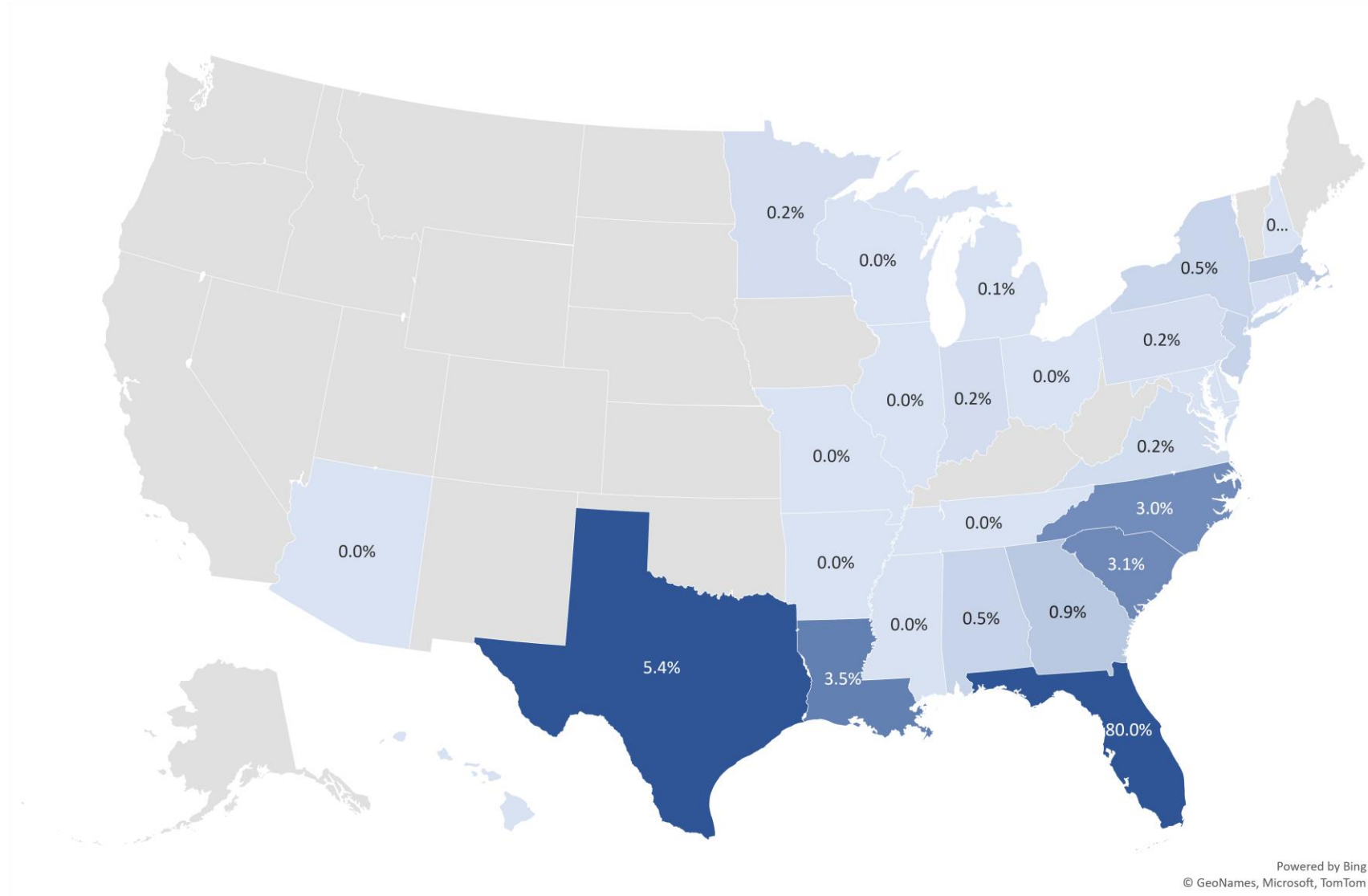


Geographic Diversification: 2019 DWP Distribution



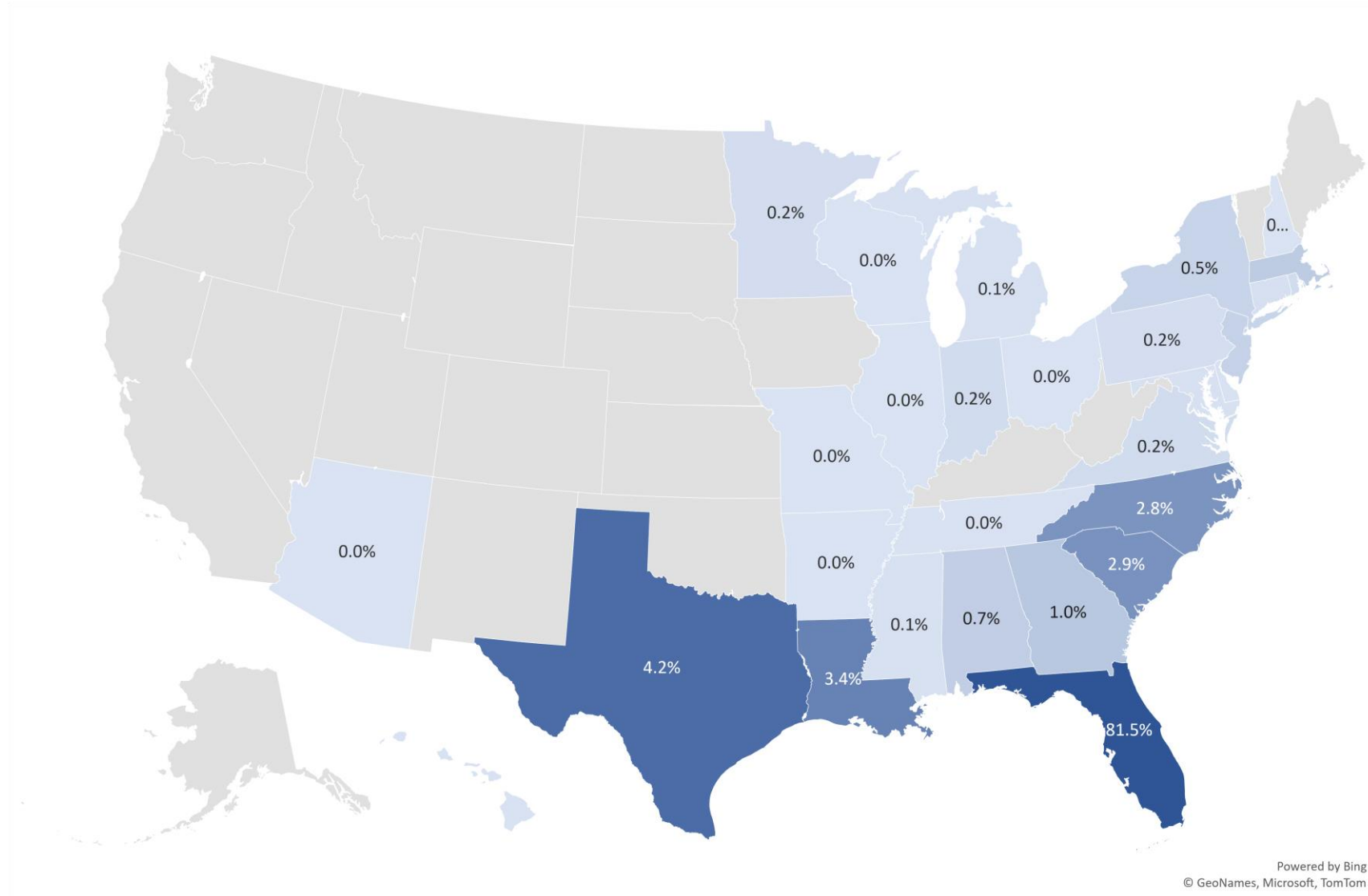
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Geographic Diversification: 2020 DWP Distribution



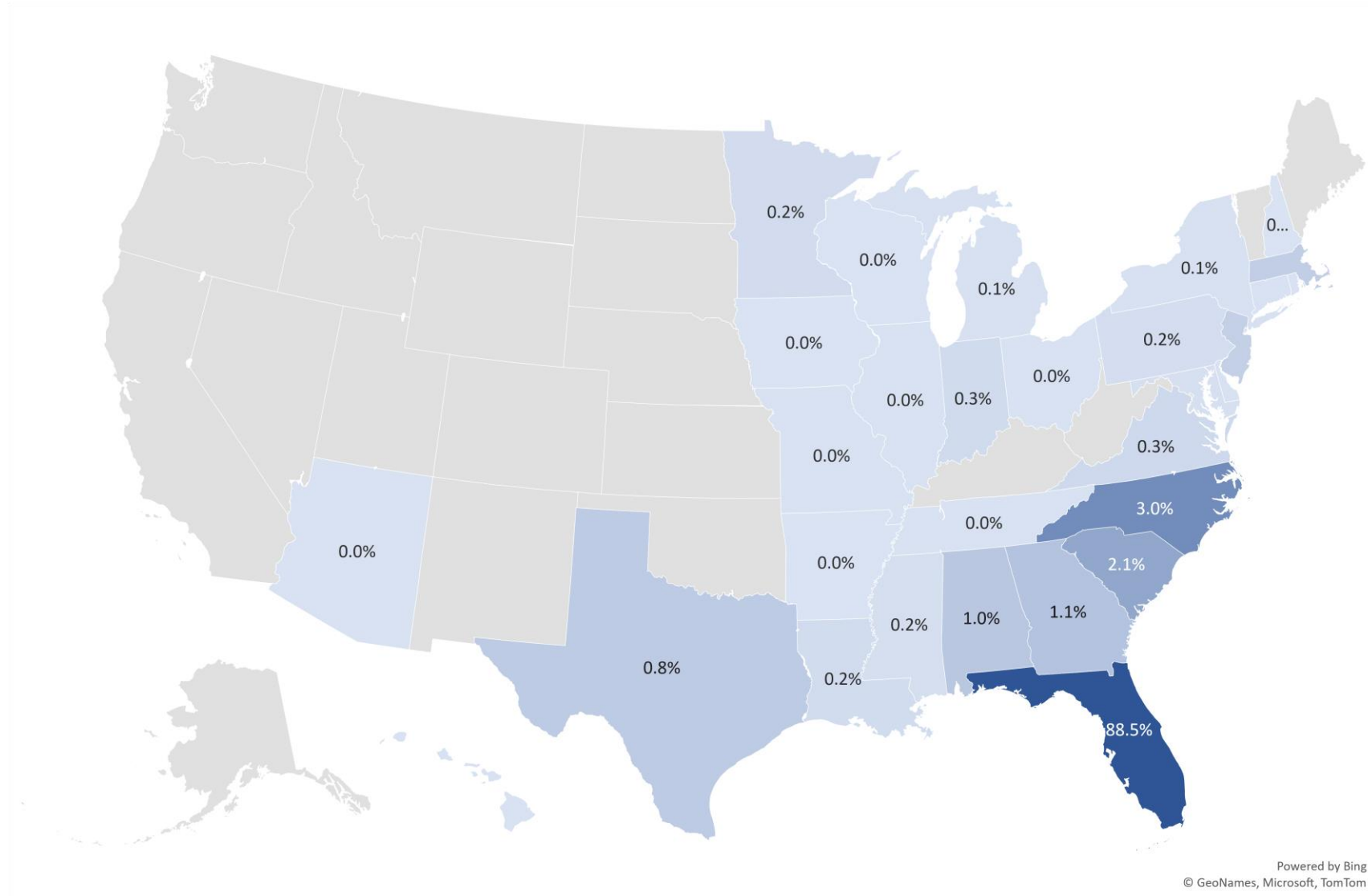
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Geographic Diversification: 2021 DWP Distribution



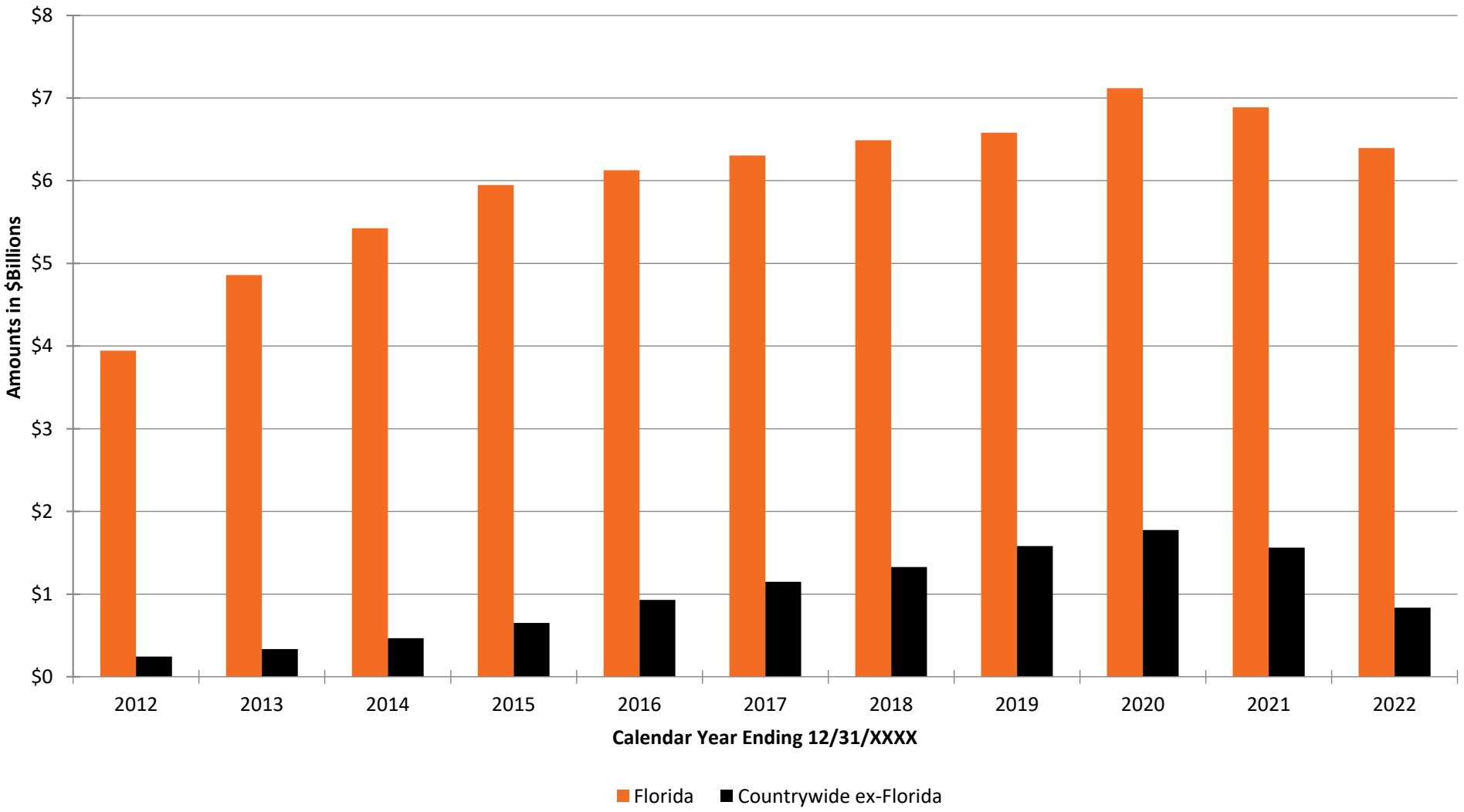
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Geographic Diversification: 2022 DWP Distribution

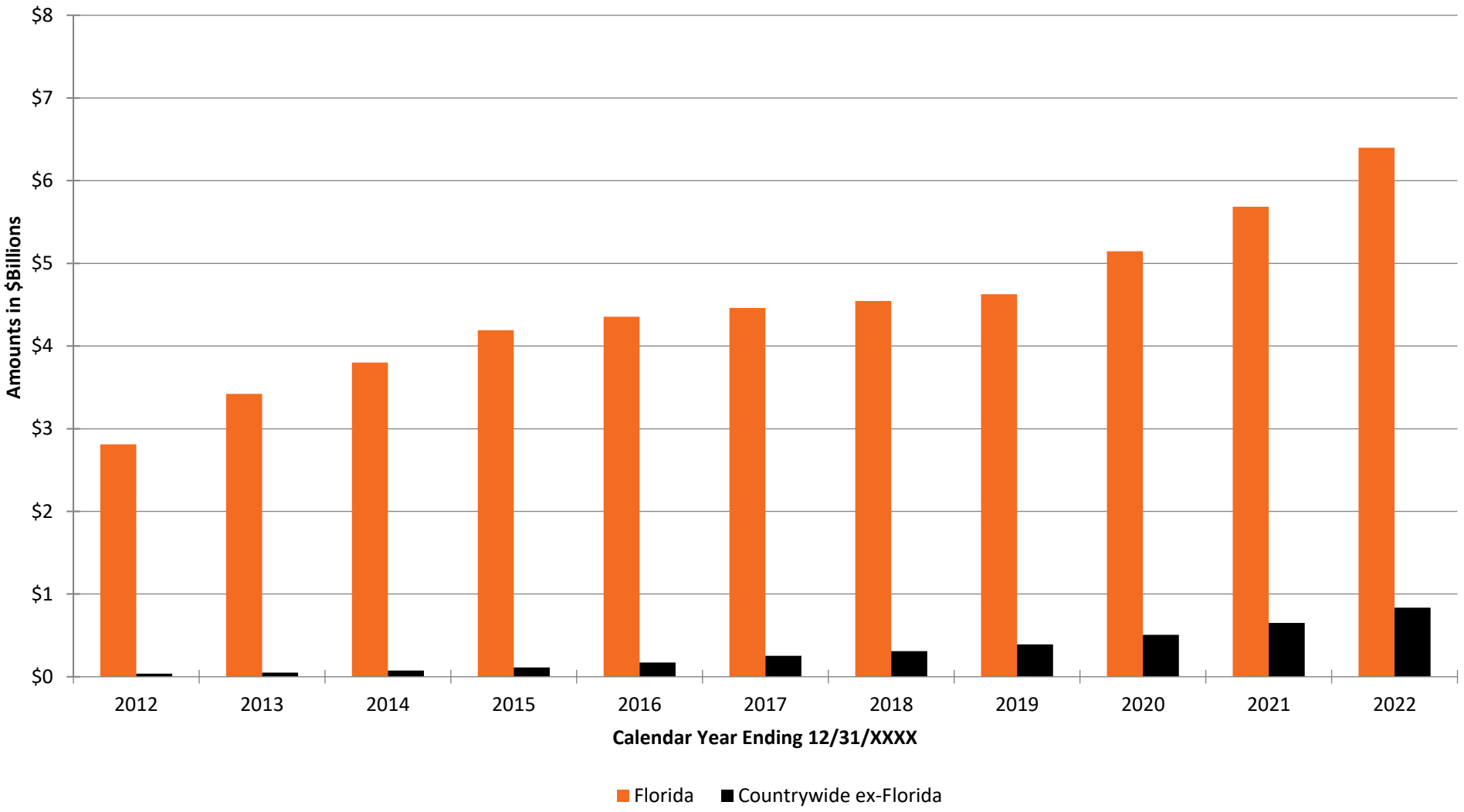


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Direct Written Premium: Including Insolvent Companies



Direct Written Premium: Excluding Insolvent Companies





Questions

Thank You!

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