

Florida: “Whatever the worst terms you can think of to describe this market, use them- that’s where we are.” OIR Commissioner David Altmaier  
10/18/2021



 **Building Futures Advisory**

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A Murder  
Has Been  
Committed



And today, you will hear  
the tragedy- told for the  
first time away from the  
crime scene

Why Here?

Why Now?

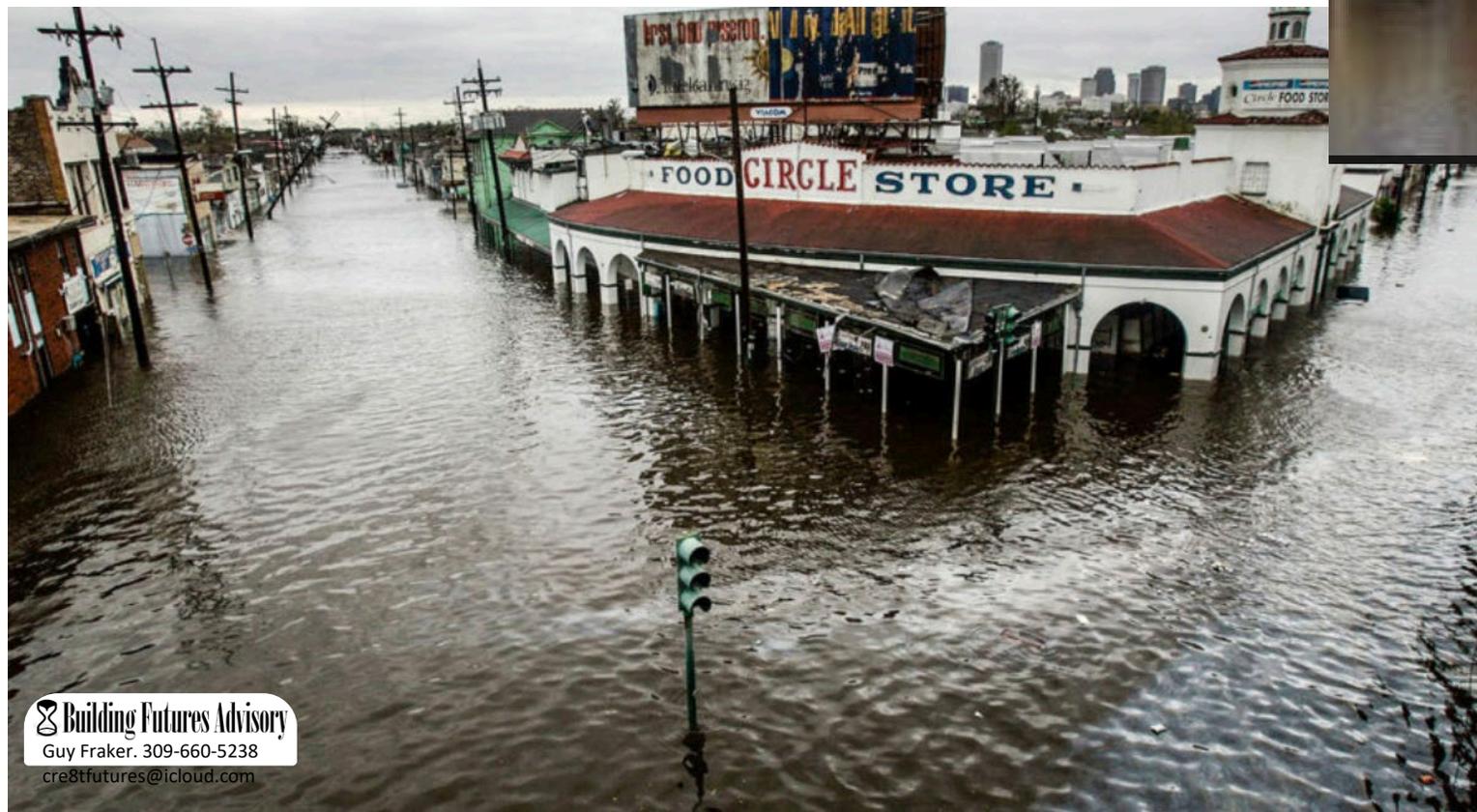
Well, we have special place in our hearts for NOLA,  
For The Good Citizens of Louisiana





**You understand more than most  
when chaos occurs the door can  
open for those who wish to do  
harm.**

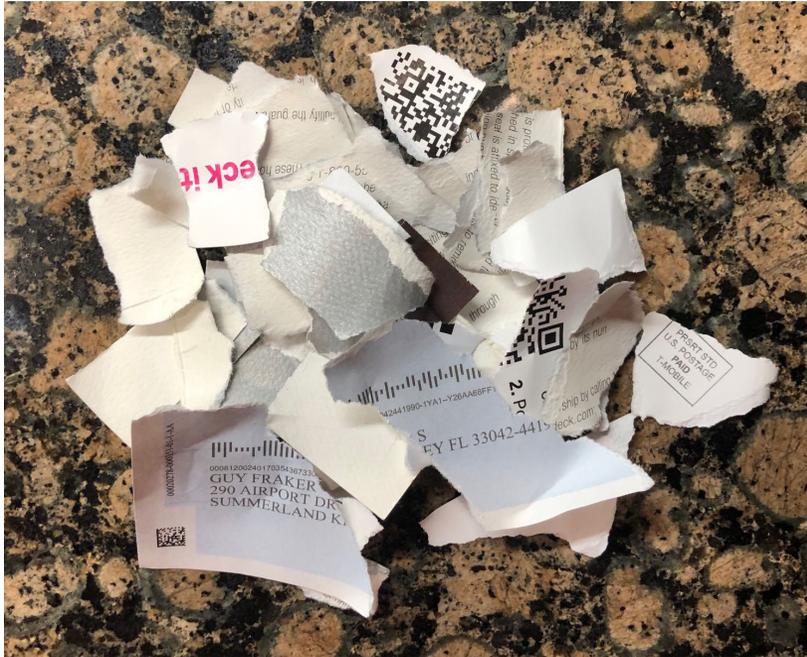
**Source Documents: 4,221 Pages**





All That Evil Needs To Prevail,  
Is For Good People To Do Nothing.....

Doing Nothing Is Not Louisiana



- “Guy, we’d like you to take a look at our residential P&C Market. We think we may have a problem.”

# Participant Assistance

What are 3 attributes, phrases, descriptors of a sound insurance market?

# Participant Assistance

Please note 2 consequences to Louisiana IF such a market could not exist?

# The Mission Of Insurance

- 1. Protect Consumers and their assets from sudden, accidental, large losses, thus enabling economic stability and growth by enabling consumer spending and consumer credit.
- 2. Be an essential cash flow system by collecting millions of small payments daily to then push between 90% and ideally 110% of those payments back into national and local economies.

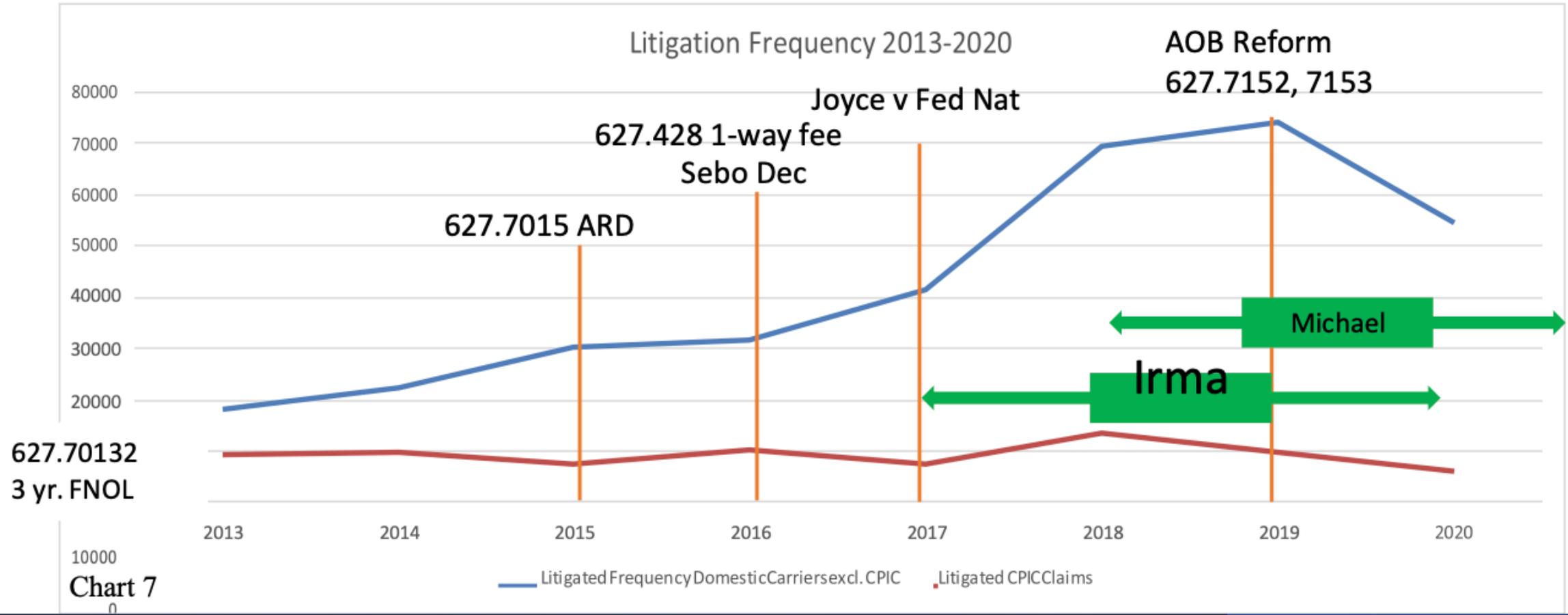
# The Mission Of Insurance

## 2 Cornerstones include:

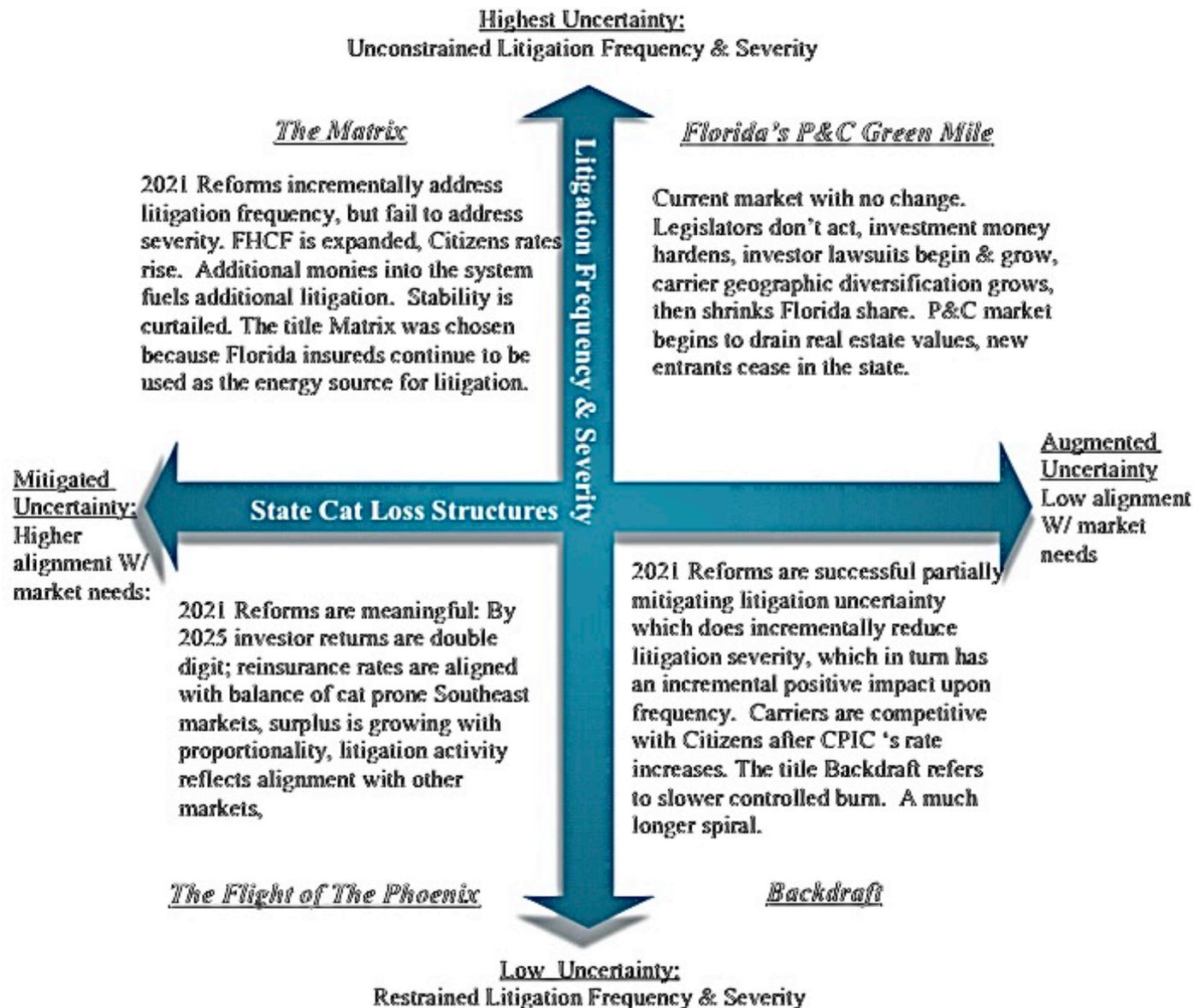
Actuarial capabilities that rely upon losses as sudden, accidental, and quantifiable events attributable to a limited list of causes.

## 3. Provide consumers with services that are:

- Available,
- Adequate to their needs,
- Affordable to acquire
- Reliable- provided by financially viable organizations.

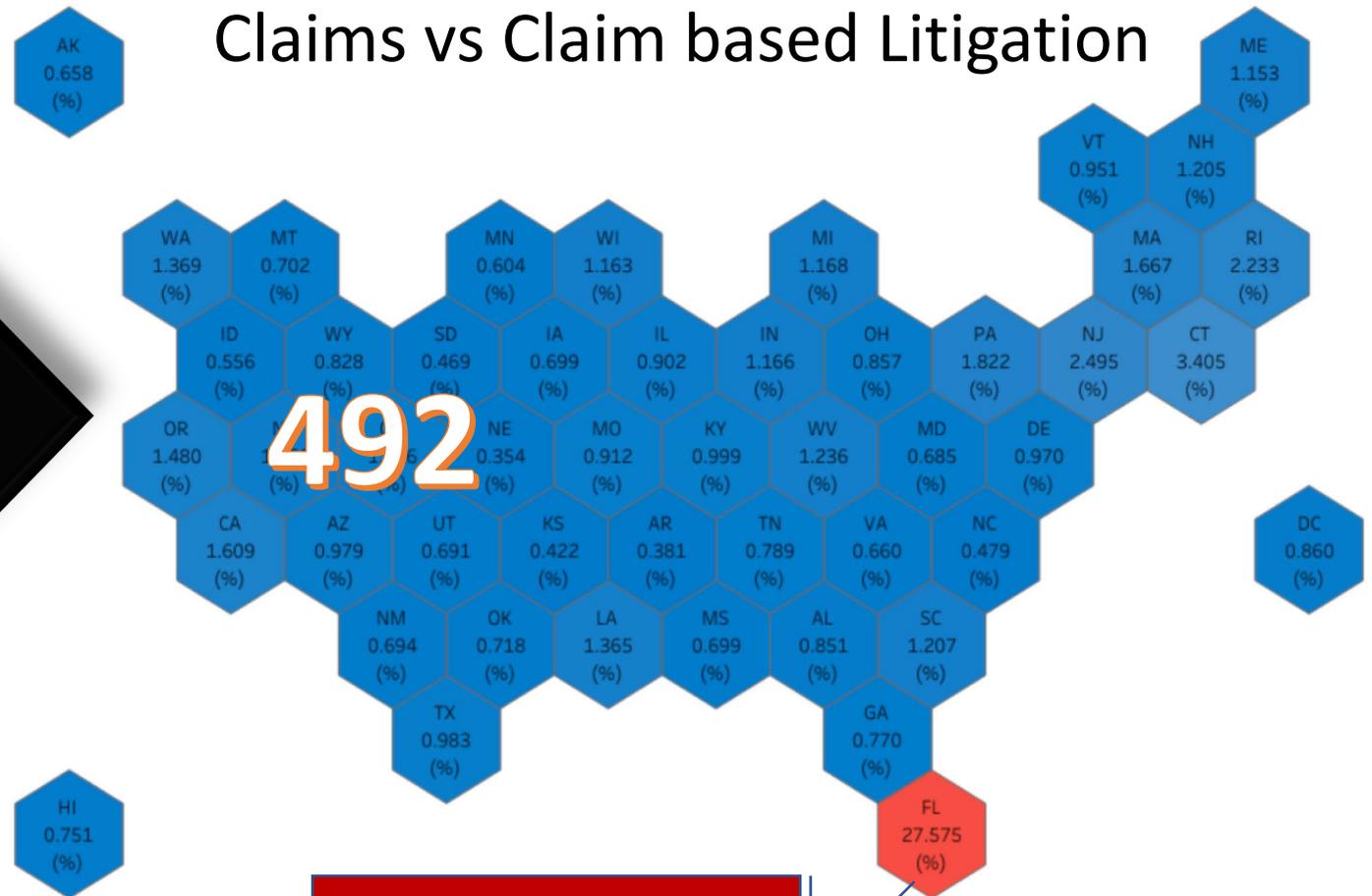


# Florida's Litigation Economy: Core Drivers & The Future



Florida's Residential P&C Market Has Been Replaced By Florida's Litigation Market

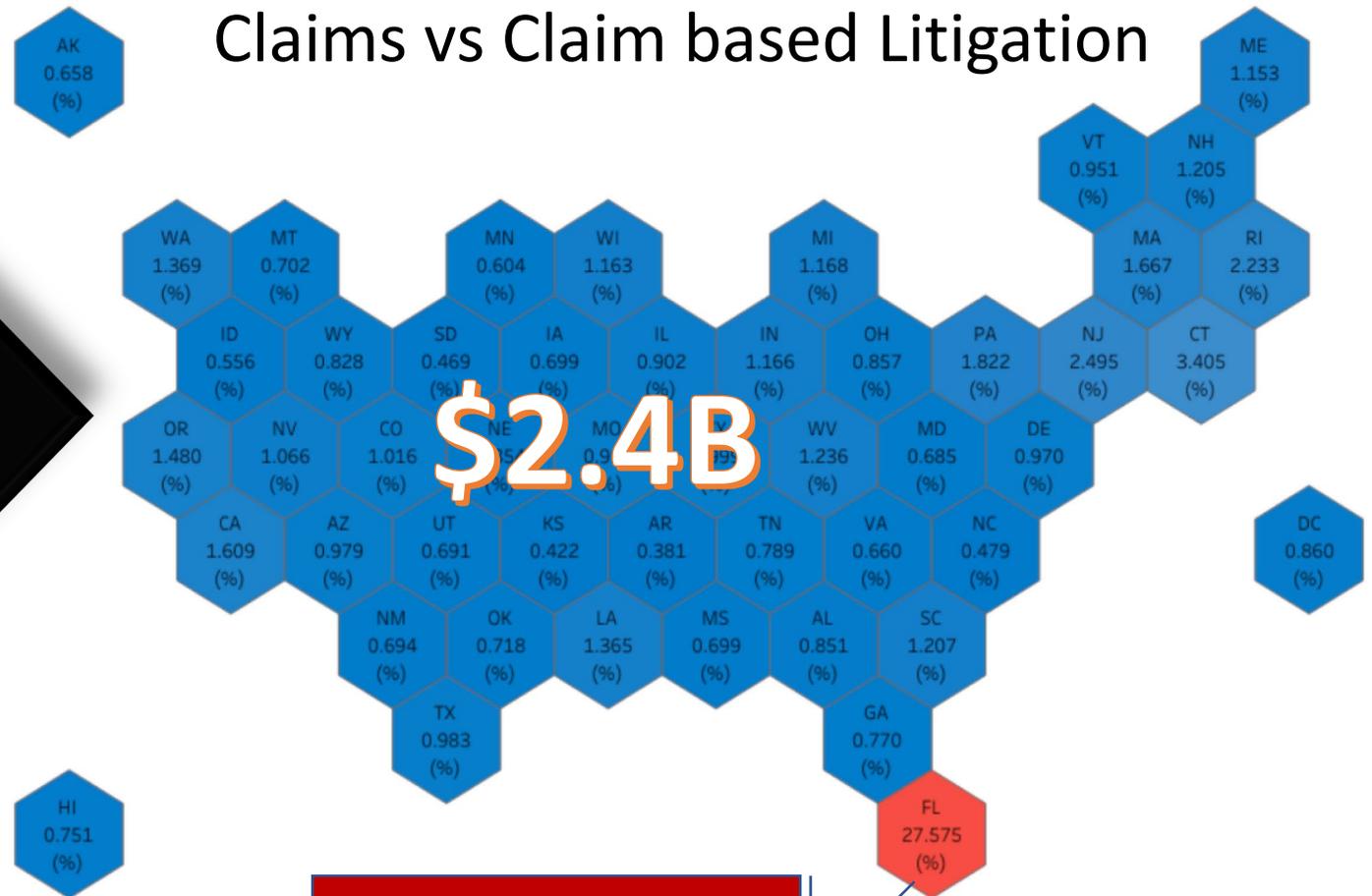
## NAIC Map: Claims vs Claim based Litigation



100,595

Florida's Residential P&C Market Has Been Replaced By Florida's Litigation Market

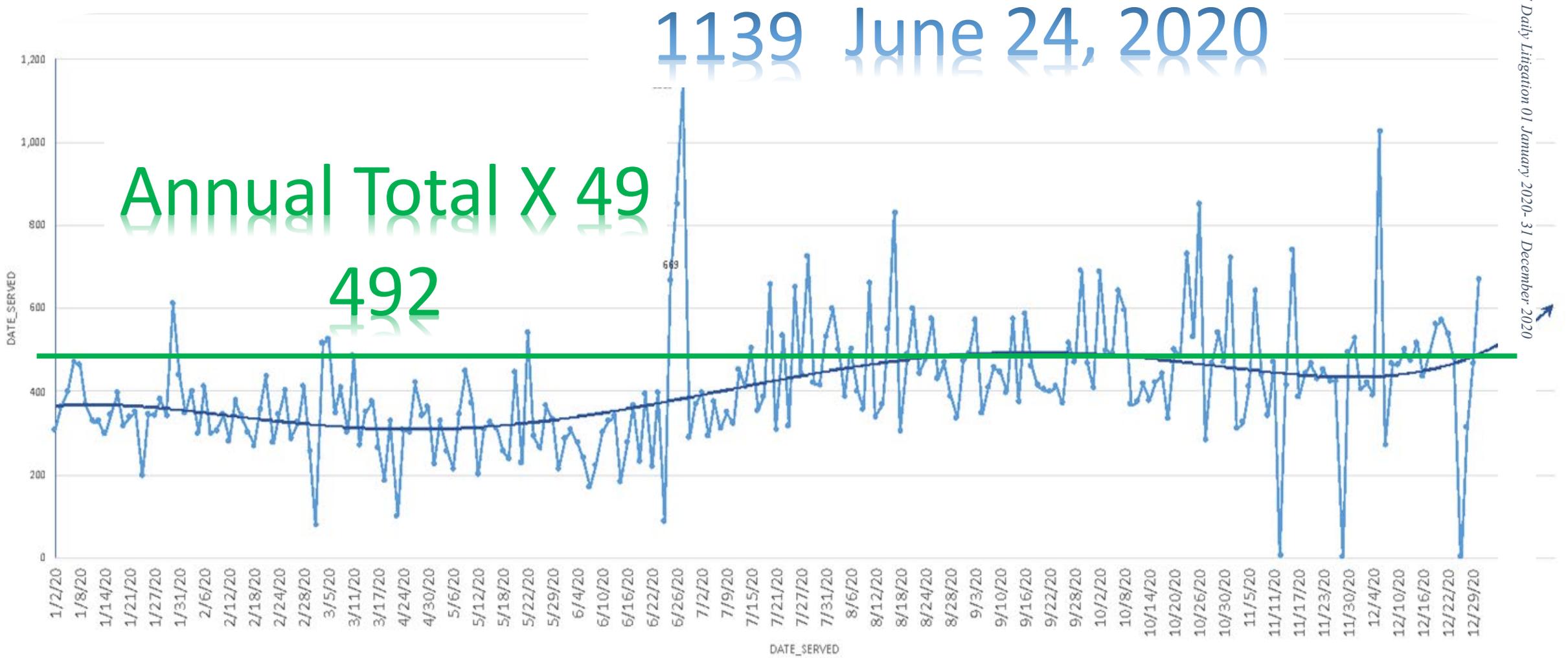
## NAIC Map: Claims vs Claim based Litigation



**\$2.4B**

**\$8.3B**





Sources: "Service of Process Reports" (LSOP Reports), Florida Department of Financial Services, 1 January 2020- 31 December 2020. "Civil Remedy Notice: (CRN Reports), Florida Department of Financial Services 1 January 2020 – 31 December 2020.

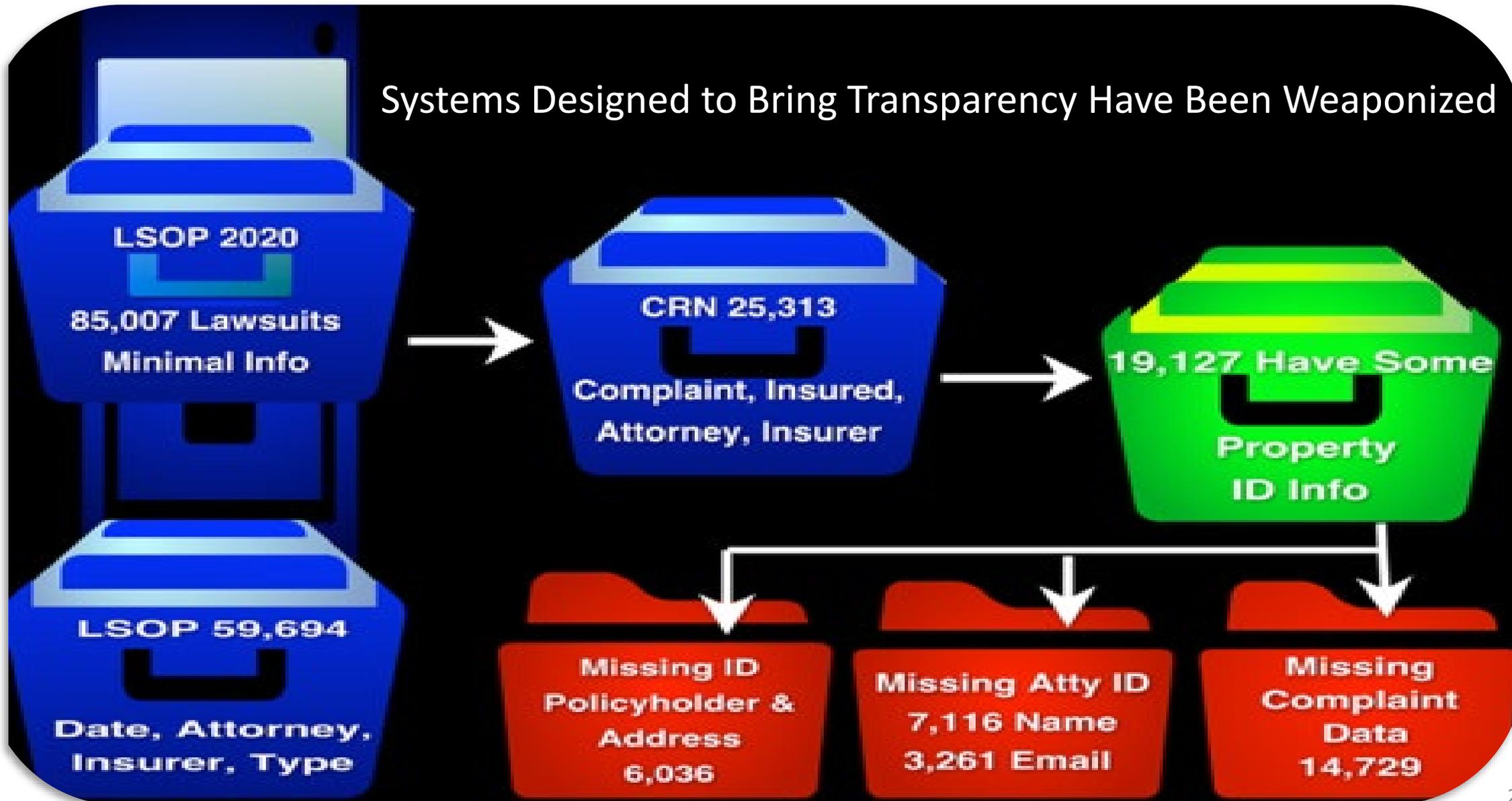


# How Is This Possible?

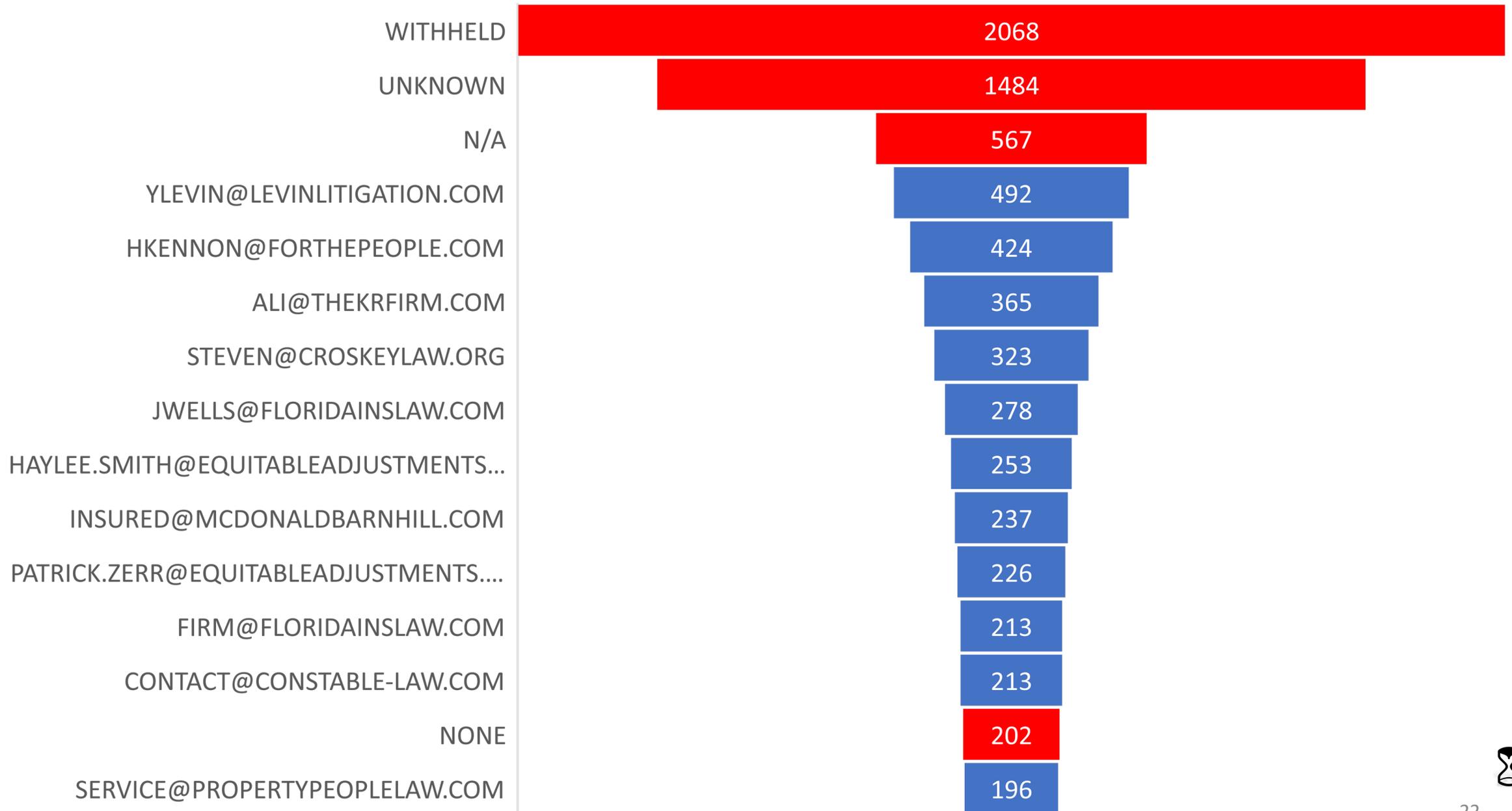
Intentionally: AI, PAC's  
Coordination, Weaponize  
The Law

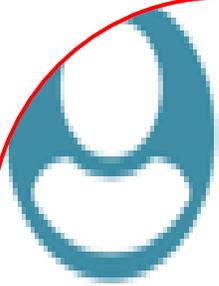
# Weaponizing Data & Data Systems

Systems Designed to Bring Transparency Have Been Weaponized



## 2021 CRN Top 15 Complaint Email





Marc M

★★★★★ (5 stars)

## Created A Network To Achieve Scale

09/02/2020

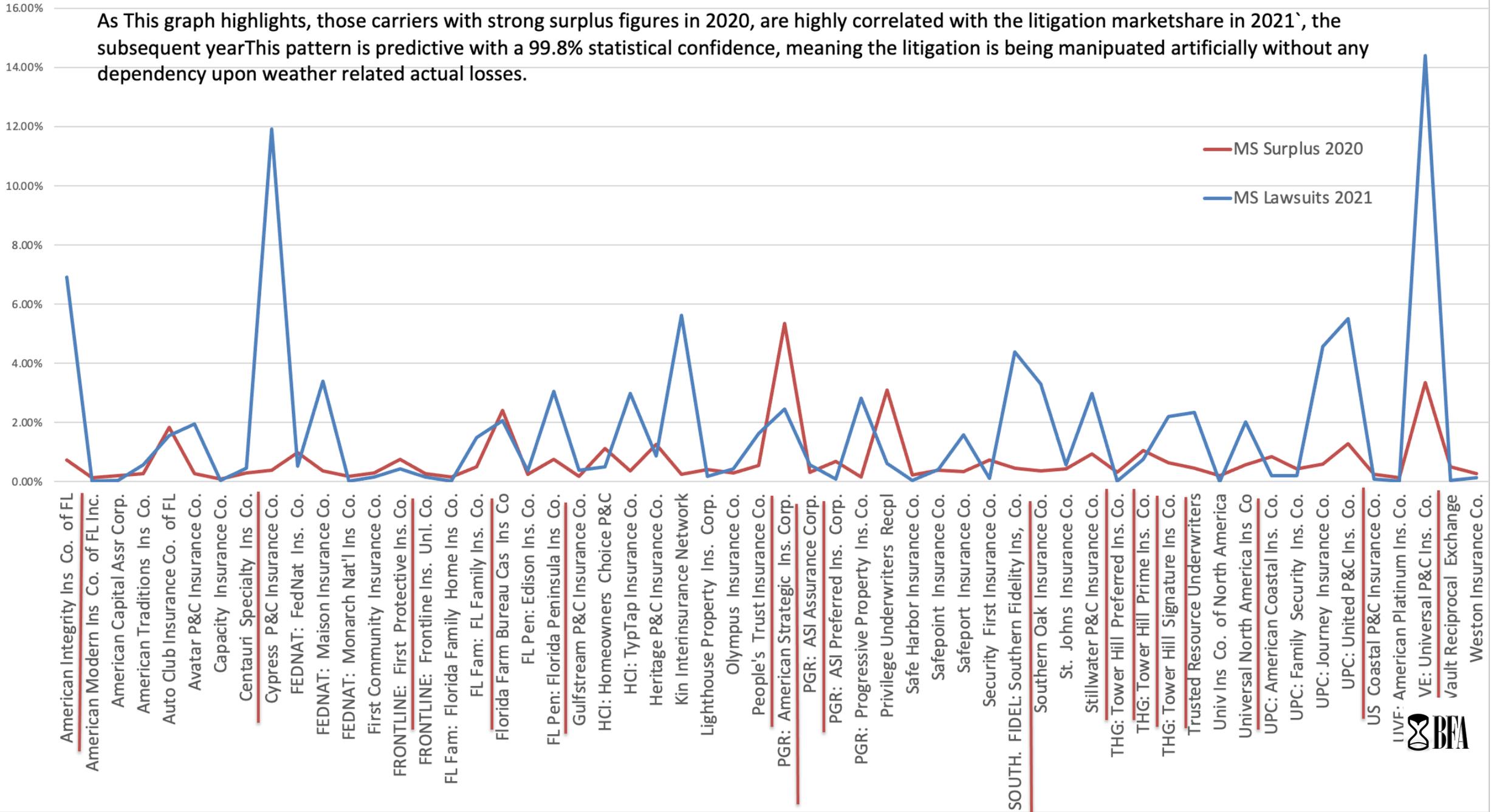
I'm the Managing-Broker for a local Real Estate Firm and we have a continual flow of clients in need of selling their homes. Many times they need to replace their roofs and most people are unaware that a wind storm could have caused damage to the roof, thereby reducing the deductible from \$5,000 for a hurricane to \$2,500 or even \$1,000. They usually find out after the house is listed for sale and an inspection is done. By then it might be too late and the sale could be lost. Or worse, they have to reduce the sales price by \$15,000 to cover the cost of an entire roof (shingle, tile is much higher). I call any one of Marlin Constructions Project Managers and receive same-day service for my clients which could potentially save them thousands of dollars. I have referred more than 10 personal clients to Marlin Construction and many more agents. They earn my business every time.



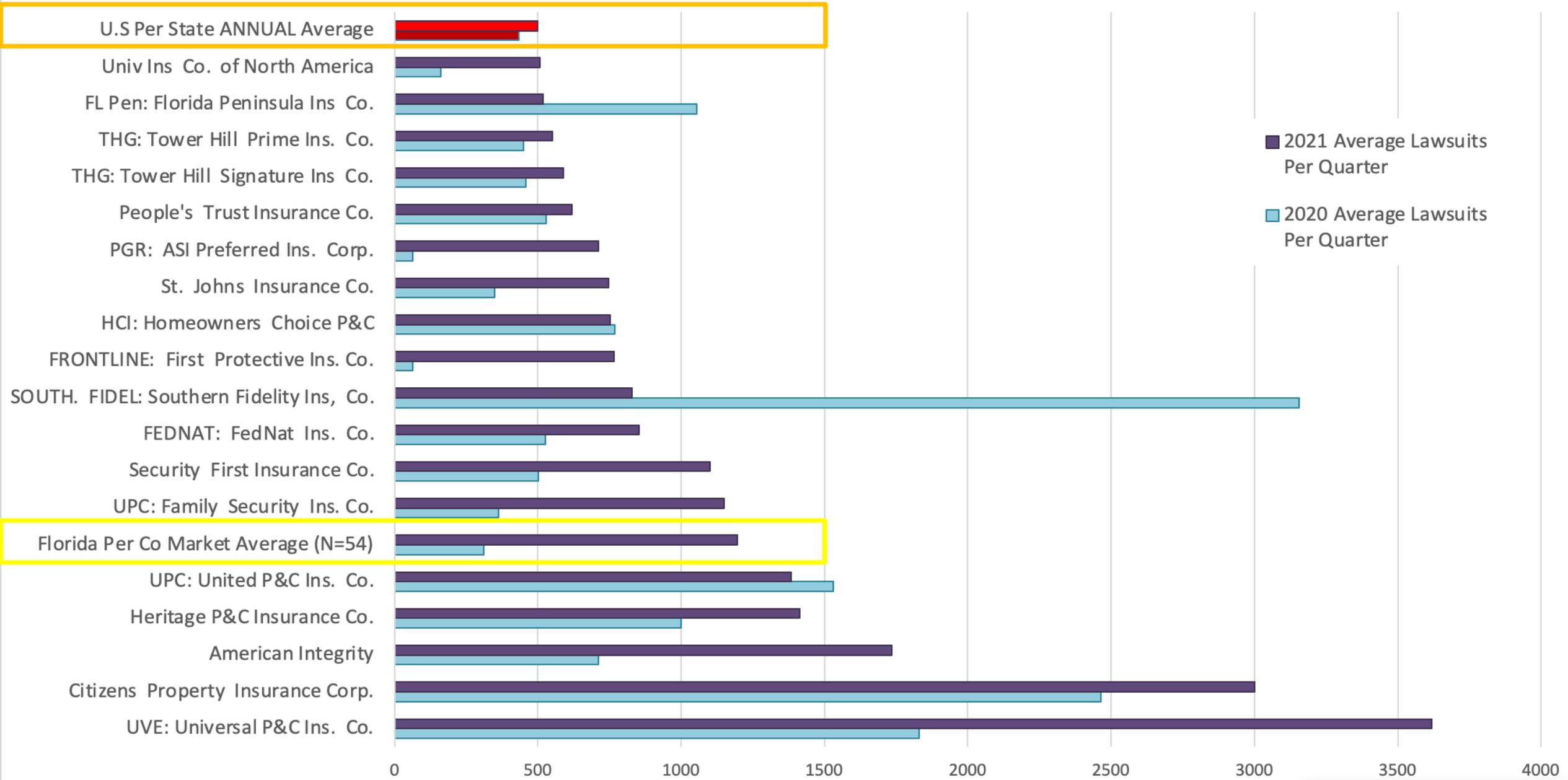
# The Practice Of Targeting Insurers

“Look, we have closed your doors, you just don’t know it yet. You have 13 months.”

As This graph highlights, those carriers with strong surplus figures in 2020, are highly correlated with the litigation marketshare in 2021, the subsequent year. This pattern is predictive with a 99.8% statistical confidence, meaning the litigation is being manipulated artificially without any dependency upon weather related actual losses.

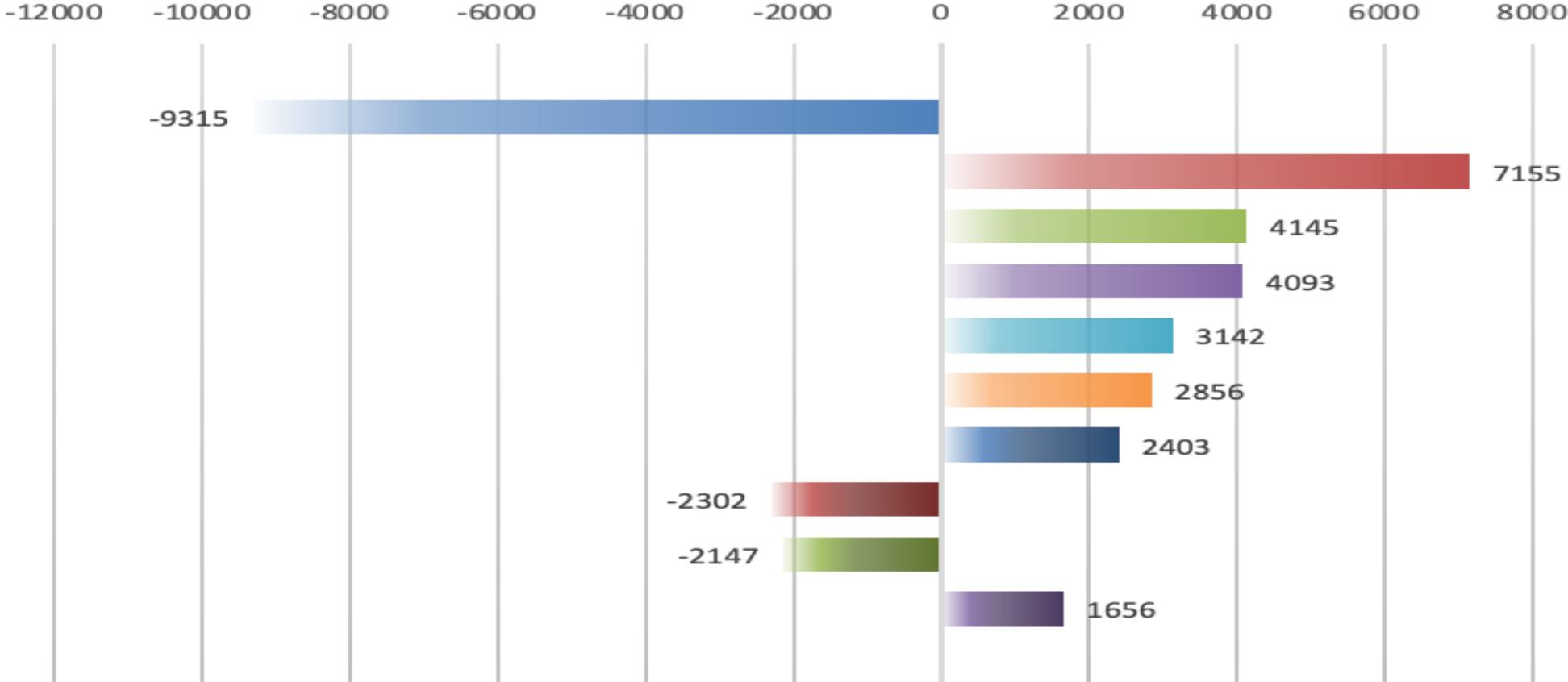


Individual Florida HO Insurers With More Lawsuits Per Quarter Than The U.S. Per State Annual Average For The Market



Sources: NAIC Litigation Study 2020; Florida Department of Financial Services LSOP, CRN, NOI data

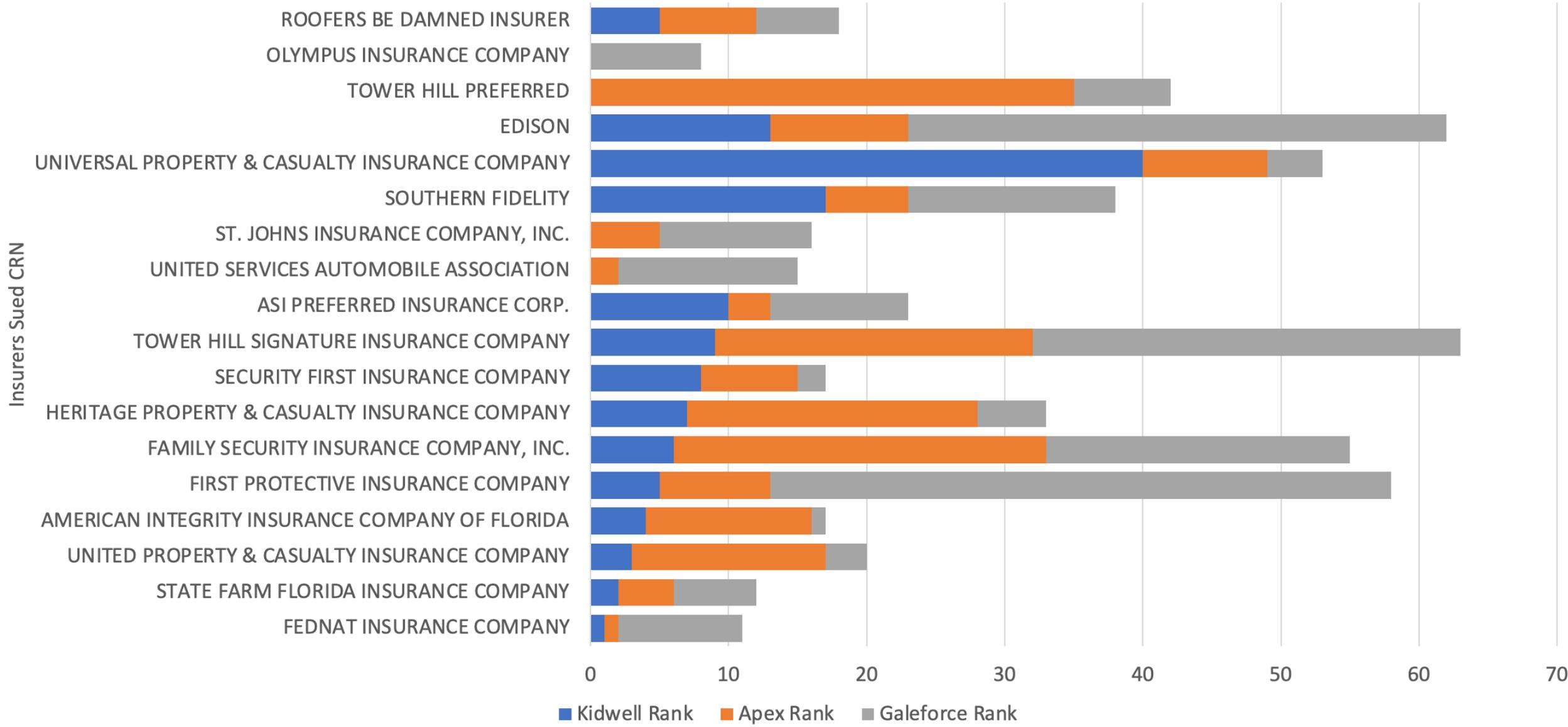
# TOP 10 FLORIDA CARRIERS BY YOY CHANGE IN LITIGATION CASES 2021



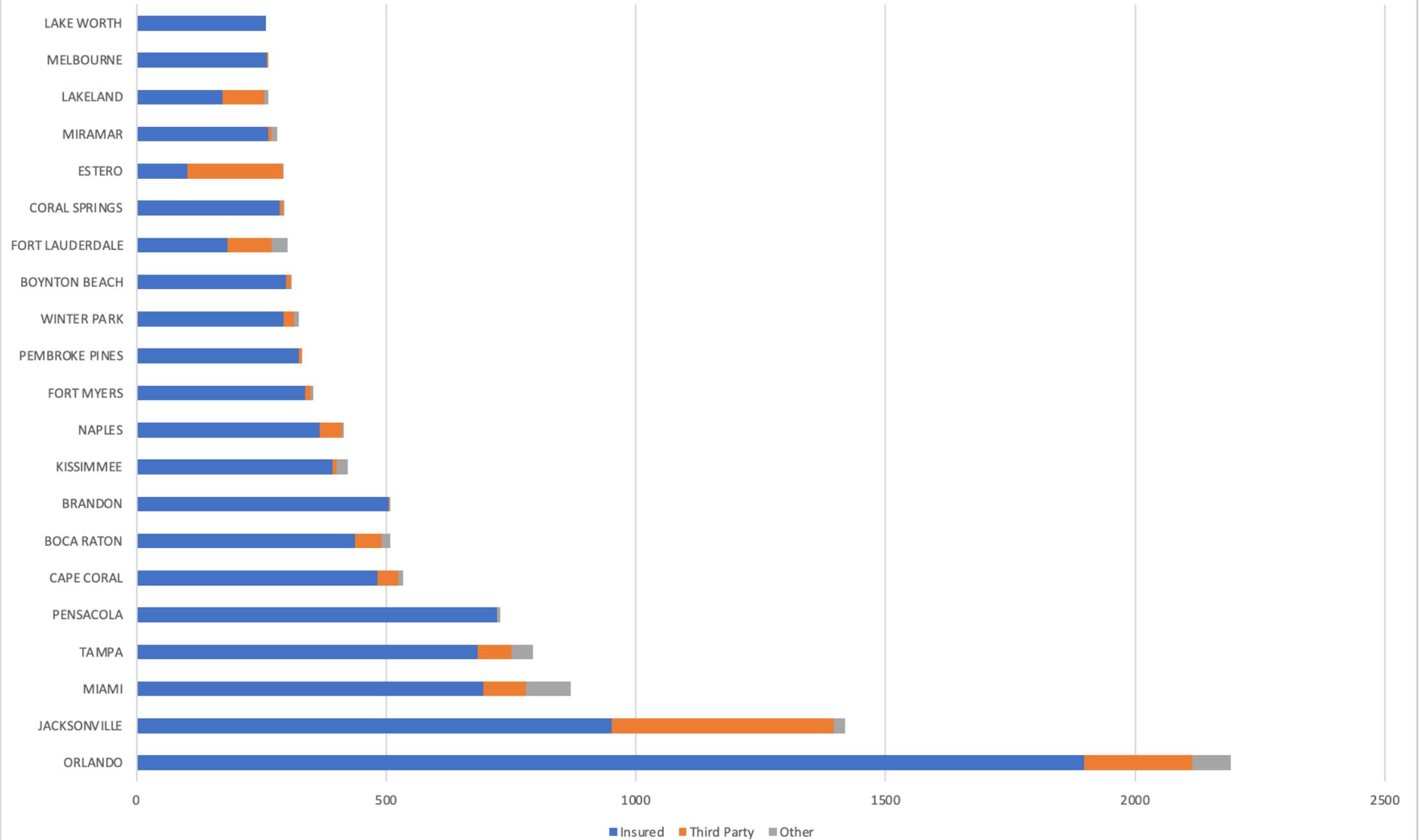
- Southern Fidelity Ins. Co.
- UVE: Universal P&C Ins. Co.
- Citizens Property Insurance Corp.
- American Integrity
- UPC: Family Security Ins. Co.
- PGR: ASI Preferred Ins. Corp.
- Security First Insurance Co.
- Safepoint Insurance Co.
- FL Pen: Florida Peninsula Ins Co.
- Heritage P&C Insurance Co.



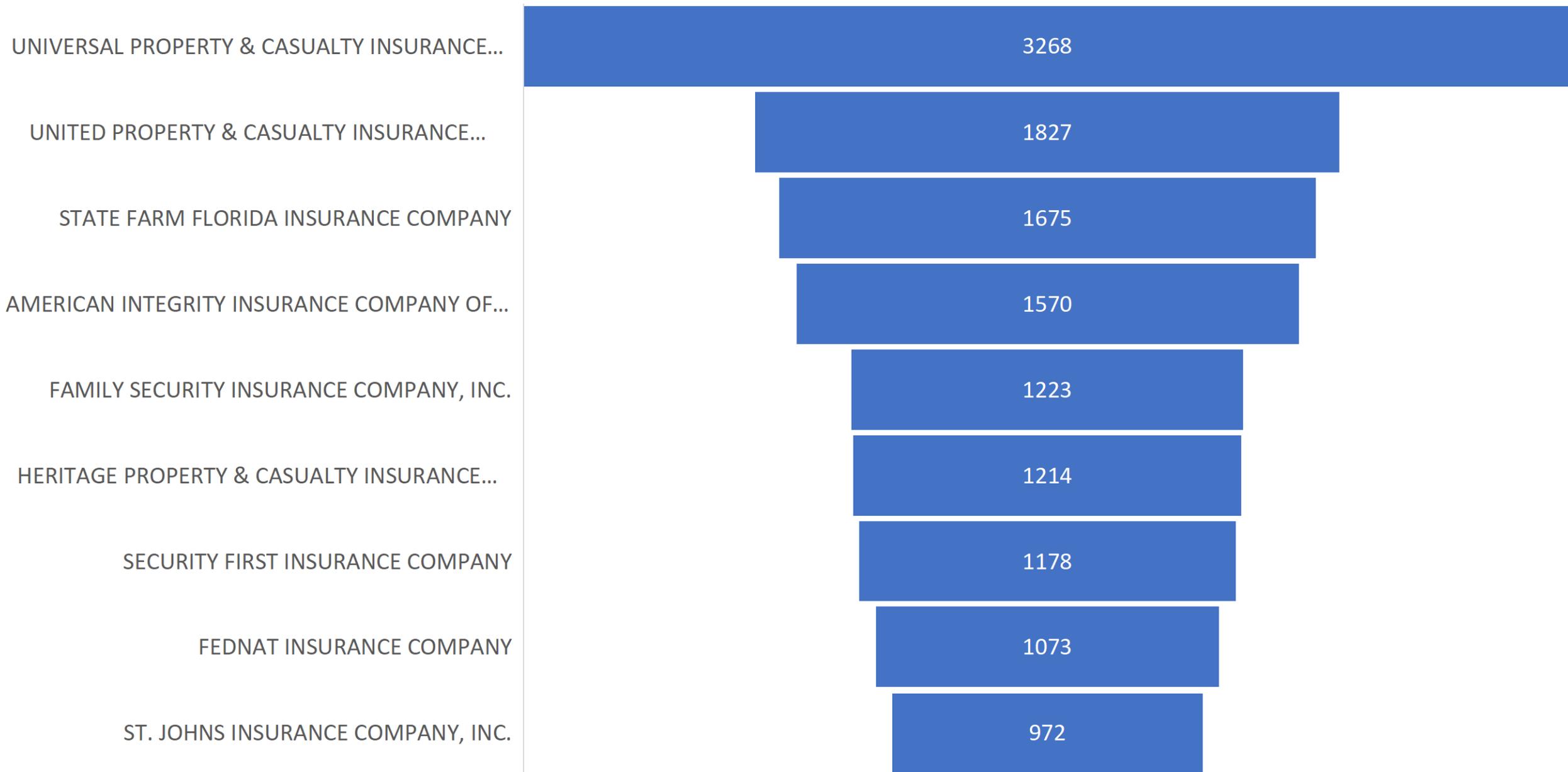
### 'Kidwell Rank', 'Apex Rank', 'Galeforce Rank' by 'Insurers Sued CRN'



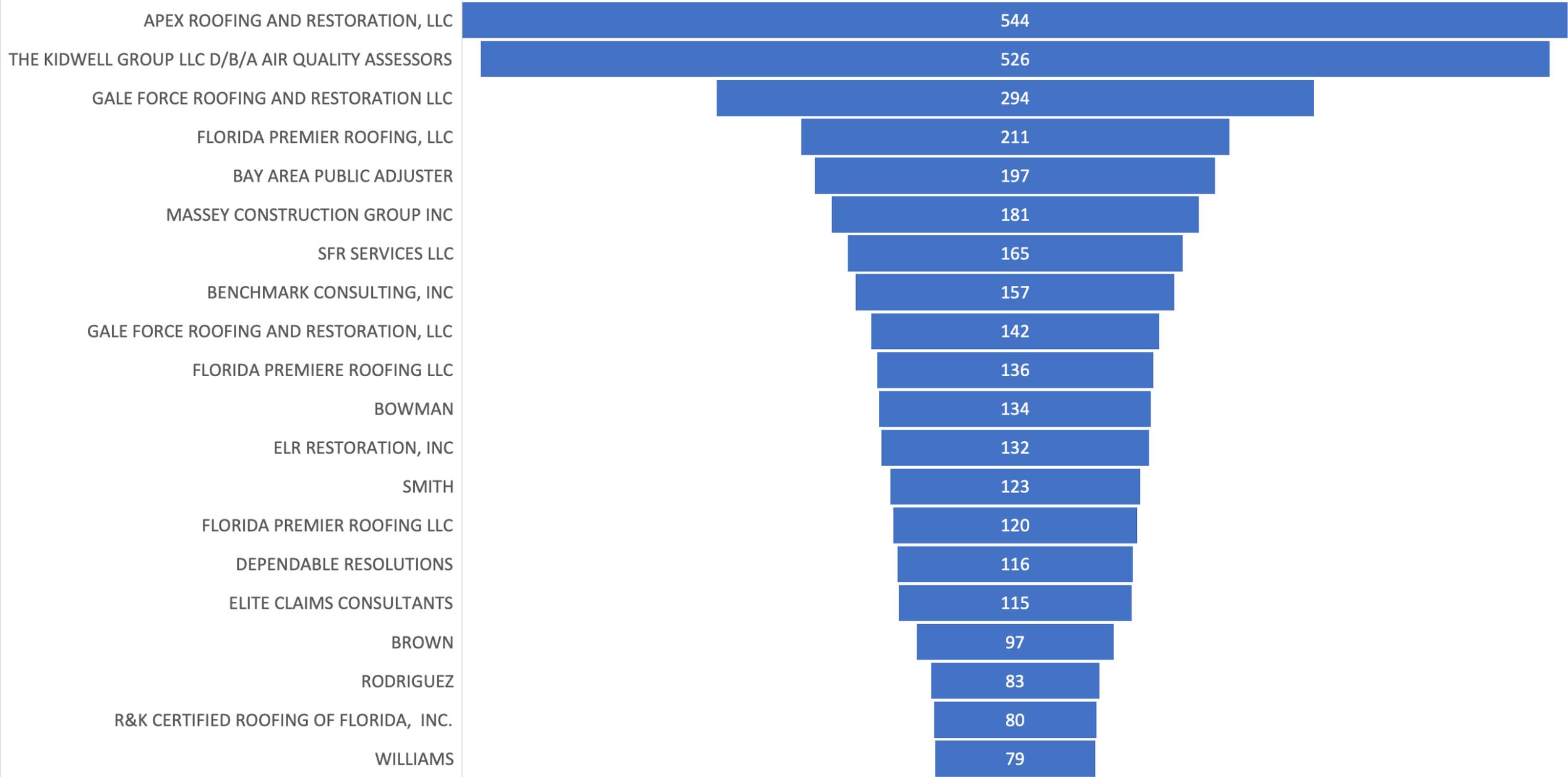
## 2021 CRN: Top 20 Cities By Complaint Type



### Top 10 Florida Carriers By CRN Case Counts

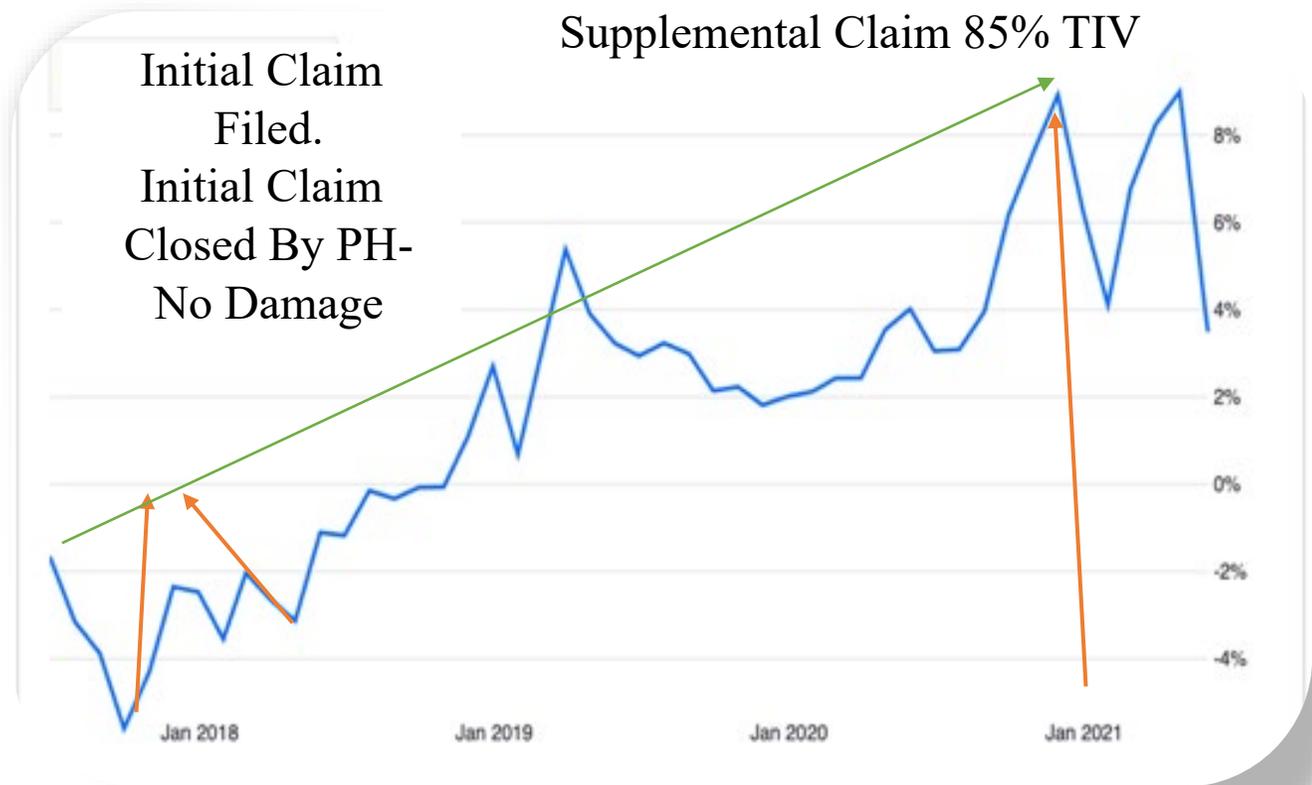
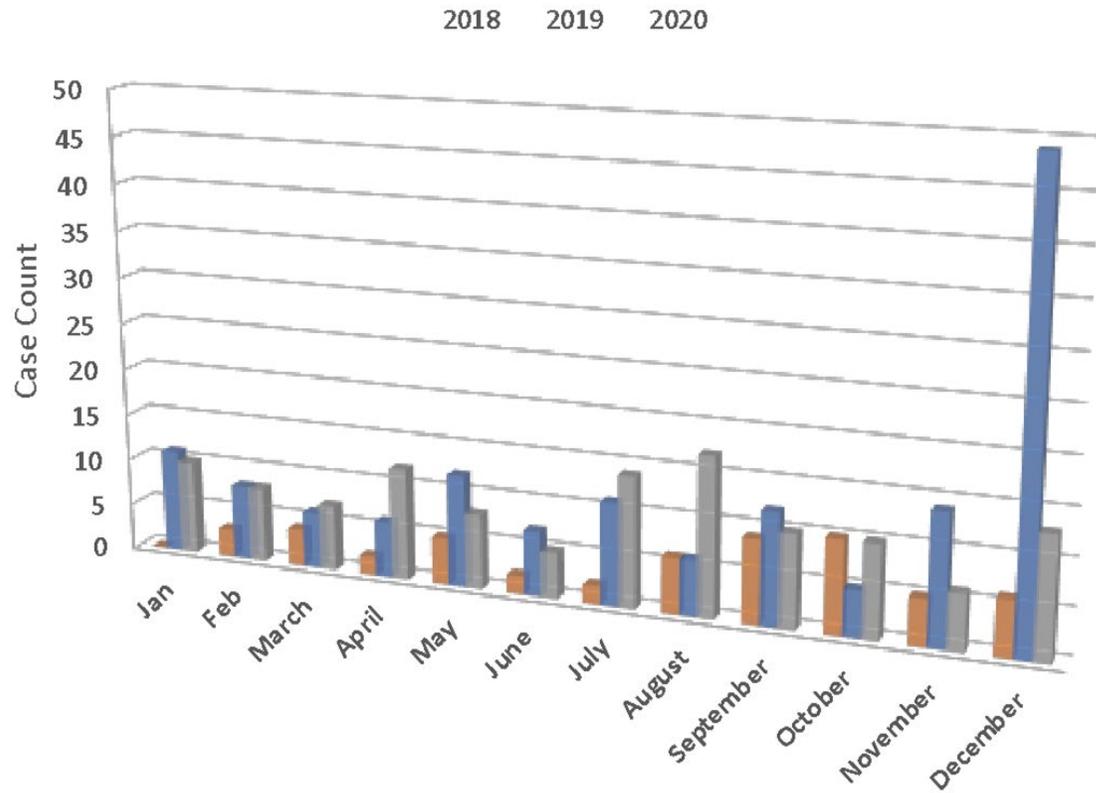


TOP 20 COMPLAINANTS 2021 (CRN DATA)



# Case Study: American Capital

AmCap Lawsuits by month filed 2018, 2019, 2020



Source: "Civil Remedy Notice" (CRN Reports) Florida Department of Financial Services, 1 January 2018-31 December 2020; "LSOP Reports" Florida Department of Financial Services, 1 January 2014- 31 December 2020

Figure 14 Plaintiff strategy used to attack AmCap



Florida Carriers	Commercial CRN Cases
AMERICAN COASTAL INSURANCE COMPANY	37
HERITAGE PROPERTY & CASUALTY INSURANCE COMPANY	31
SAFEPOINT INSURANCE COMPANY	13
TOWER HILL PRIME INSURANCE COMPANY	13
AMERICAN CAPITAL ASSURANCE CORP	9
FRONTLINE INSURANCE UNLIMITED COMPANY	13
FIRST COMMUNITY INSURANCE COMPANY	8
CAPACITY INSURANCE COMPANY	12
AMERICAN CAPITAL ASSURANCE CORP	9
Total Case Counts	145

# The Consequences

\$5.2B Litigation Revenue to  
Less Than 75 Members From:

- Insurers
- Investors
- Reinsurers
- The Good Citizens Of  
Florida

### 2025: Gap of Florida Reinsurance Pricing Widens Compared to Other Regions



- Pricing for Florida Reinsurance Risk has increased Further than other Hurricane prone states

Reinsurers/Surplus Lines Operated by Reinsurer	CRN Case Count
UNDERWRITERS AT LLOYD'S, LONDON	152
ZURICH AMERICAN INSURANCE COMPANY	21
EVEREST INDEMNITY INSURANCE COMPANY	7
EVEREST NATIONAL INSURANCE COMPANY	4
ALLIANZ GLOBAL CORPORATE & SPECIALTY SE	3
RLI INSURANCE COMPANY	3
EVEREST PREMIER INSURANCE COMPANY	3
XL CATLIN INSURANCE COMPANY UK LTD.	2
AMERICAN ZURICH INSURANCE COMPANY	1
XL SPECIALTY INSURANCE COMPANY	1
AXIS REINSURANCE COMPANY	1
AMERICAN NATIONAL LLOYDS INSURANCE COMPANY	1
AXIS SURPLUS LINES	7
<b>TOTAL COMMERCIAL CRN CASES</b>	<b>206</b>

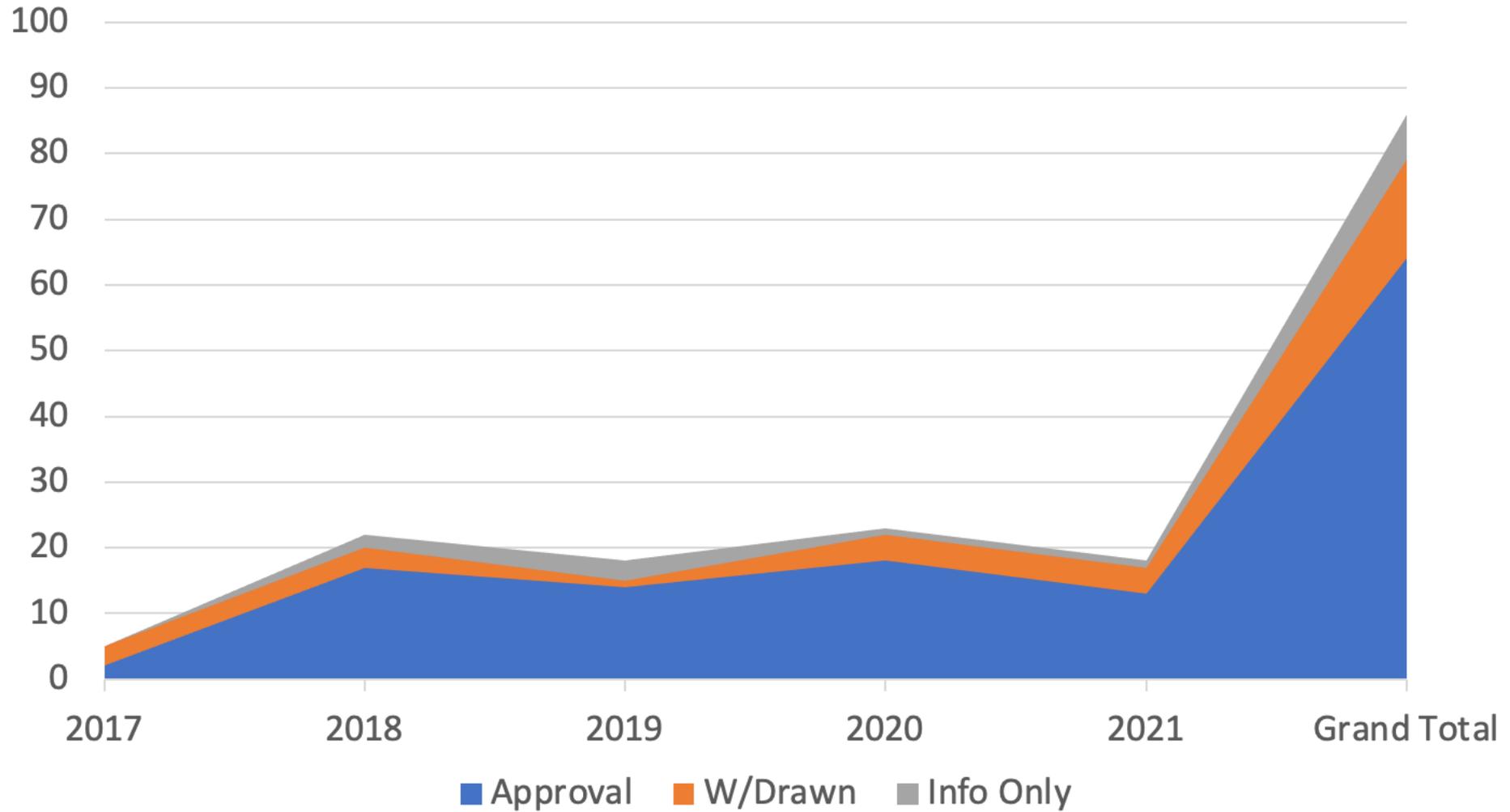
# What a \$1M Investment In a Florida Domestic Insurer Is Worth Q3 2020

-56.8% 2014-2020

2021-2025 Forecasted (.9997 confidence)



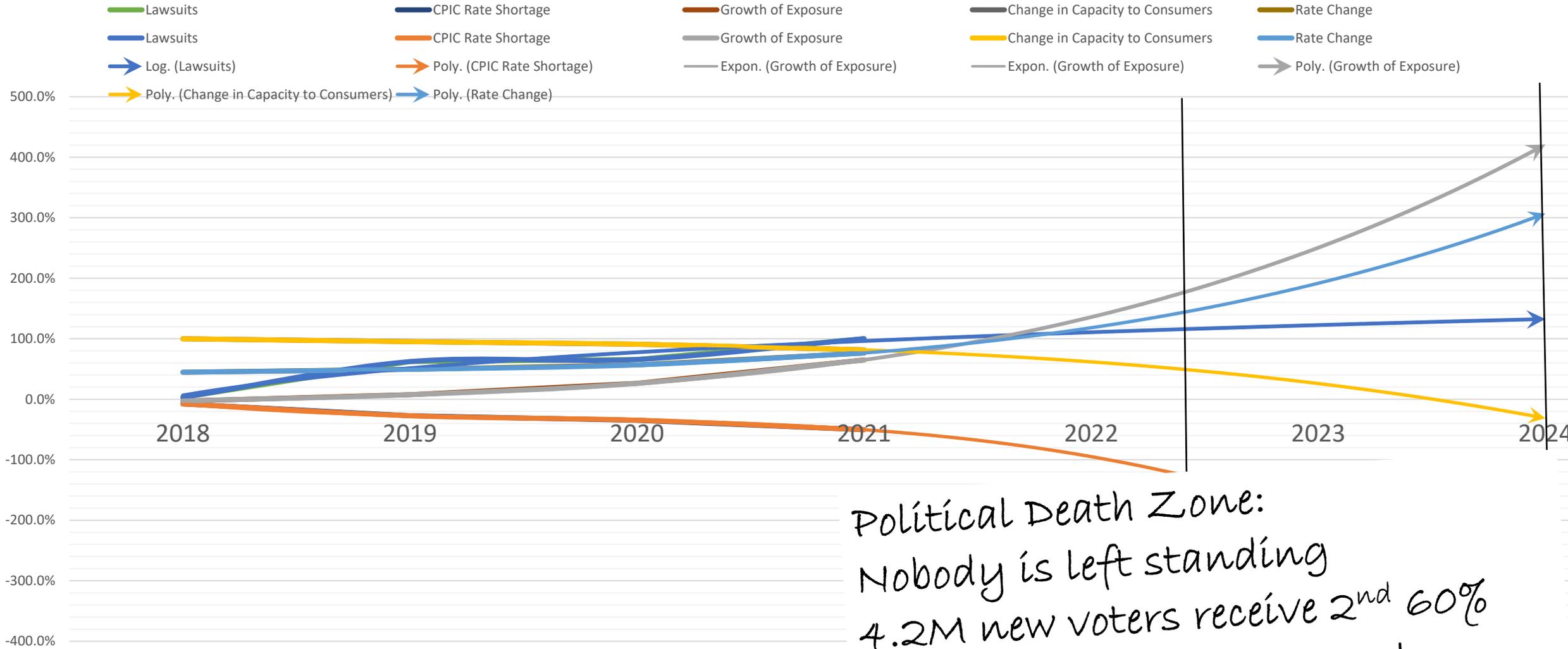
### Commercial Rate Filings 2018-2021 By Final Action



# Accumulated Changes in Key Performance Metrics

## 2017-2021 Actual

## 2022-2024 Forecasted (R sq=1)



Political Death Zone:  
 Nobody is left standing  
 4.2M new voters receive 2<sup>nd</sup> 60%  
 rate increase or non-renewal