

Universal Property & Casualty Insurance Company

FLORIDA HOMEOWNERS

ACTUARIAL MEMORANDUM

Overview

This memorandum provides a summary of the proposed changes to Universal Property & Casualty Insurance Company's (UPCIC or the Company) homeowners program, as well as a detailed description of the methodology used to determine the overall and territorial indicated rate level changes filed for approval on February 7, 2020. This filing includes revisions to territorial base rates.

UPCIC plans to implement all changes proposed in this filing on May 25, 2020, for new and renewal business. Should we receive approval quickly during the review period, we would propose implementing these changes sooner.

Summary of Proposed Changes

UPCIC is filing to adjust its territorial base rates and introduce an additional deductible option. This filing proposes a selected overall rate level increase of 12.4%, based on the results of the Homeowner Rate Collection System (HRCS) submission. The following table presents the indicated and proposed rate level changes by policy form.

Policy Form	Indicated Rate Level Change	Proposed Rate Level Change
HO-3	19.9%	12.9%
HO-4	28.7%	13.1%
HO-6	19.0%	11.7%
HO-8*	N/A	10.1%
Overall	19.7%	12.4%

* The indications for HO-3 and HO-8 are on a combined basis.

All proposed changes are being made with consideration for the degree of rate adequacy in each territory and the impact of changes on individual policyholders. Additional consideration was given to the amount of new and existing business in each territory or business segment, industry loss trends, and the desire to keep the overall and territorial rate level changes at a reasonable level. Significant attention was focused on the conditions that are present within the Florida property market today.

UPCIC has continued to geographically expand and diversify its operations in Florida and management remains committed to the policyholders of this state. That commitment is strengthened through this proposed increase, which will allow the Company to continue to offer an insurance program that is priced appropriately for all types of policyholders. UPCIC desires to remain competitive and grow in key regions that afford the opportunities to diversify its portfolio and properly manage its Probable Maximum Loss (PML).

Background

UPCIC commenced business in December 1997. After initially assuming policies from the Florida Residential Property and Casualty Joint Underwriting Association, UPCIC began developing its voluntary market program and has been writing actively through Florida's independent agency channel since 1998.