

Financial Stability Ratings® for Florida Property Writers

May 2018

 Demotech, Inc.

SERIOUS ABOUT SOLVENCY®

Joseph L. Petrelli, ACAS, ASA, MAAA, FCA (MBA)

President

Mr. Petrelli began his insurance career in 1969. Since that date, he has acquired progressively responsible Property and Casualty (P&C) actuarial and financial analysis experience. He has extensive experience with loss and loss adjustment expense reserve evaluation, product development, and pricing for virtually all P&C and Title insurance products as well as expertise with loss cost filings, Financial Stability Ratings® (FSRs) and merger and acquisition valuations.

He has been actively engaged in the Title insurance industry since 1992. Prior to founding Demotech, Inc. he was employed by a large national P&C insurer, a regional property and casualty insurer and Insurance Services Office.

He is a Member in good standing of the Casualty Actuarial Society, American Academy of Actuaries and the Conference of Consulting Actuaries. Mr. Petrelli has a Bachelors of Actuarial Science from The College of Insurance at St. John's University and an MBA from The Ohio State University.

Barry J. Koestler II, CFA

Chief Ratings Officer

Mr. Koestler began his insurance career in 1994. Since that date, he has acquired progressively responsible Property and Casualty actuarial and financial analysis experience. He has worked extensively on loss and loss adjustment expense reserve evaluations, product development, and pricing assignments for Property and Casualty as well as Title insurance. Mr. Koestler coordinates the development and assignment of Financial Stability Ratings® (FSRs).

Mr. Koestler has received the Chartered Financial Analyst (CFA) designation. As a member of the CFA Institute, he is committed to maintaining the professional skills and ethics that contribute to stronger and more ethical global markets.

Mr. Koestler has a Bachelor of Science in Actuarial Science and Mathematics and a Bachelor of Science in Business Administration, Finance and Risk Management and Insurance from The Ohio State University.

Robert M. Warren, CPA, CPCU

Client Services Manager

Mr. Warren began his insurance career in 1977. Since that date, he has acquired experience through increasingly responsible positions in finance and accounting within the Property and Casualty insurance industry. Senior management experience includes operational and administrative management with a proven record of success in designing, developing and implementing successful strategies for profitable growth and balance sheet integrity.

Mr. Warren also has relevant experience relative to corporate governance, business processing systems and implementation, financial analysis, and mergers. Other areas of expertise include asset and cash management, reinsurance, loss reserve evaluation, product development and pricing, budgeting and expense variance analysis.

Mr. Warren is a Chartered Property Casualty Underwriter and a non-practicing Certified Public Accountant (CPA). He holds a Bachelor of Science, Accounting and Business Administration, from Franklin University.

Our Primary Analysts

- Average Number of Years of Insurance Experience: 35
- Average Number of Years at Demotech, Inc.: 25*

*Incorporated in 1985, the maximum tenure is 31 years

- ▶ 4 primary analysts with 140 years of experience, sixteen degrees and professional designations

- ▶ Companies currently reviewed and rated quarterly: 350+ insurers in the US, Puerto Rico, DC and US possessions excluding Florida. 50+ in Florida.
- ▶ Demotech is addressing the needs of hundreds of insurers countrywide.
- ▶ Demotech would appreciate your support countrywide.

2018 Florida Property Update

- ▶ IRMA Update
 - Exhibit H monthly updates
 - Gross and net paid/reserves
 - IBNR
- ▶ First quarter 2018 reviews
- ▶ 2017 Annual Statements
 - Underwriting results
 - RBC
 - Balance sheet integrity
 - Deferred taxes
 - Affiliates – receivables/payables

2018 Florida Property Update

- ▶ Loss/LAE Reserve Adequacy
 - Actuarial opinion summary
 - Adequate vs reasonable
 - Gross/net carried to actuary's estimate

2018 Florida Property Update

- ▶ 2018 CAT Renewal
 - No major changes to vertical or horizontal requirements
 - Minor modifications to supplement
 - Narrative on status of CAT bonds, segregated accounts, collateralized accounts, peak exposures
- ▶ Corporate Structure
 - Holding company debt
 - Affiliated transactions
- ▶ AOB
 - Nothing has changed for the better.

Questions?



DRAGONFLY:
300 MILLION YEARS OLD



T-REX:
EXTINCT

Nature knows size and survival are independent.

Demotech, Inc. had to prove that to the insurance industry.