

Florida Chamber Insurance Summit

In Irma and Michael's Wake: AOB Property Losses Continue Unabated

Commitment Beyond Numbers



Arthur R. Randolph, II, FCAS, MAAA, CPCU, ARM, ARe

November 28, 2018

Agenda

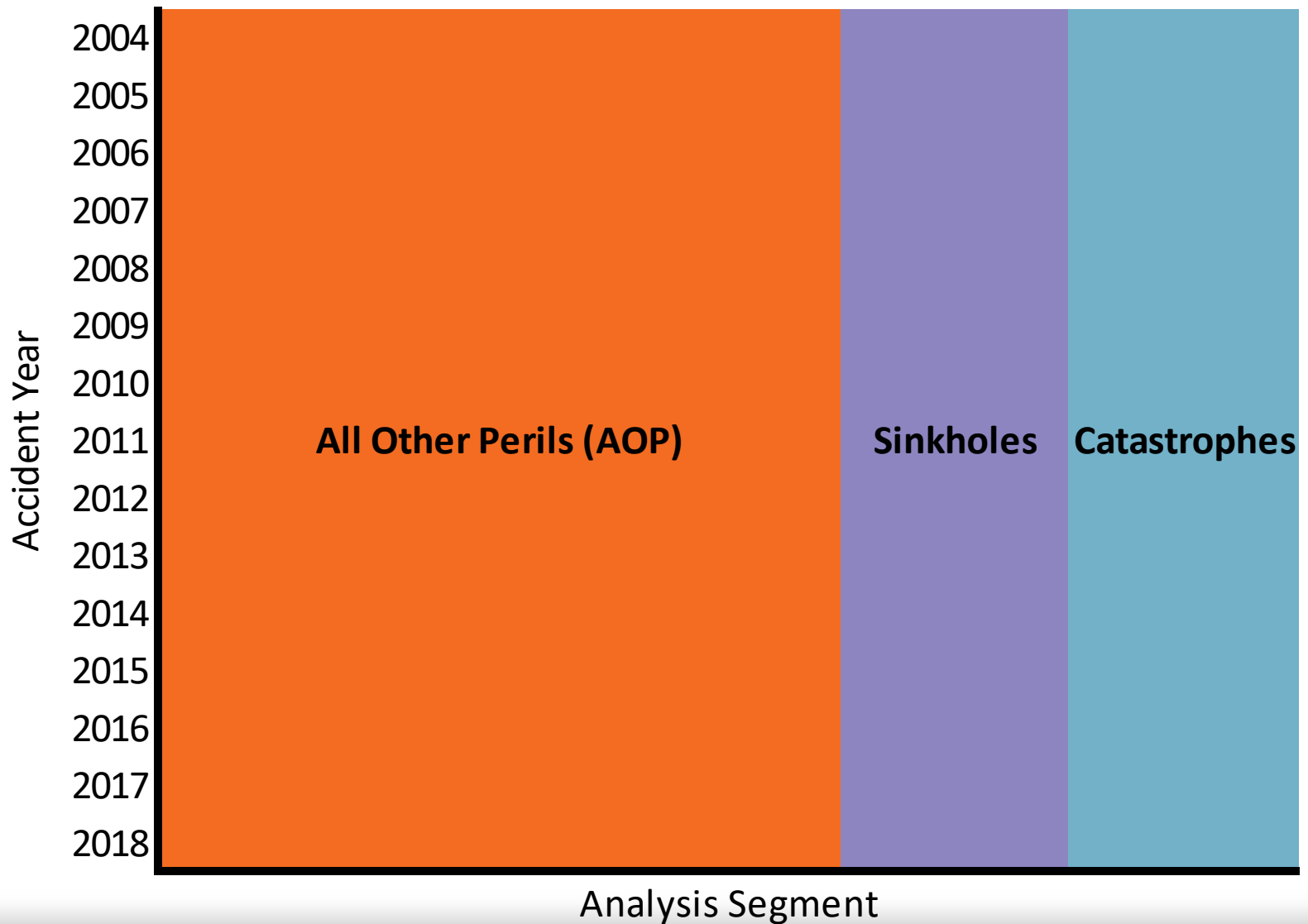
- Analysis Segmentation
- Florida Property Market: *What's Next?*
- Assignment of Benefits: Water Damage
 - Loss Cost
 - Development Pattern Shifts
- By-Segment Comparison
- In Irma and Michael's Wake...

Analysis Segmentation

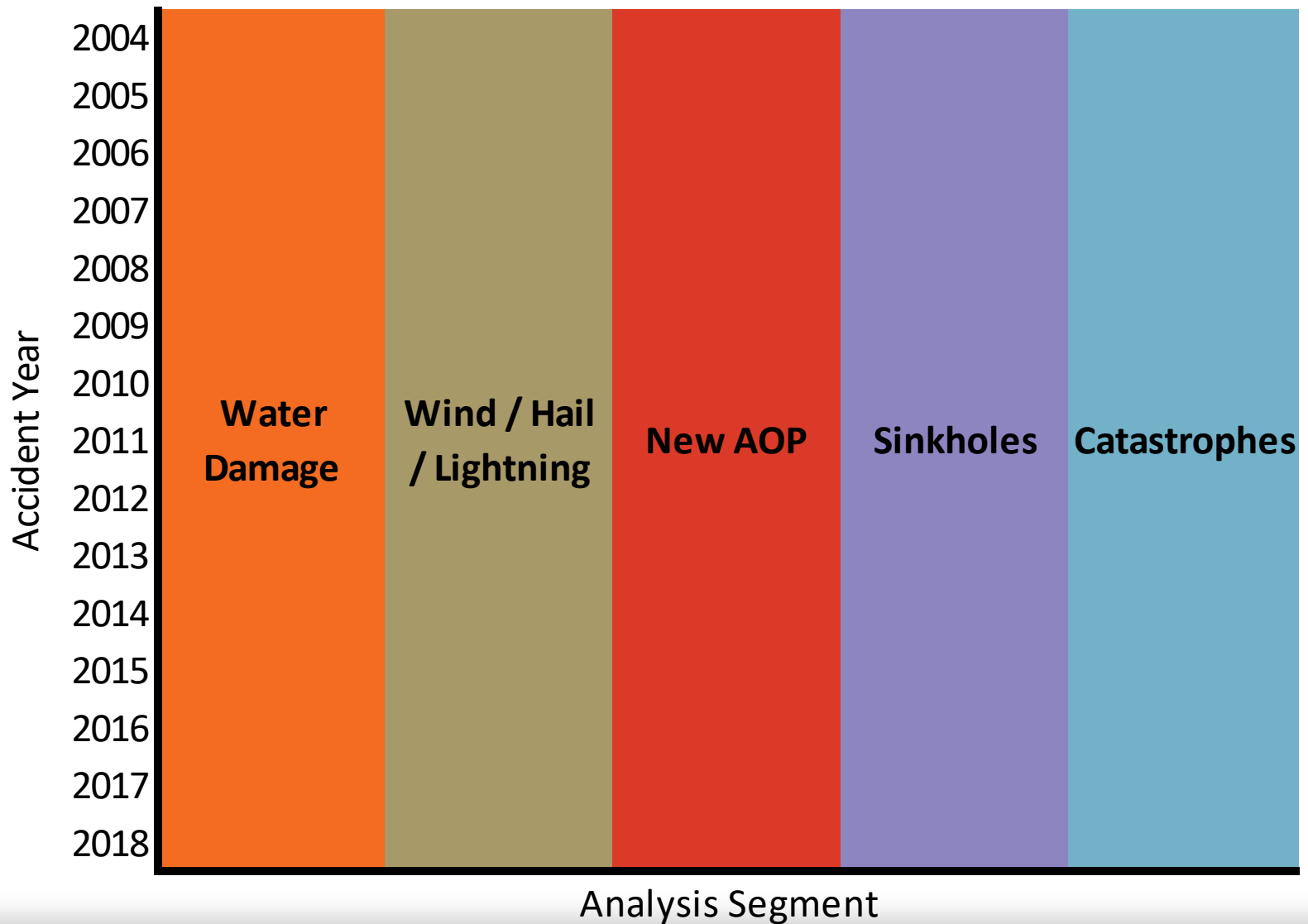
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Prior Analysis Segmentation



Current Analysis Segmentation

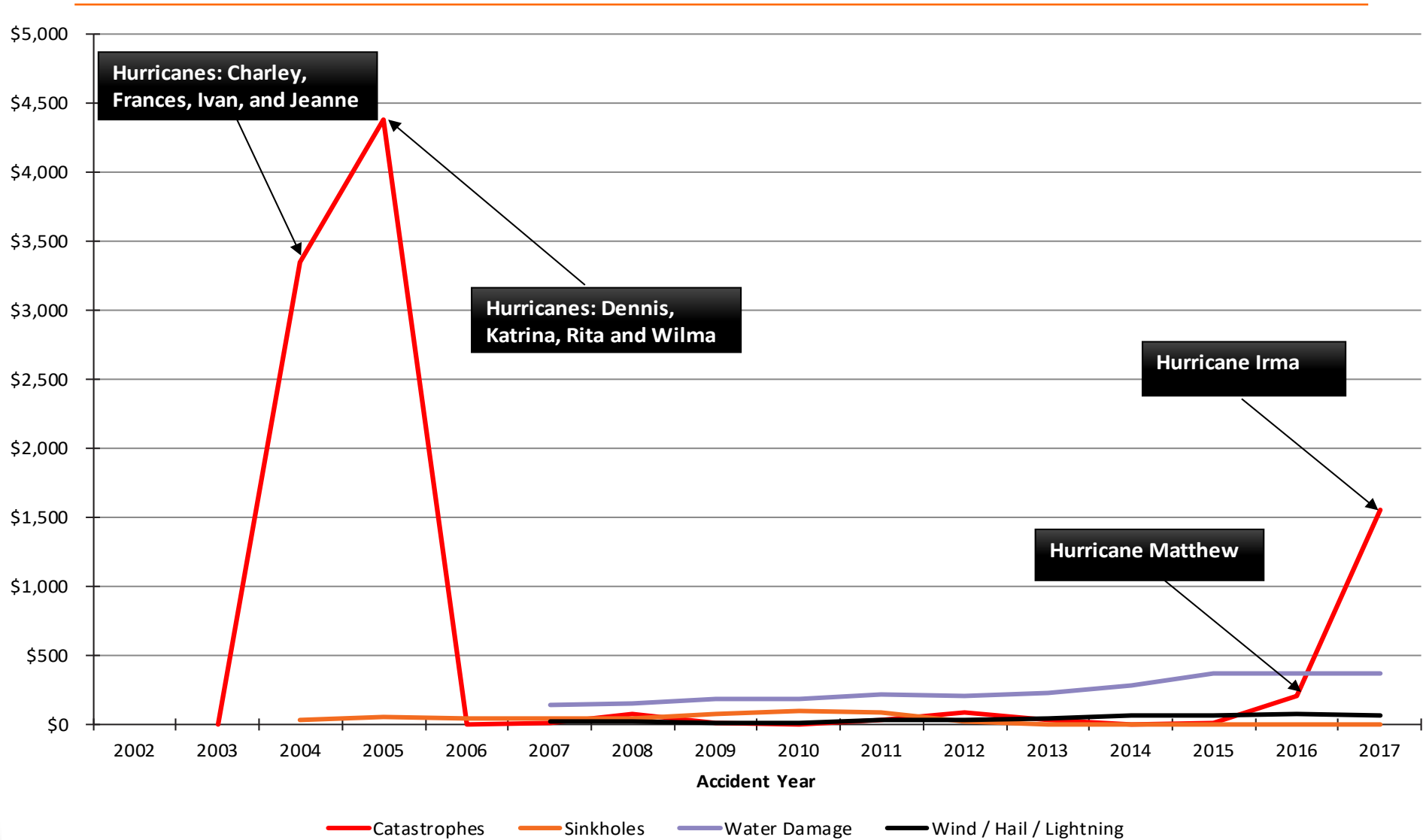


Florida Property Market: *What's Next?*

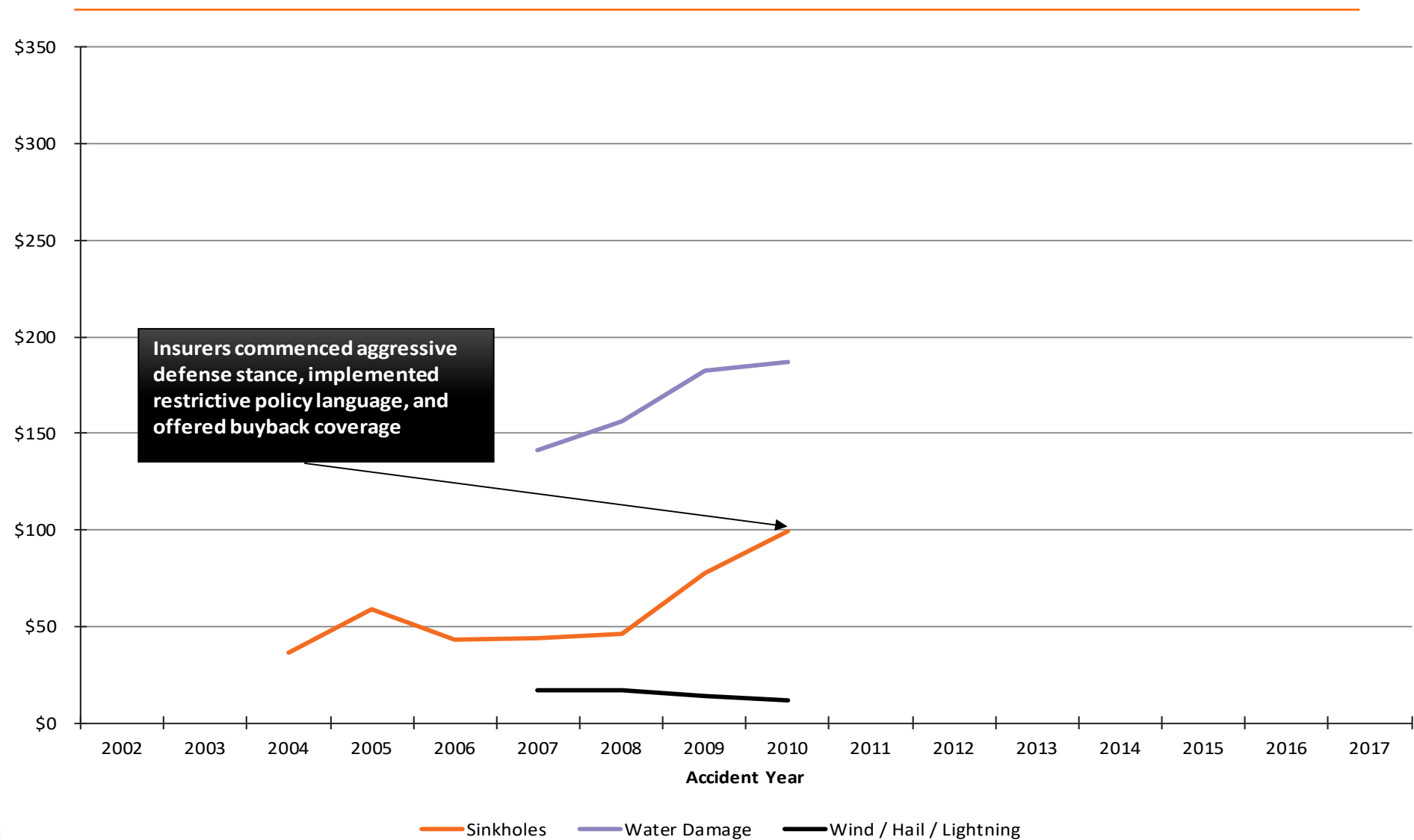
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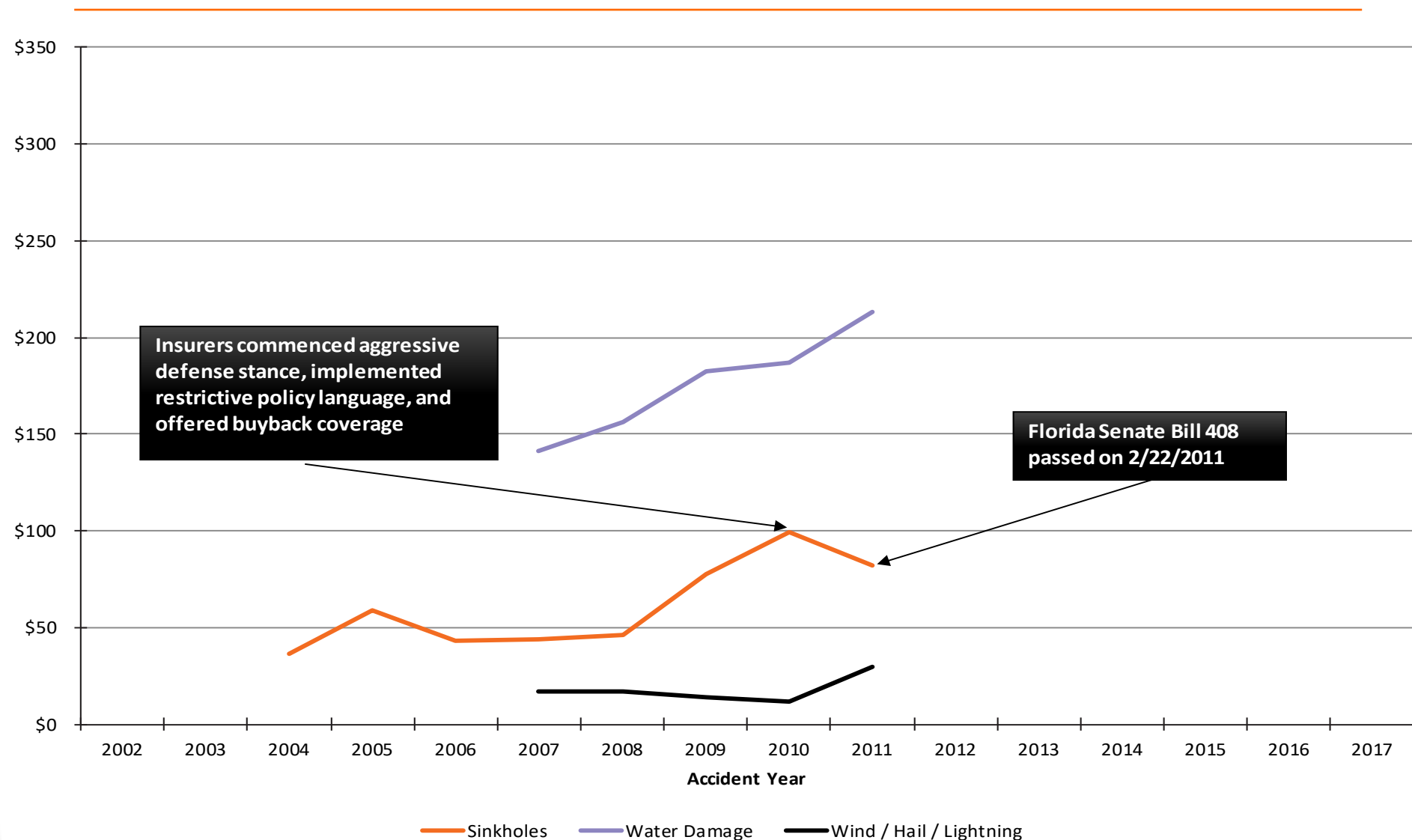
Loss Cost: By Cause of Loss



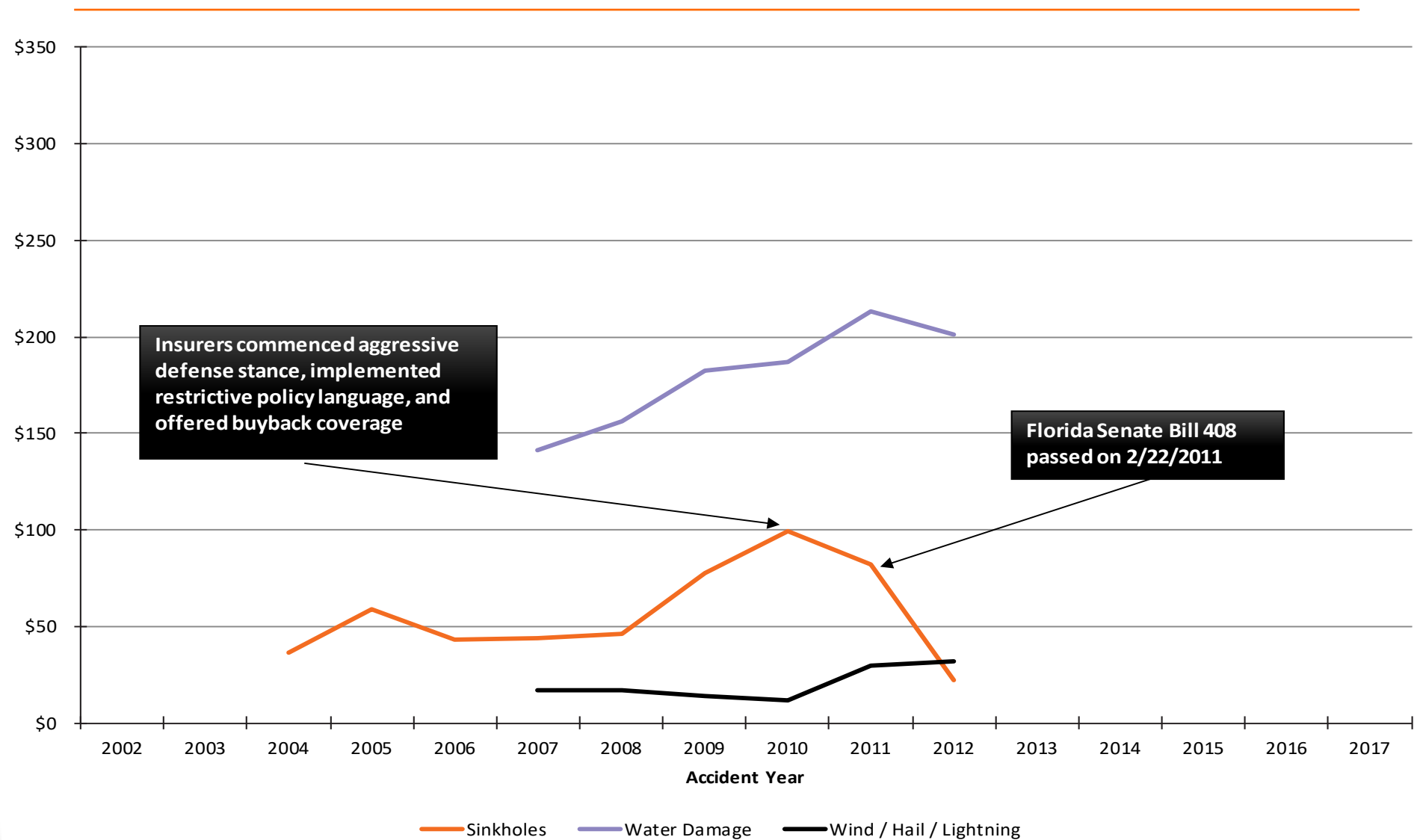
Loss Cost: By Cause of Loss (ex-Catastrophes)



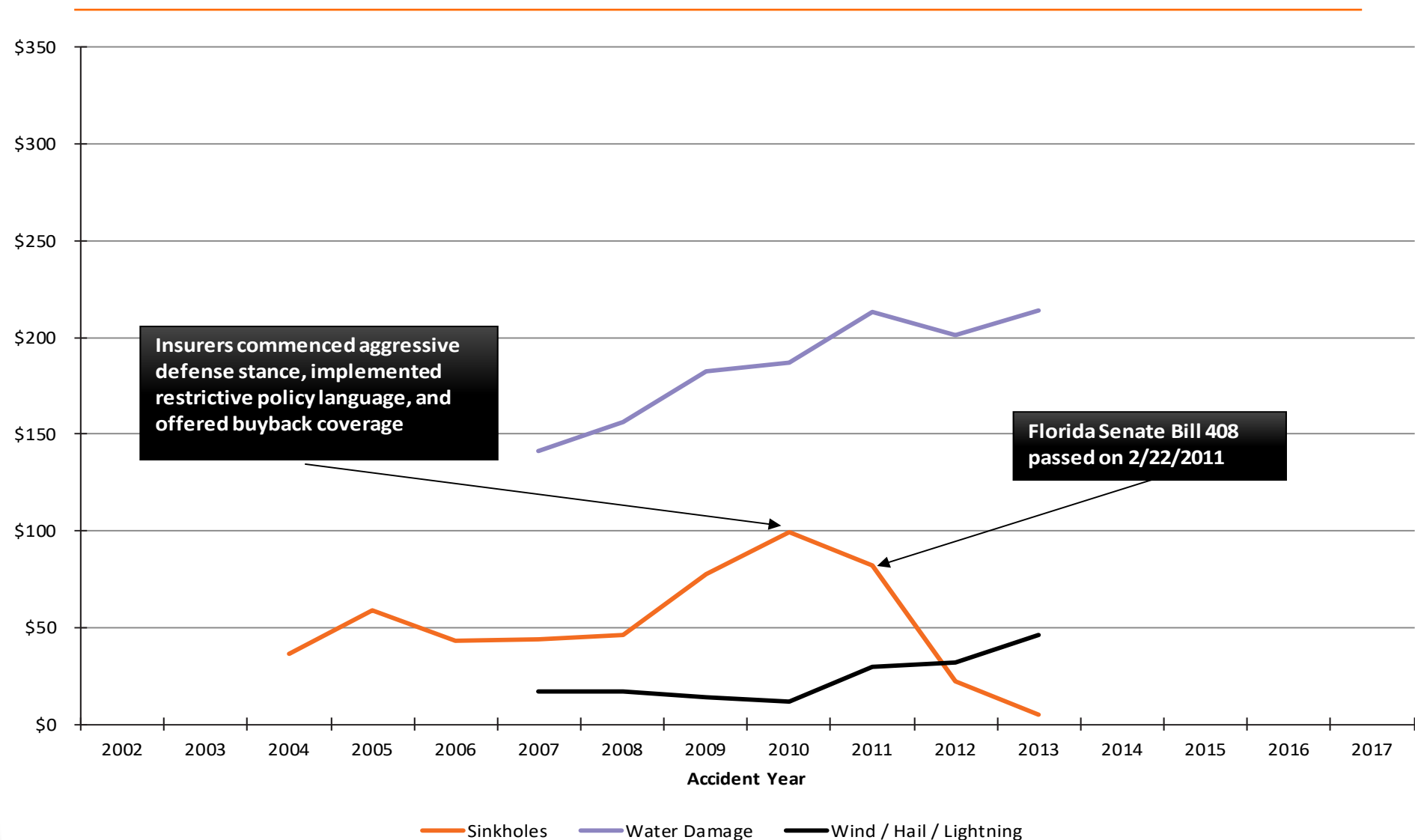
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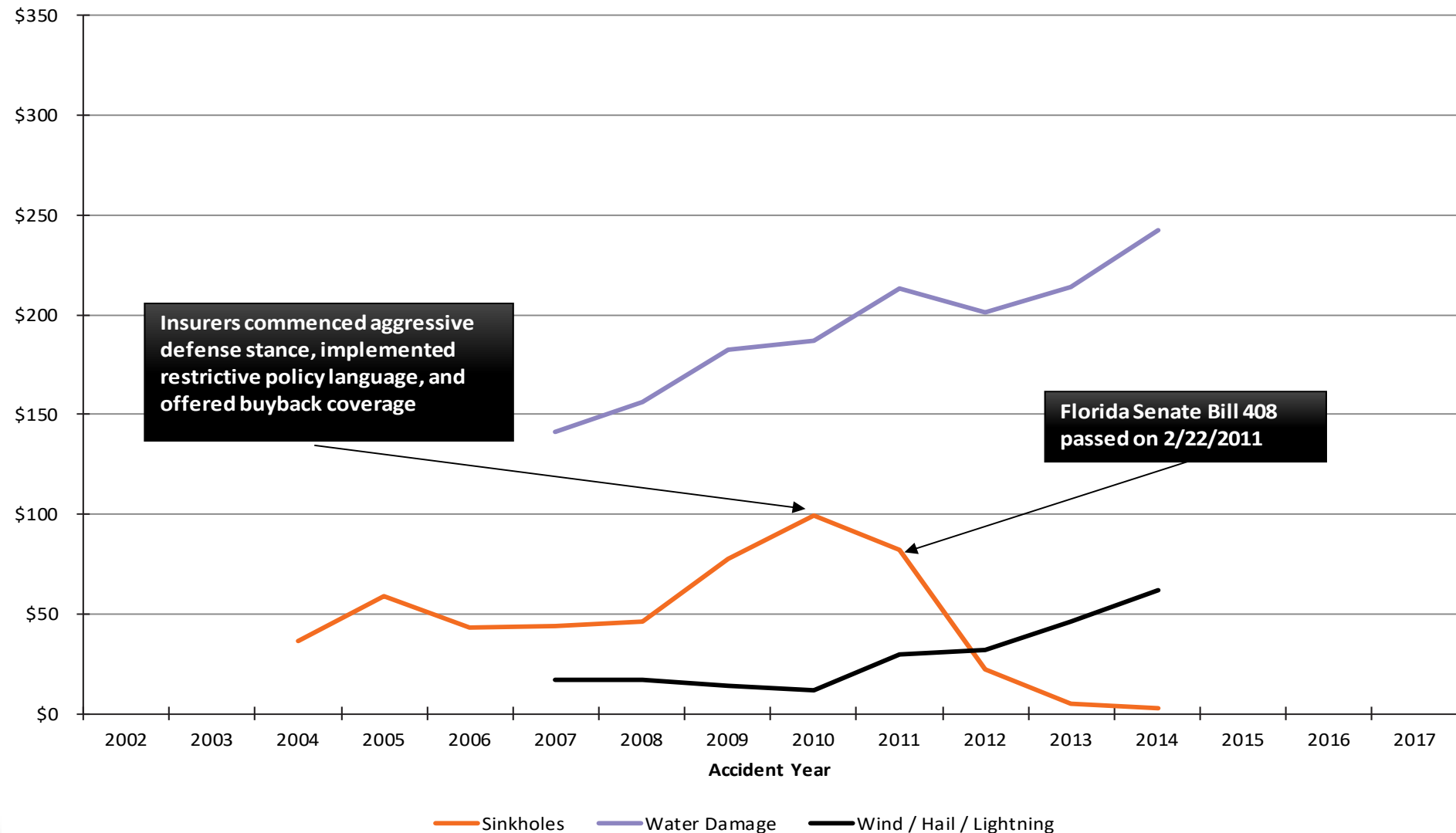
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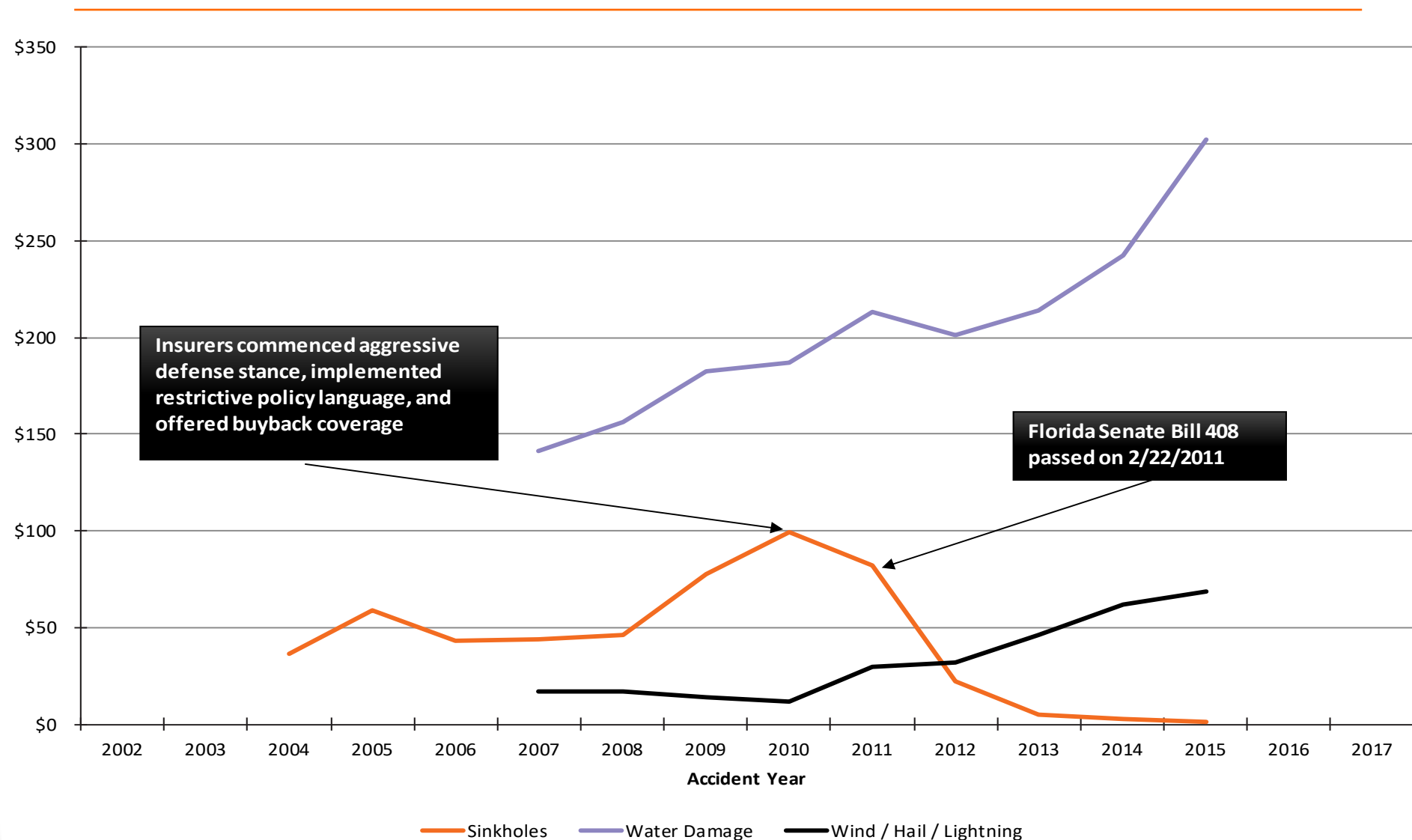
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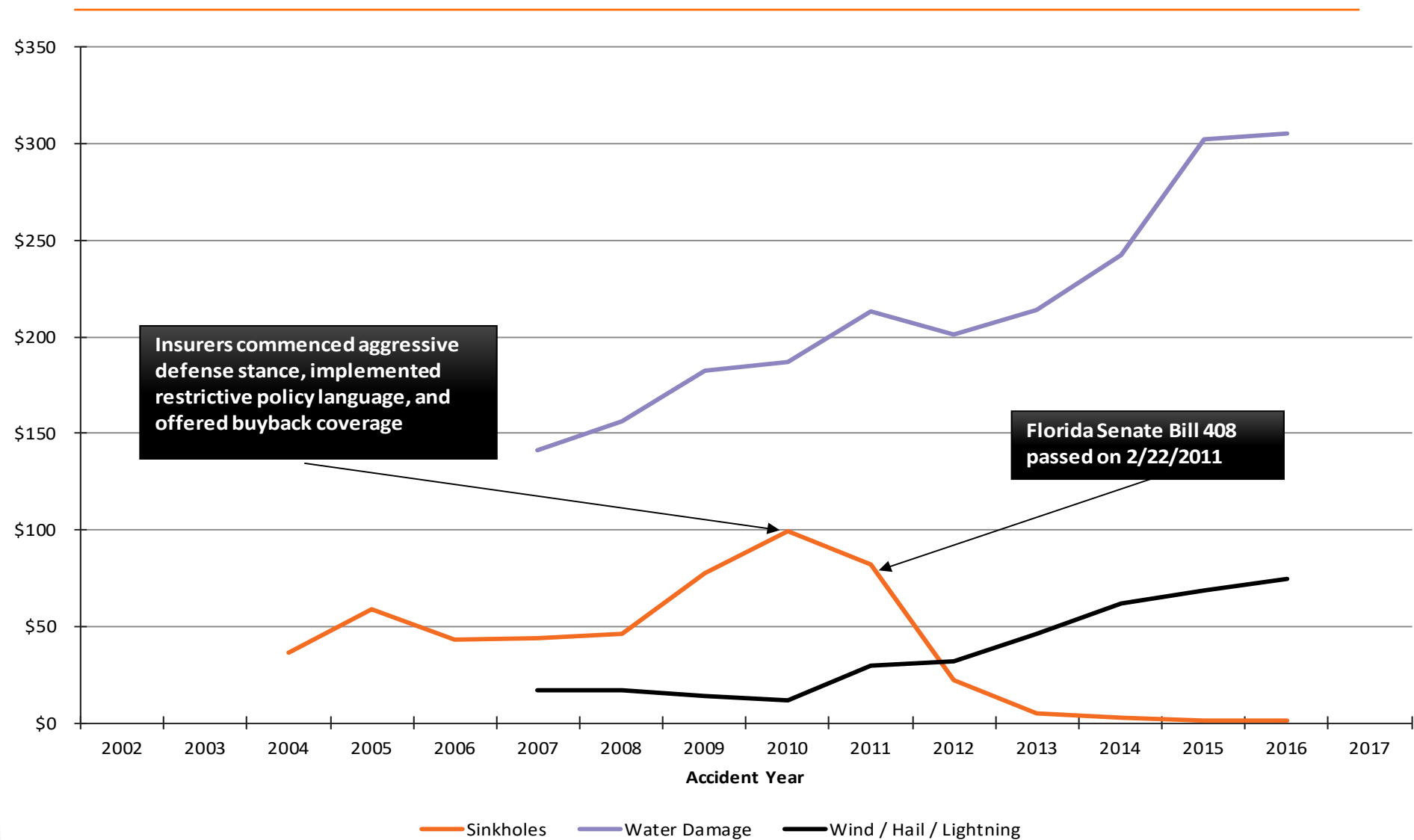
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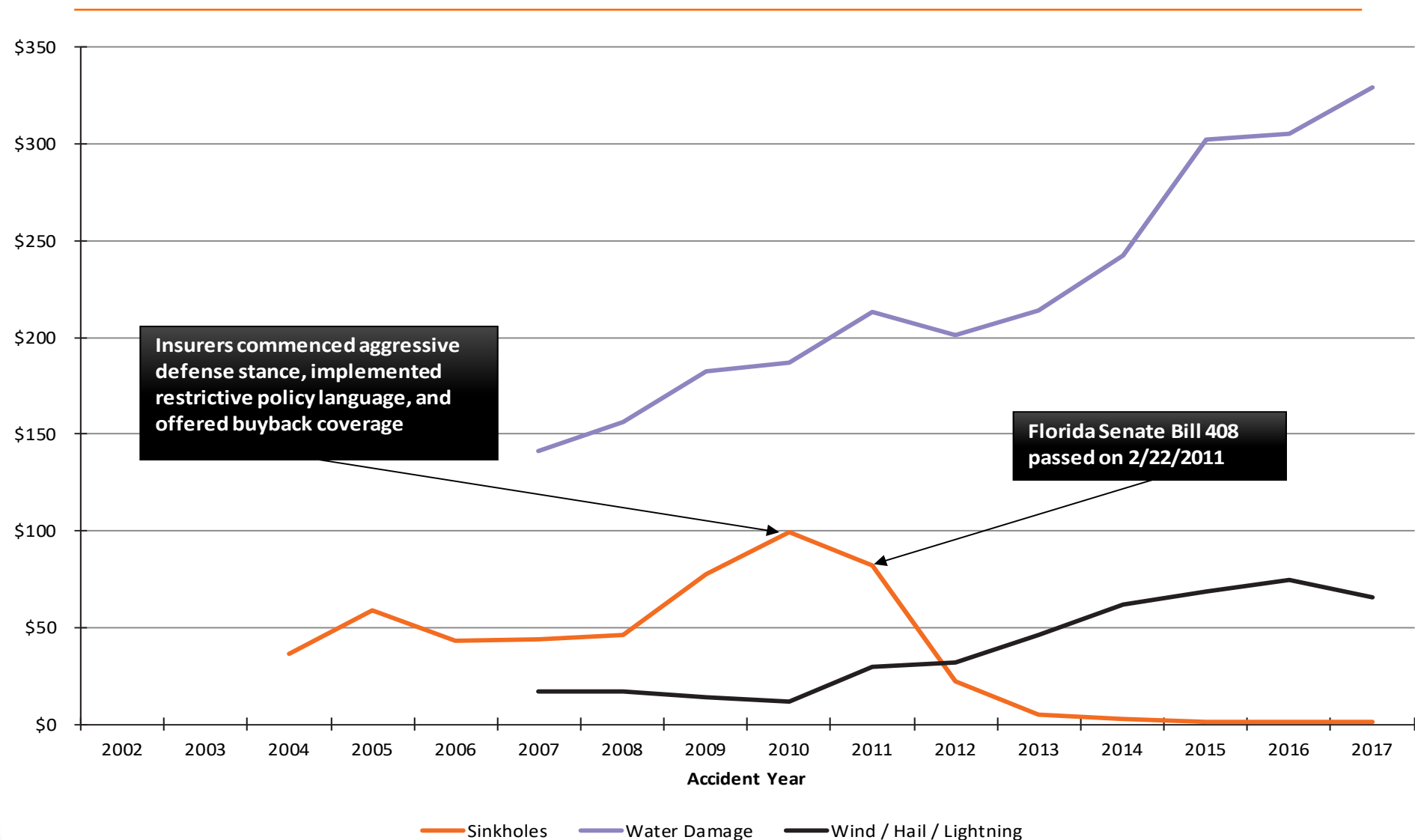
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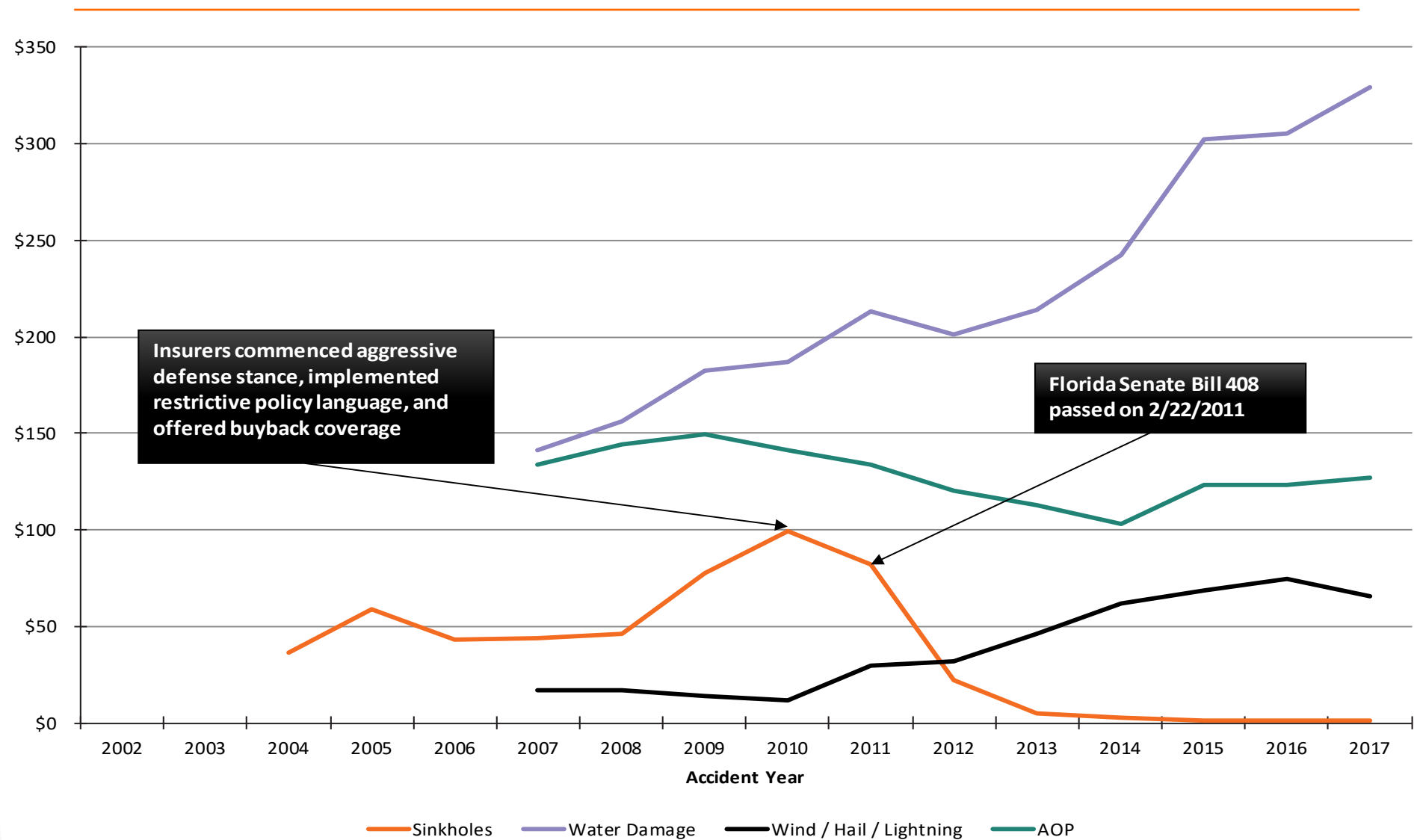
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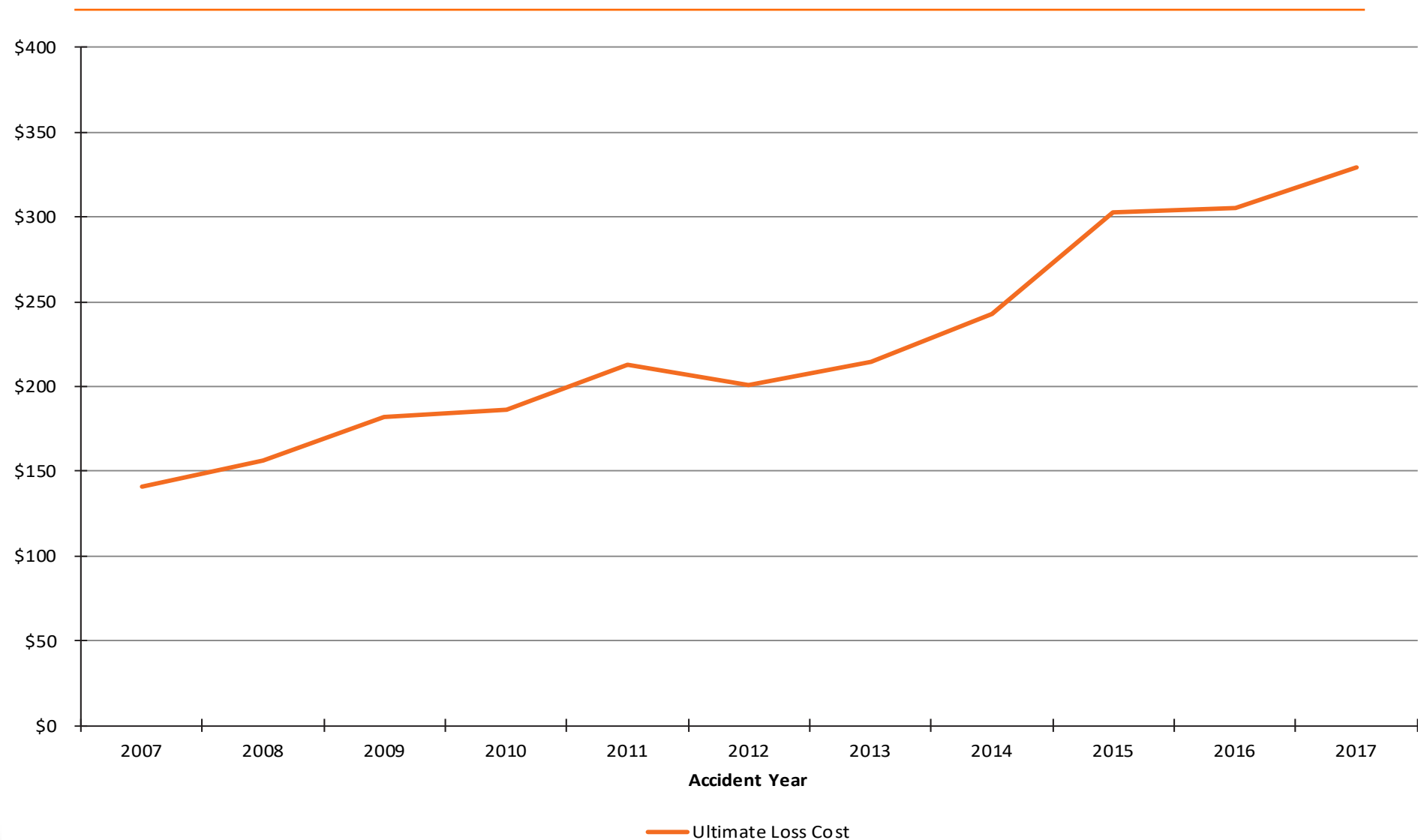


Assignment of Benefits: Water Damage

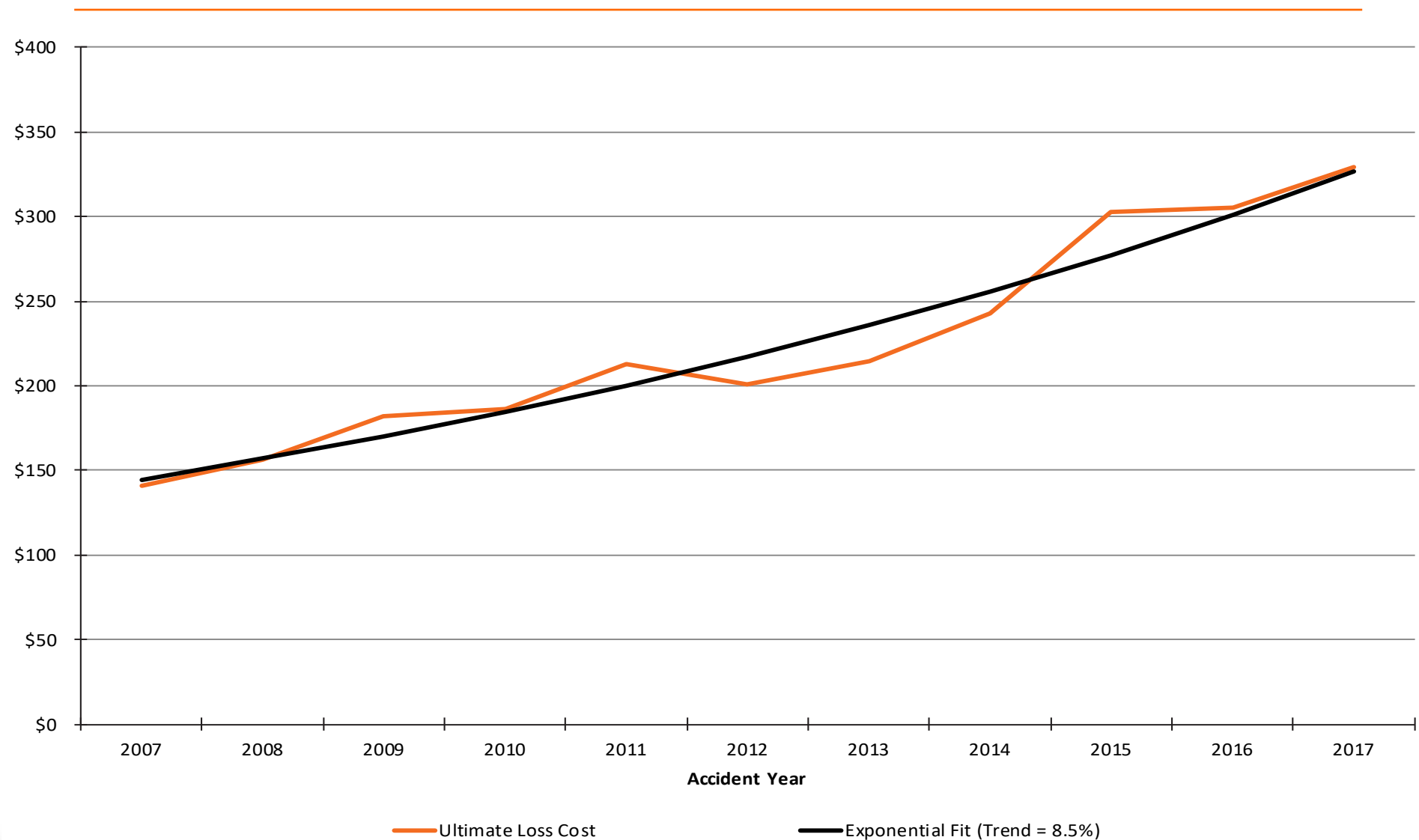
Commitment Beyond Numbers



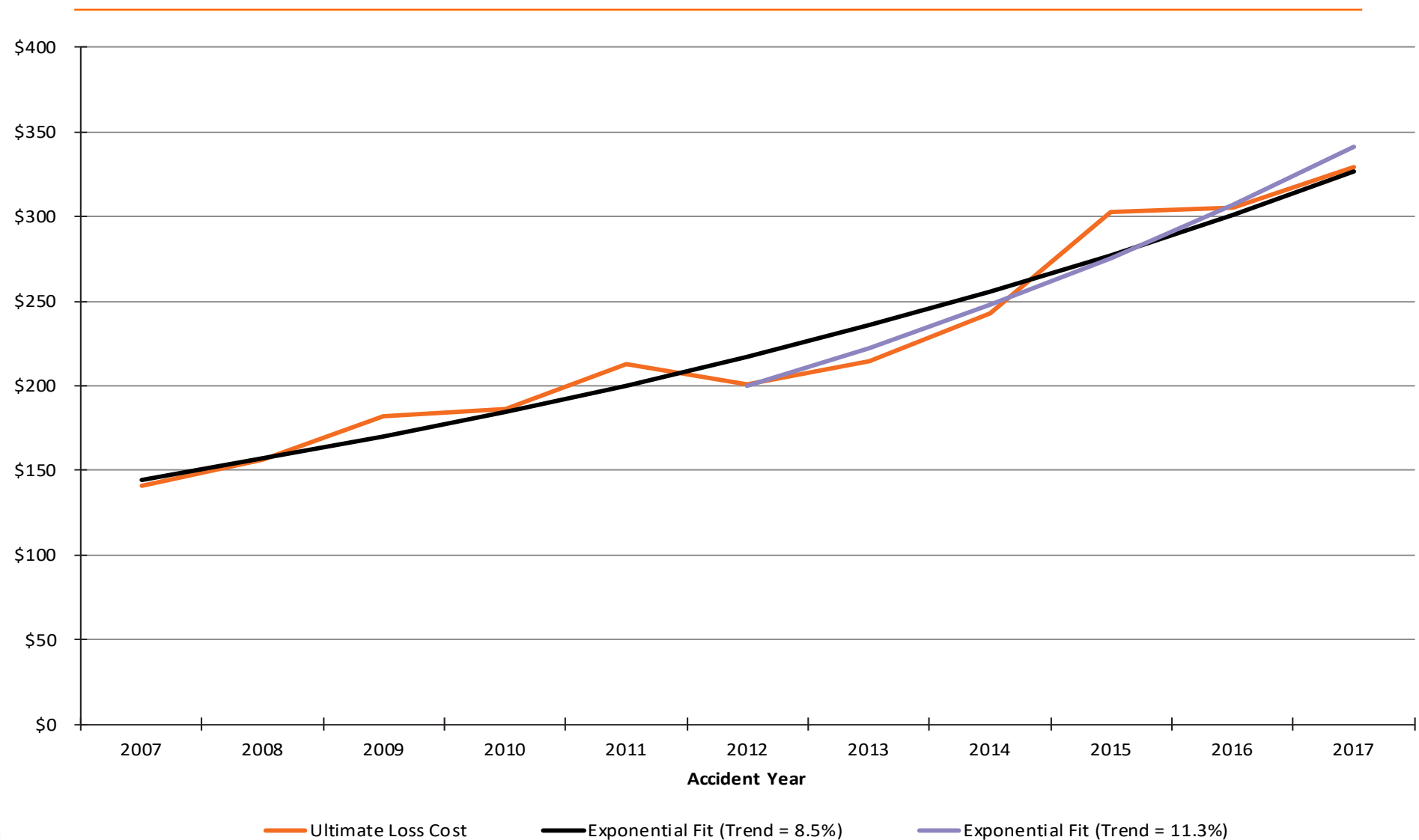
Water Damage: Loss Cost



Water Damage: Loss Cost



Water Damage: Loss Cost

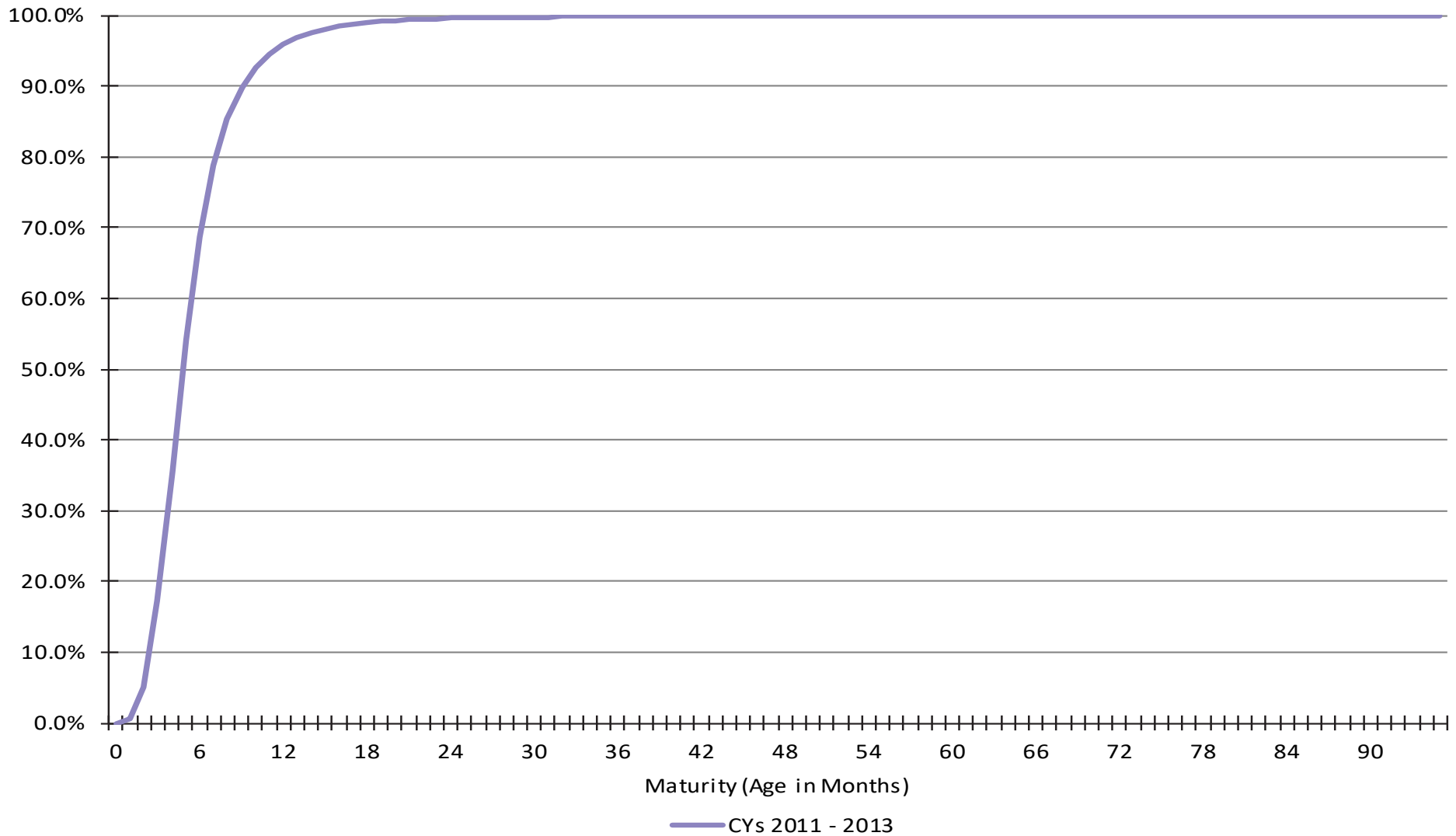


Water Damage: Development Pattern Shifts

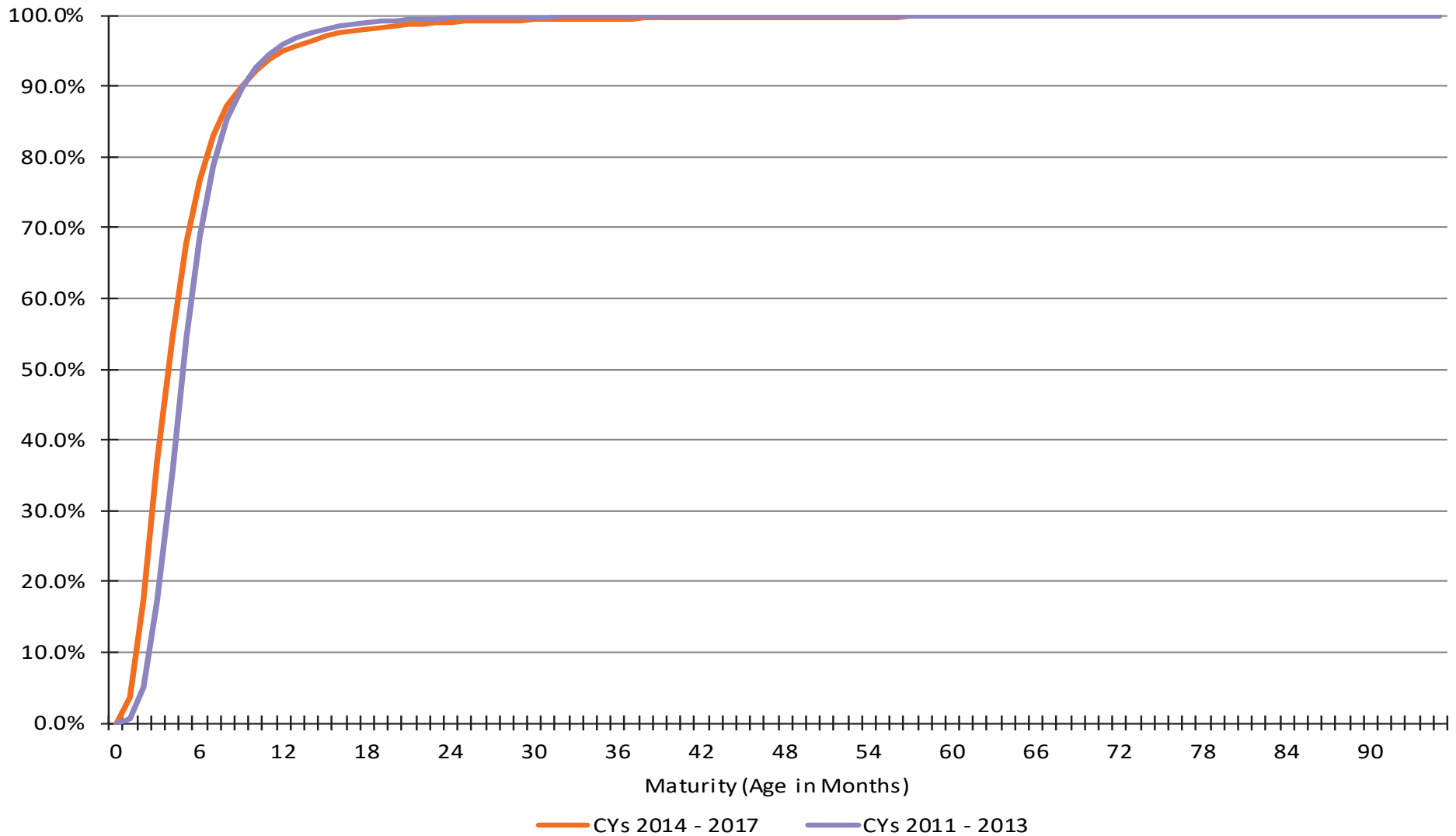
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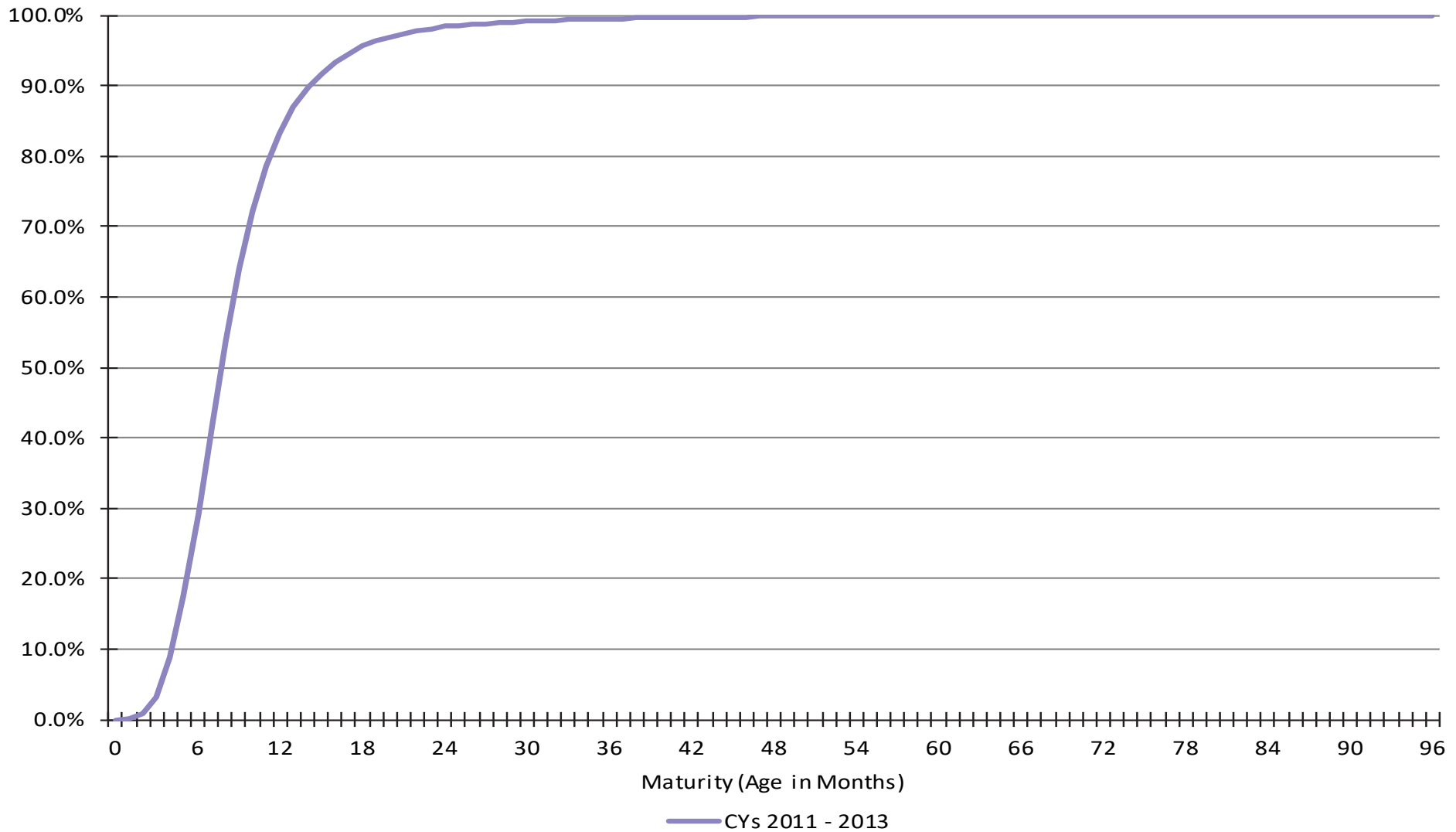
Water Damage: Reported Claim Development



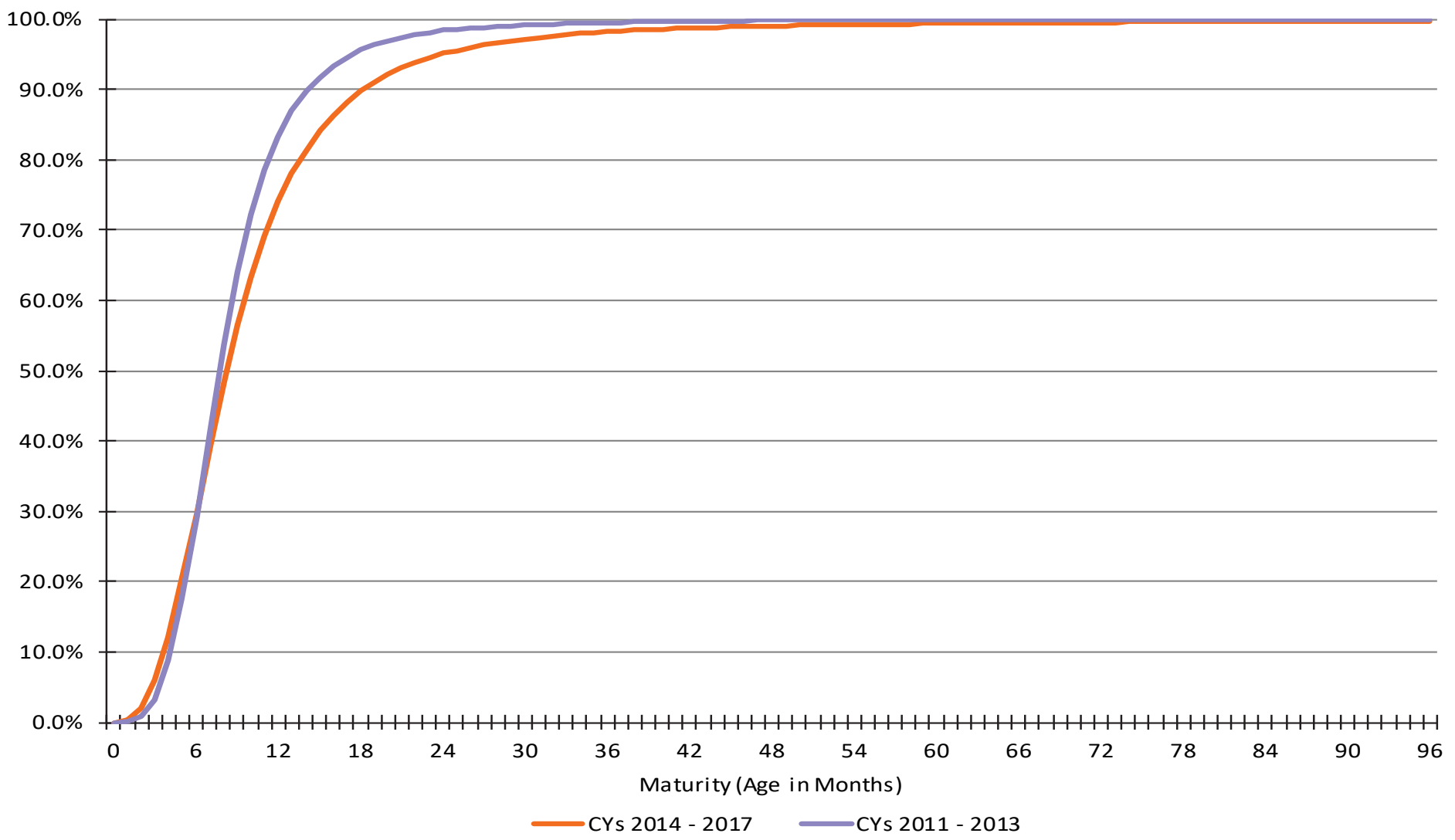
Water Damage: Reported Claim Development



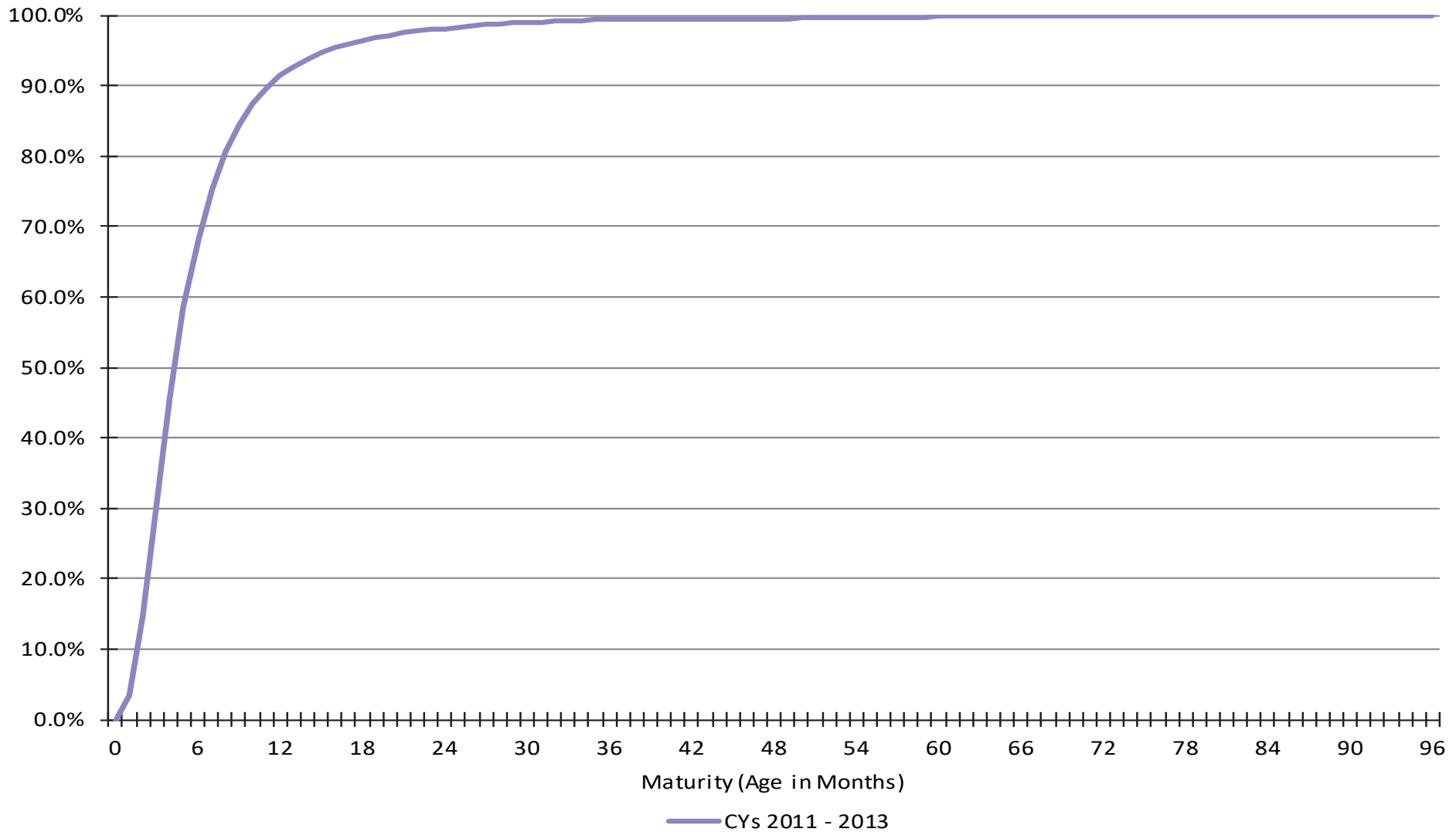
Water Damage: Closed Claim Development



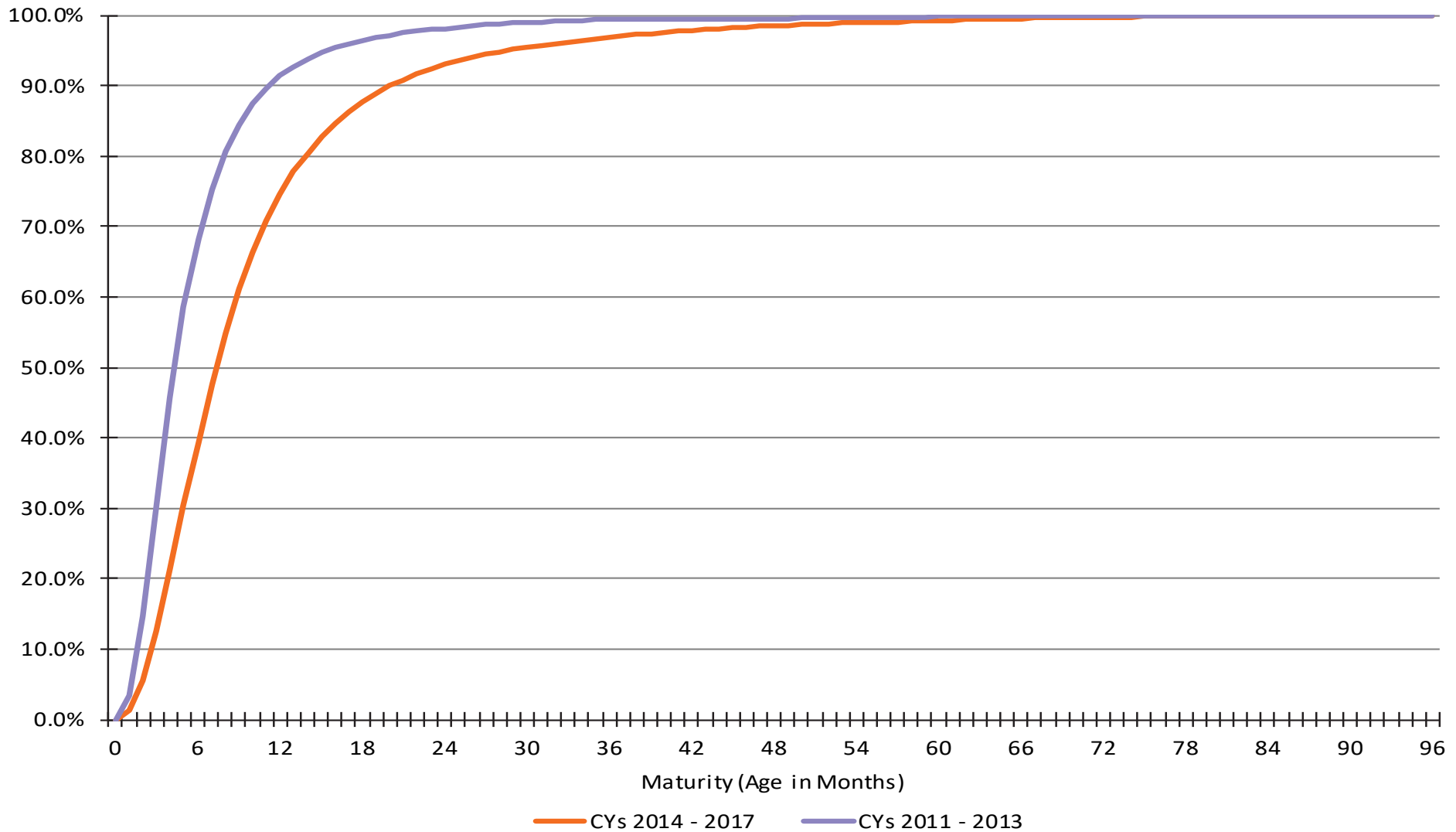
Water Damage: Closed Claim Development



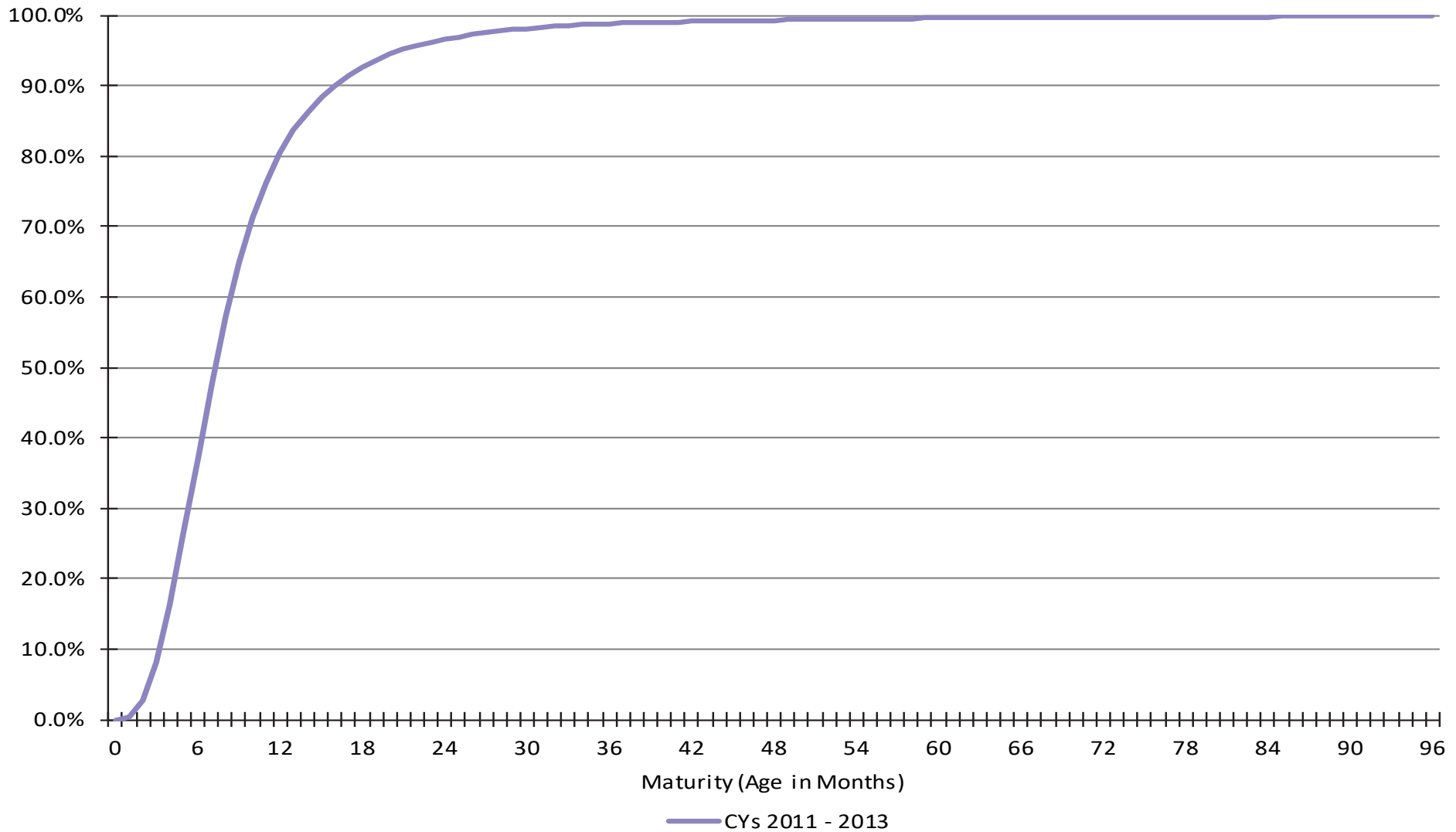
Water Damage: Reported Loss & DCC Development



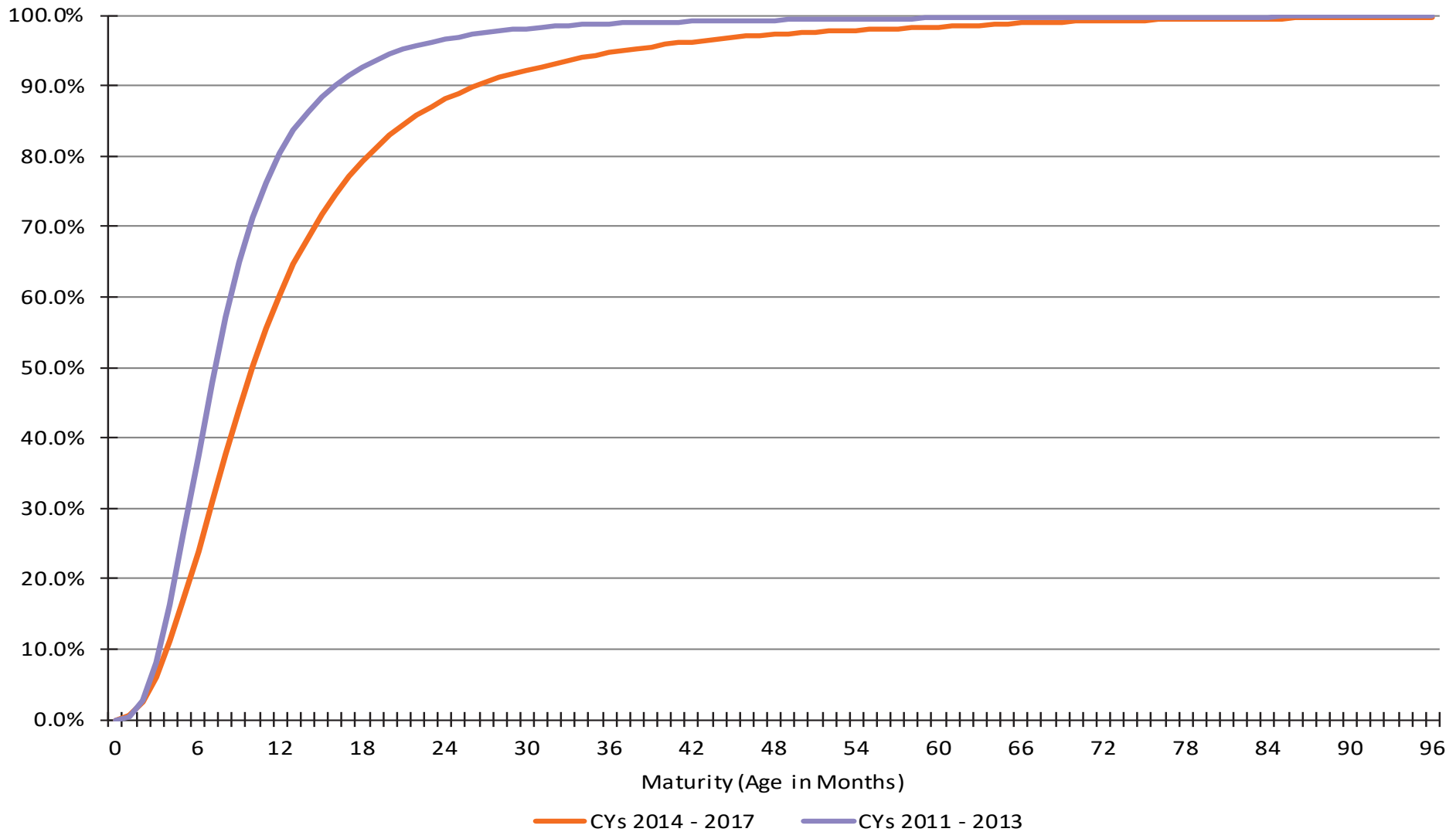
Water Damage: Reported Loss & DCC Development



Water Damage: Paid Loss & DCC Development



Water Damage: Paid Loss & DCC Development

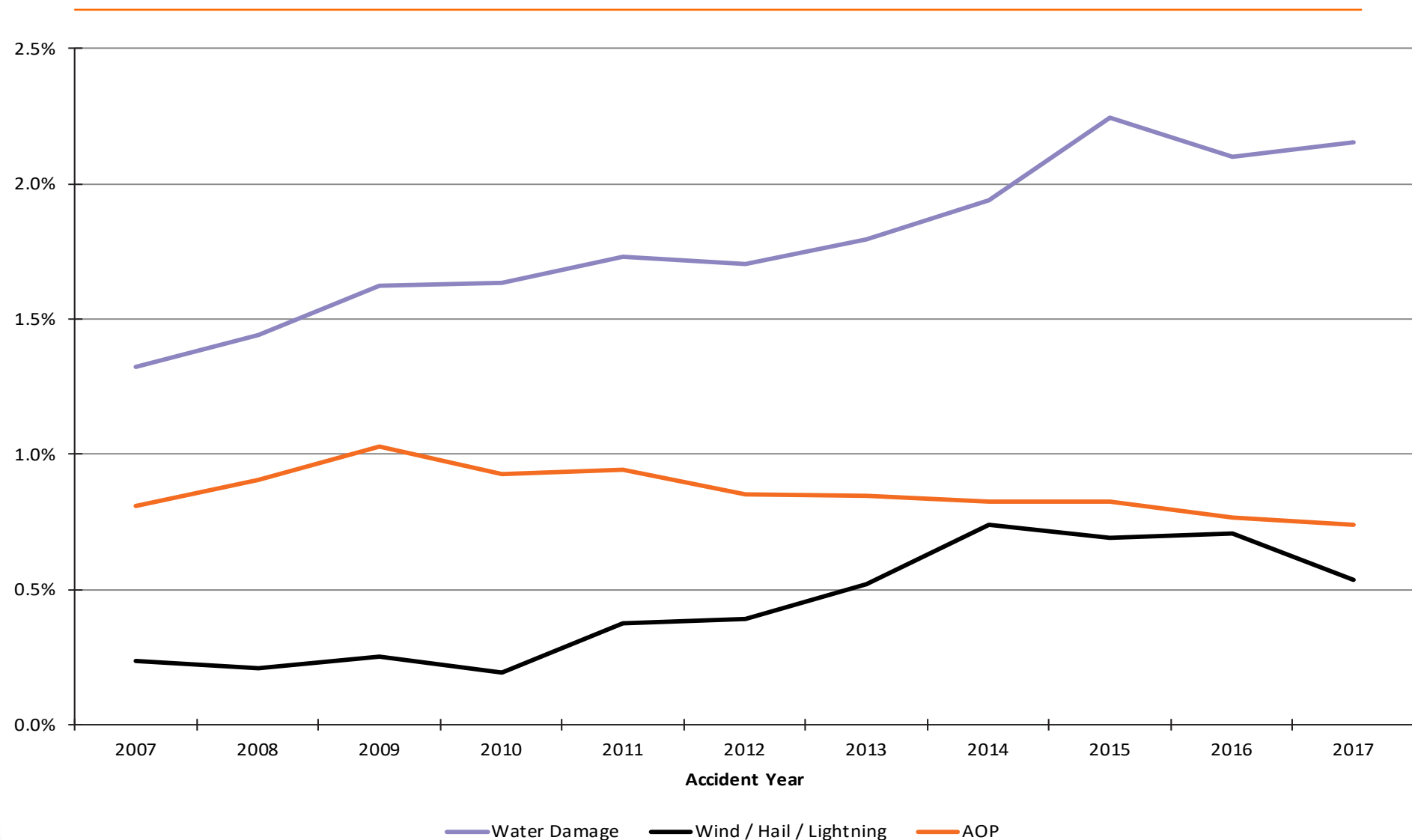


By-Segment Comparison

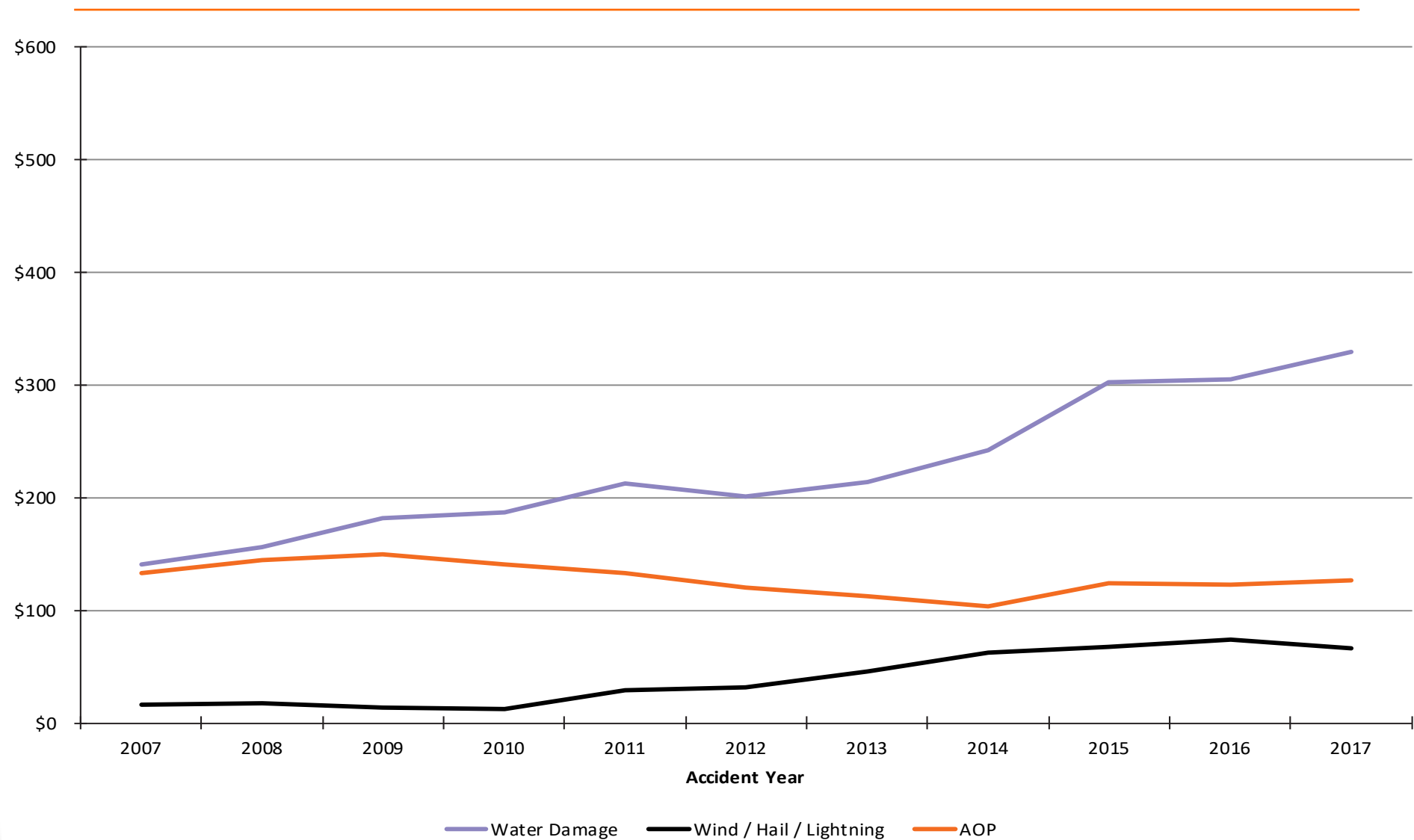
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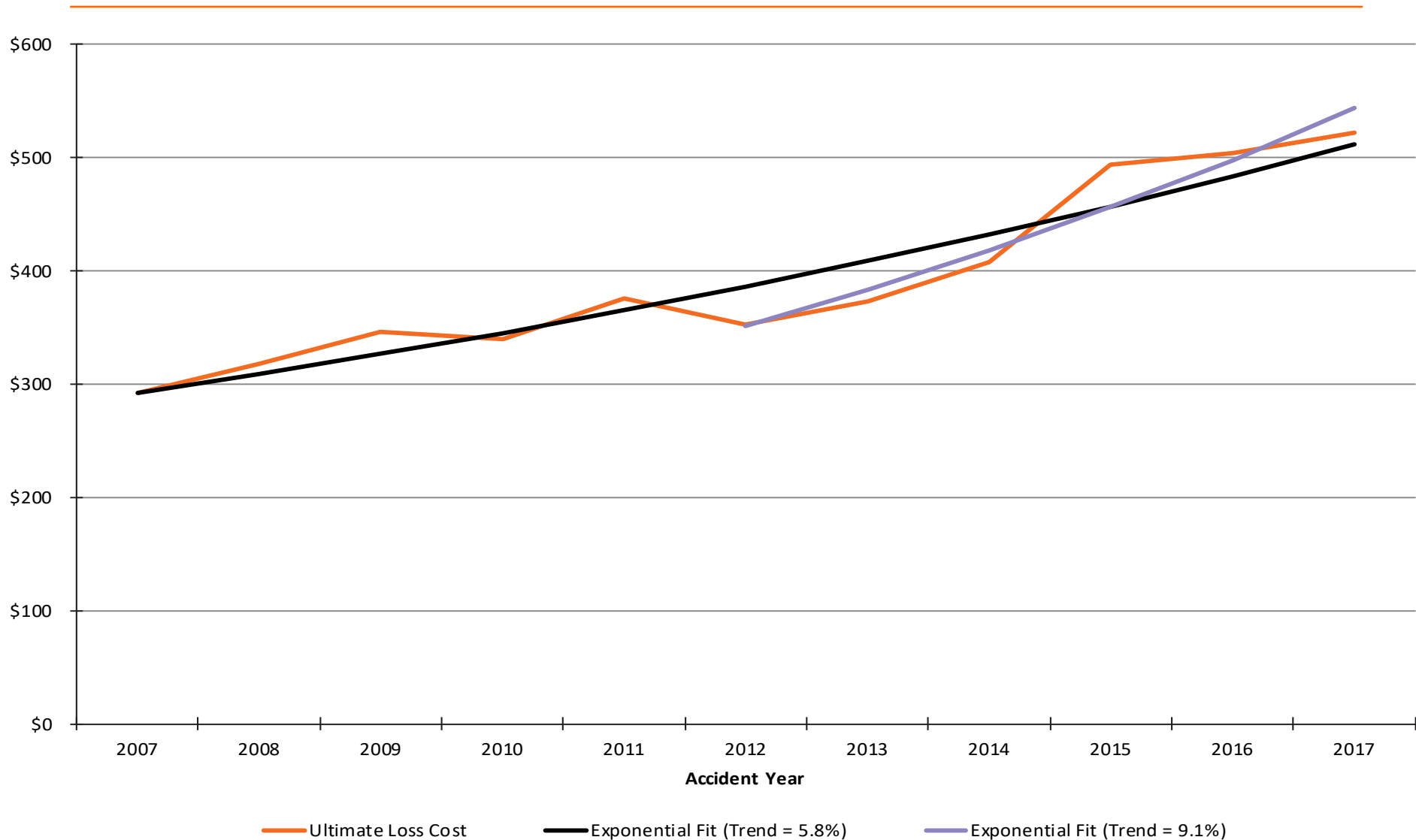
By-Segment Comparison: Frequency



By-Segment Comparison: Loss Cost



Aggregate Non-CAT Loss Cost



In Irma and Michael's Wake...

Commitment Beyond Numbers



Reserving for Hurricanes: Challenges

- Occur in late Q3 / early Q4
- Inherently difficult to derive accurate projections at 12/31
- Different developmental characteristics by storm
- Perceived over projection by industry benchmark development patterns

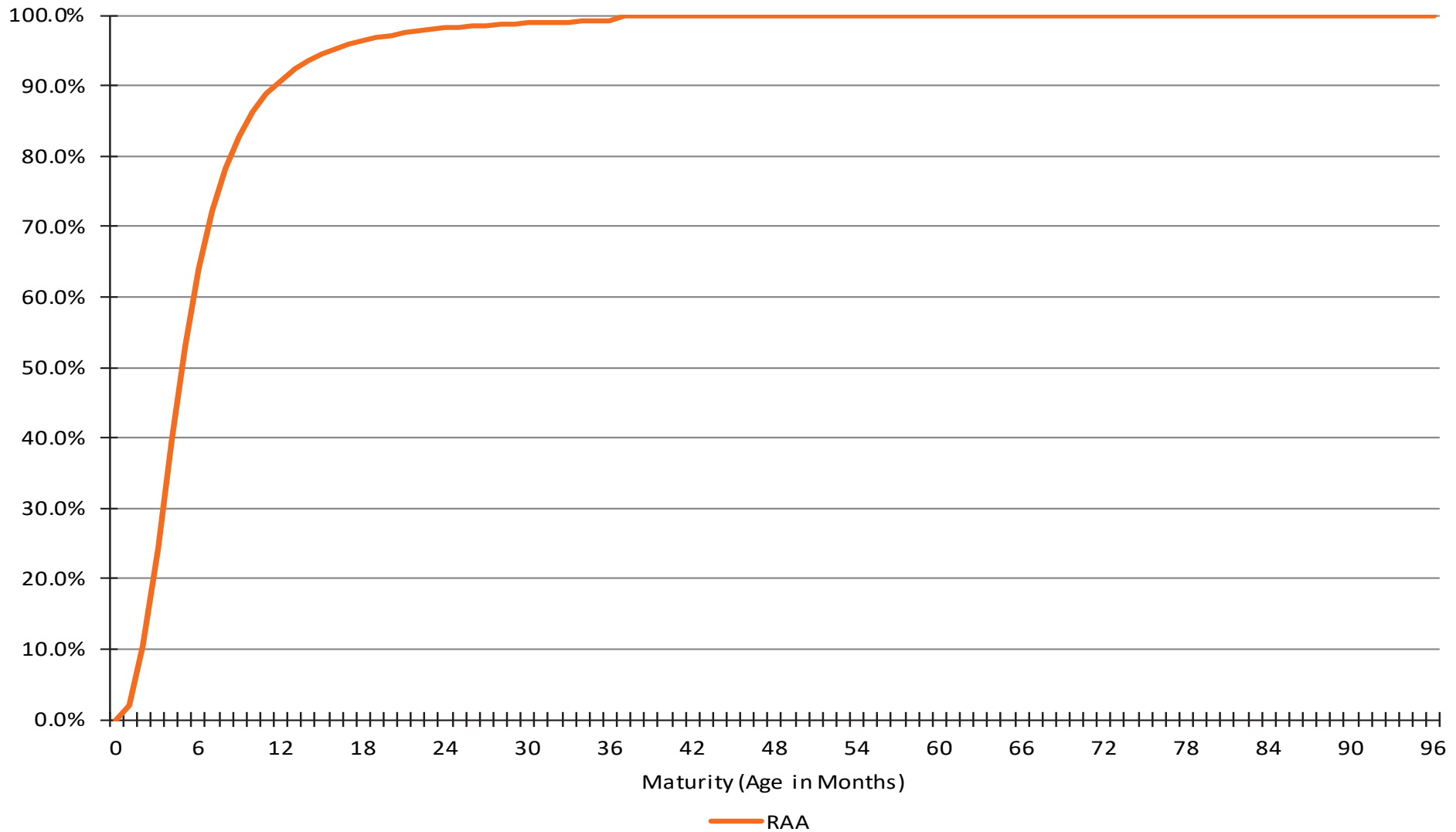
Reserving for Irma: Where We Were Wrong

- Impact of Hurricanes Harvey and Maria
 - Scarcity of claims adjusters
 - Shortage of contractors and material
- Claims piercing deductibles – roof tiles / expensive repairs
- Re-opened claims – unintended consequence of closing claims expeditiously
- Claim reclassification
- Exorbitant loss adjustment expenses
- Increased claim reporting

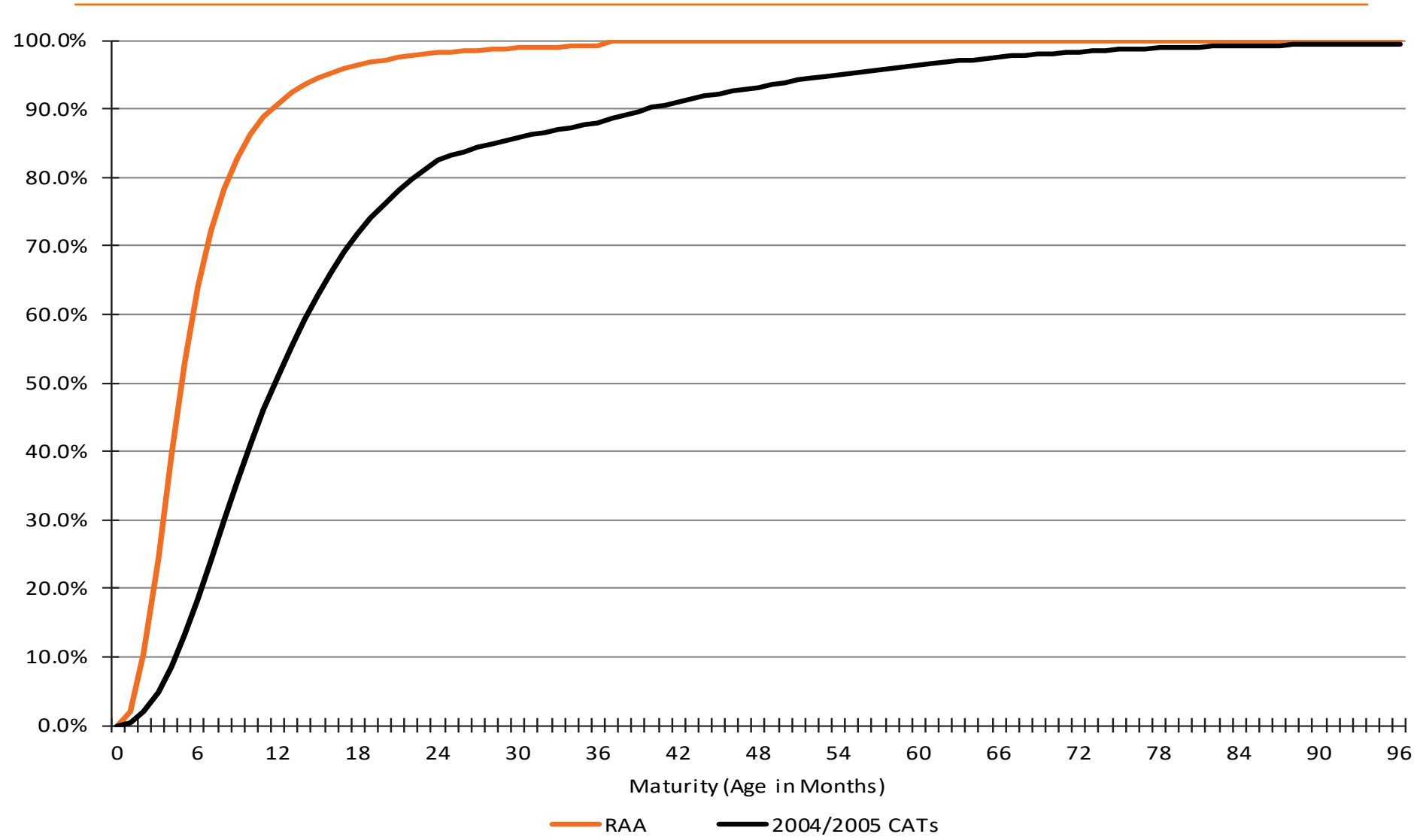
Reserving for Irma: Approaches

- Reinsurance Association of America (RAA) patterns
- Historical patterns from prior named storms
- Catastrophe model expected losses
- Counts and averages approach: claims-made + tail

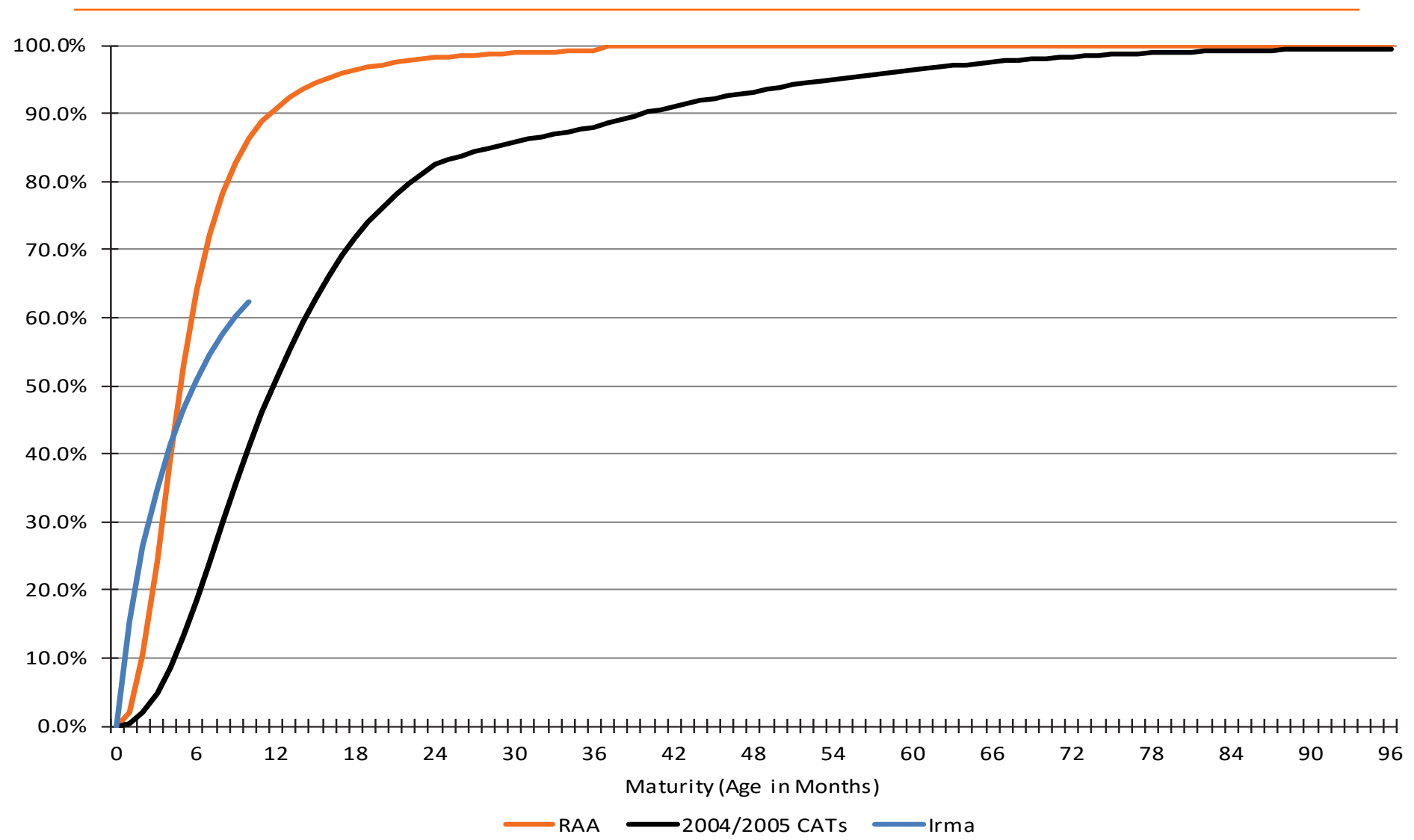
Hurricane Reported Loss & DCC Development



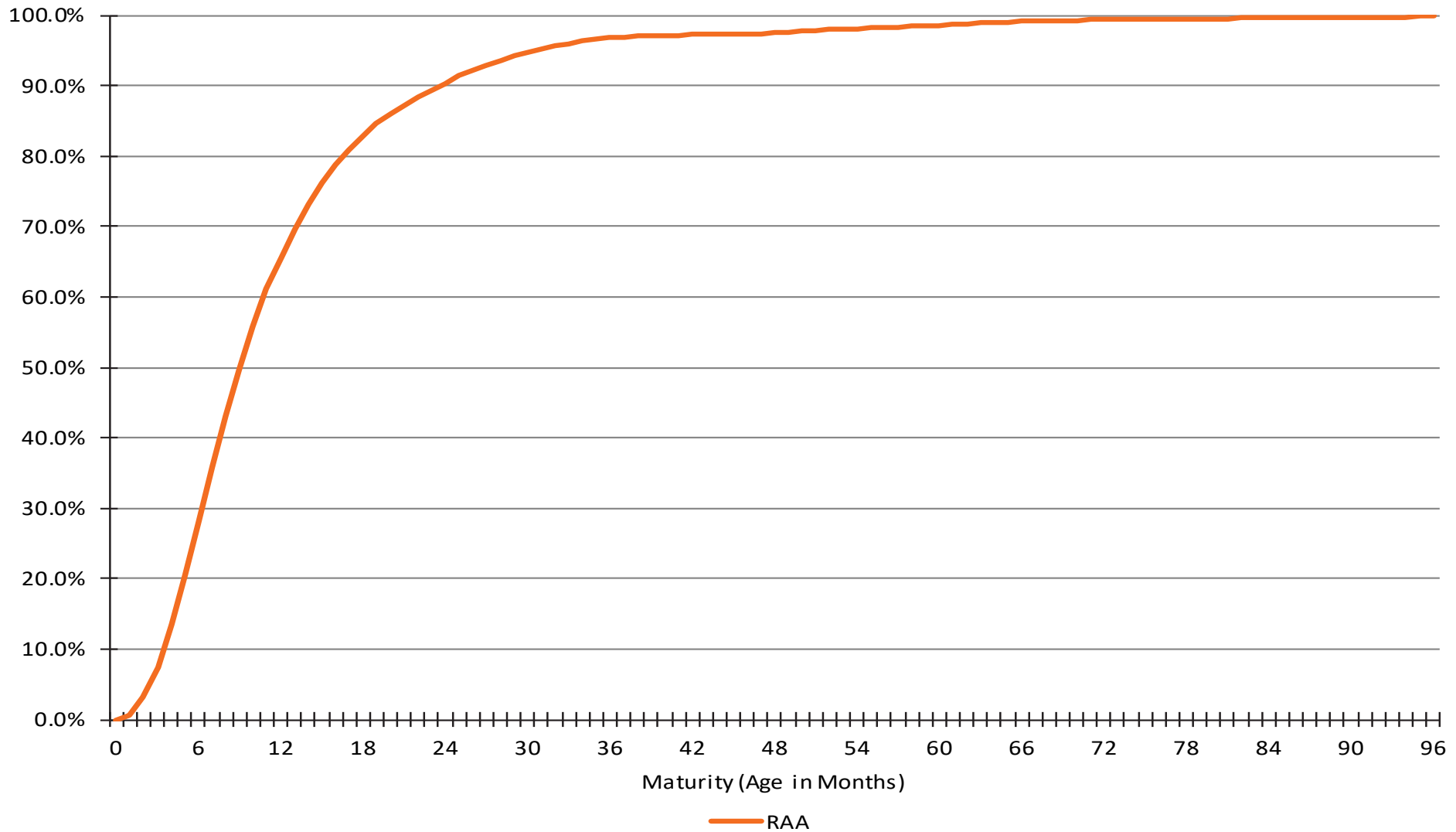
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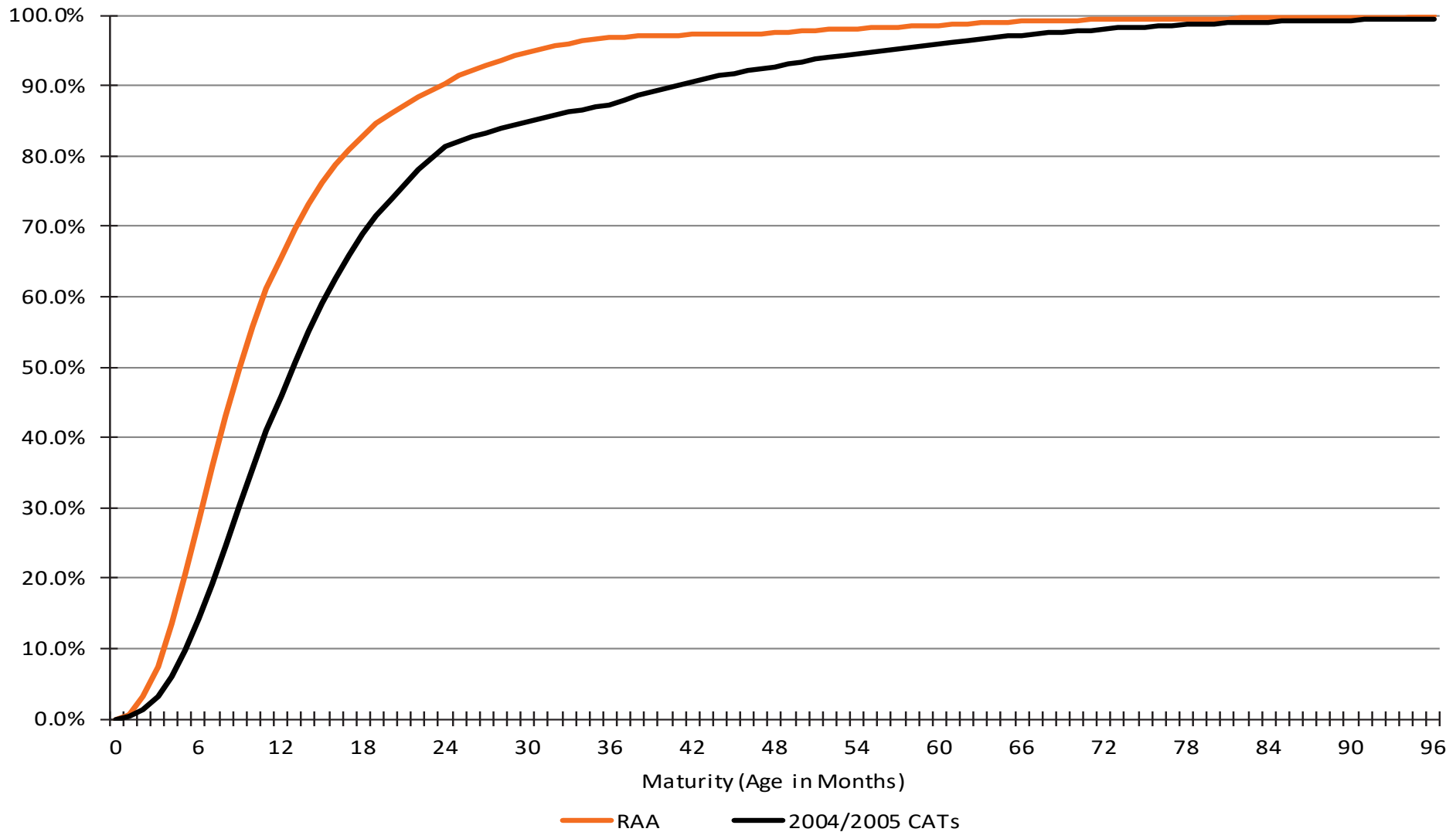
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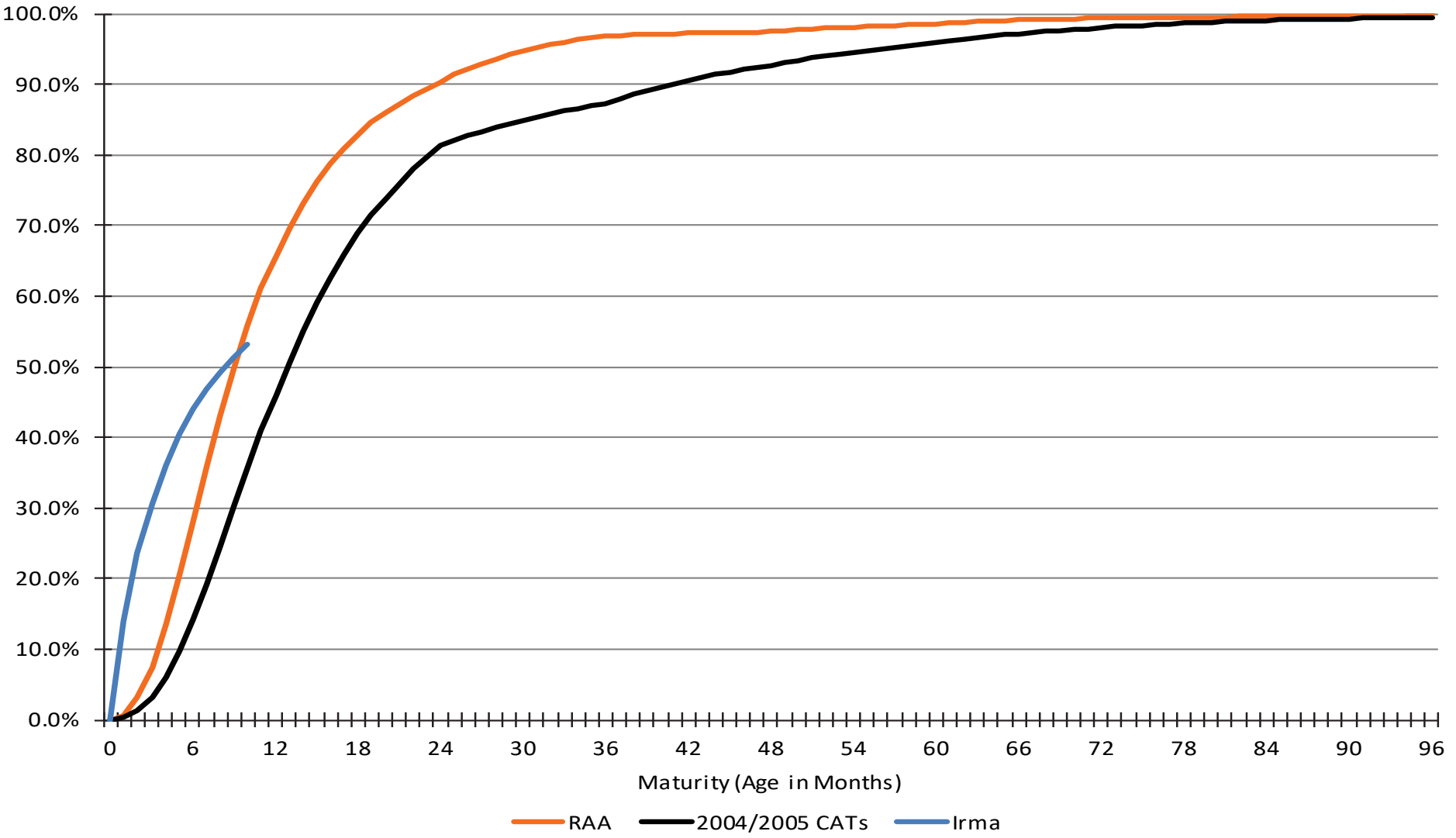
Hurricane Paid Loss & DCC Development



Hurricane Paid Loss & DCC Development



Hurricane Paid Loss & DCC Development



Reserving for Michael: Lessons Learned?

- Appropriateness of Irma as a benchmark?
- Impact of loss adjustment expenses?
- Demand surge?

Questions



Thank You for Your Time and Attention

Arthur R. Randolph, II, FCAS, MAAA, CPCU, ARM, ARe

Direct Dial: 678.894.7258

arandolph@pinnacleactuaries.com

