Report of Birny Birnbaum

American Security Insurance Company v. State of Florida Office of Insurance Regulation

Case No. 2013 CA 1701
In the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida

July 15, 2015

1. Purpose of Report

I am a consulting economist, specializing in insurance rates, regulation, policy with particular expertise and experience in analysis of insurance markets and competition and the type of insurance involved in this proceeding – lender-placed home insurance. I am also the requester of the information at issue in this proceeding in my capacity as Director of the Center for Economic Justice, a non-profit consumer organization advocating on behalf of consumers on insurance, credit and utility matters before administrative agencies.

The purpose of this report is to demonstrate that American Security Insurance Company's ("ASIC") trade secret claims on large portions of the company's 2013 rate filing, which have prevented the public release of these documents, are frivolous and defeat the purpose of Florida's Public Information Law, to secure public release of these non-trade secret documents and to provide guidance to the OIR that similar information in future rate filings shall be treated as public information.

CEJ is pursuing this action because public access to these documents is essential for the public to review the basis for the ASIC rate request and, consequently, to assist the OIR in and to hold the OIR accountable for review of the rate filing to meet Florida statutory requirements for rates. By declaring huge portions of the rate filing as trade secret – when significant portions of these documents are clearly not trade secrets – ASIC has thwarted the public purpose of the Florida public information law and the ability of the pubic to review the key assertions supporting the ASIC rate request.[1]

[1] As my attached resume indicates, I have served as an insurance regulator – Chief Economist and Associate Commissioner for Policy and Research at the Texas Department of Insurance – and consultant to state insurance departments. I have also provided expert witness testimony in over 40 insurance litigations, many of which were lender-placed insurance litigations. The request for ASIC's rate filing documents has nothing to do with any of these or other litigations. As an expert witness in litigation against ASIC, I would have access, through discovery, to the documents at issue in this case if they were relevant to the issues in the litigation. The purpose of CEJ pursuing this matter is to stop ASIC from abuse of the trade secret exemption in Florida public information lawp

My report will demonstrate, ASIC has claimed trade secret for documents that are clearly not trade secrets because

- ASIC has subsequently released the information 12 to 18 months after submitting "trade-secret" documents to the OIR;
- ASIC has claimed trade secret for documents and information ASIC has not kept secret and has, in fact, released to the public in other ways, including press releases and statutory financial statements; and
- ASIC has not demonstrated and cannot demonstrate that the public release of the requested documents will benefit competitors or harm ASIC. In support of its trade secret claims, ASIC has provided only conclusory statements without evidence to support its claim of competitive harm from public release of the requested documents.

The documents that remain at issue are listed in Section 3 of my report:

I am not being compensated for my time in this matter as I provide my services to the Center for Economic Justice on a pro-bono basis.

2. Qualifications

I am a consulting economist and former insurance regulator specializing in insurance rates, regulation and policy, with particular expertise in credit-related insurance, generally, and in lender-placed insurance, specifically. I have over 20 years of experience analyzing insurance markets as a regulator, consultant to public agencies and expert witness. I have extensive experience with evaluating trade secret claims and have provided expert testimony in proceedings on such claims. I also have regulatory experience enforcing public information laws, including trade secret exemptions from public disclosure. I have extensive experience in the review of rates and have, among other assignments, served as the then-Florida Department of Insurance designated member of arbitration panels for homeowners insurance rate filings. It is, in large part, due to my work and analyses on behalf of the CEJ on LPI that prompted state insurance regulators to take action on LPI.

I have served as Chief Economist of the Texas Office of Insurance Counsel, a state agency dedicated to representing insurance consumers before the Texas Department of Insurance. I also served as Chief Economist and Associate Commissioner for Policy and Research at the Texas Department of Insurance where I had a broad set of responsibilities, including the review and approval of rate filings in many lines of insurance. I have consulted with numerous state and federal regulatory and enforcement agencies on insurance issues.

I received my formal training at Bowdoin College and at the Massachusetts Institute of Technology (MIT). I received two Masters Degrees from MIT. The first degree was a Master of Management from the Sloan School with a concentration in applied economics and finance. The second degree was a Master of City Planning from the Department of Urban Studies and Planning with a concentration in community and regional economics.

Appendix A includes a copy of my resume and list of expert testimony in litigation. Appendix B is the presentation I gave to the OIR on the ASIC LPI rate filing, which demonstrates my knowledge and expertise on LPI.

3. Documents at Issue

ASIC submitted a rate filing for LPI rates to the Florida OIR on or around March1, 2013. The OIR filing number is 13-04125. ASIC claimed trade secret on large portions of the initial filing. Over the next six months, ASIC submitted additional documents related to the filing to the OIR, claiming almost all of these additional documents as trade secret. On or about October 7, 2013, OIR and ASIC entered into Consent Order (Case No. 141841-13) in which OIR disapproved the ASIC filing and ASIC agreed to re-file with 10% lower rates and to stop certain practices of paying kickbacks to mortgage servicers.

Shortly following the original submission of the Filing 13-04125, I made a public information request to the OIR for the documents in the filing withheld from public disclosure.

On or about April 17, 2015 – at least 18 months after submission to the OIR as trade secret documents –ASIC withdrew the trade secret claim for ASIC (FL OIR) 001378 – 1380: Cost of Reinsurance Support Exhibit E

On July 14, 2015 – at least 21 months after submission to the OIR as trade secret documents –ASIC withdrew the trade secret claim for the following documents:

ASIC (FL OIR) 000007:	Exhibit 8.5 2012 FHCF Estimated Premiuim
ASIC (FL OIR) 00001941	Exhibit 1.2 Explanation of Rate Level Indications
ASIC (FL OIR) 00001942:	Exhibit 2.1 Development of Two-Step Premium Trend
ASIC (FL OIR) 00001943:	Exhibit 2.2 Development of One-Step Premium Trend
ASIC (FL OIR) 00001944:	Exhibit 2.3 Explanation of Premium Trend Factor Derivation
ASIC (FL OIR) 00001947:	Exhibit 2.3 Explanation of Premium Comparison
ASIC (FL OIR) 00001950:	Exhibit 2.1a Development of Prospective Trend Factor

On July 14, 2015, ASIC also withdrew its trade secret claim for portions of the following documents, among others:

ASIC (FL OIR) 000001:	Exhibit 7.2 Support of Commission Expense Provision
ASIC (FL OIR) 000003:	Exhibit 8.1 Derivation of Reinsurance Cost
ASIC (FL OIR) 000004:	Exhibit 8.2 Cost of Replacing TICL
ASIC (FL OIR) 000008:	Exhibit 8.6 2012 FHCF Sample Calculations
ASIC (FL OIR) 000009:	Exhibit 8.7 Assurant US Hurricane Risk Link Analysis
ASIC (FL OIR) 000012:	Exhibit 10 Premium Comparison RMSP to MIP
ASIC (FL OIR) 000013:	Exhibit 12 Territorial Rate Relativity
ASIC (FL OIR) 000014:	Exhibit 13 Derivation of Wind Only and Wind Exclusion Credits
ASIC (FL OIR) 001520:	Exhibit 26 Comparison of Historical and Actual Expected Losses
ASIC (FL OIR) 001524:	Exhibit 25 Territorial Rate Relativity
ASIC (FL OIR) 001945	Exhibit 3.1 Premium Comparison

Documents Remaining at Issue

I have withdrawn my request for all documents claimed as trade secret by ASIC with the exception of the following, which are the documents at issue in this proceeding:

ASCI (FL OIR) 000058 to 1109 and 1181 to 1233 “County Payout Factors”

ASIC (FL OIR) 000001:	Exhibit 7.2 Support of Commission Expense Provision
ASIC (FL OIR) 000002:	Exhibit 7.3
ASIC (FL OIR) 000003:	Exhibit 8.1 Derivation of Reinsurance Cost
ASIC (FL OIR) 000004:	Exhibit 8.2 Cost of Replacing TICL
ASIC (FL OIR) 000005:	Exhibit 8.3
ASIC (FL OIR) 000006:	Exhibit 8.4
ASIC (FL OIR) 000008:	Exhibit 8.6 2012 FHCF Sample Calculations
ASIC (FL OIR) 000009:	Exhibit 8.7 Assurant US Hurricane Risk Link Analysis
ASIC (FL OIR) 000010:	Exhibit 9.1
ASIC (FL OIR) 000011:	Exhibit 9.2
ASIC (FL OIR) 000012:	Exhibit 10 Premium Comparison RMSP to MIP
ASIC (FL OIR) 000013:	Exhibit 12 Territorial Rate Relativity
ASIC (FL OIR) 000014:	Exhibit 13 Derivation of Wind Only and Wind Exclusion Credits
ASIC (FL OIR) 000015:	Exhibit 14 Amount of Insurance Relativity Curve Support
ASIC (FL OIR) 001520:	Exhibit 21
ASIC (FL OIR) 001520:	Exhibit 26 Comparison of Historical and Actual Expected Losses
ASIC (FL OIR) 001521:	Exhibit 22
ASIC (FL OIR) 001522:	
ASIC (FL OIR) 001523:	Exhibit 24 RMSP Rate Multiplier
ASIC (FL OIR) 001524:	Exhibit 25 Territorial Rate Relativity
ASIC (FL OIR) 001866:	Exhibit 29
ASIC (FL OIR) 001867:	Exhibit 30
ASIC (FL OIR) 001868:	Exhibit 31

ASIC (FL OIR) 001869:	Exhibit 32
ASIC (FL OIR) 001870:	Exhibit 33
ASIC (FL OIR) 001871:	Exhibit 34
ASIC (FL OIR) 001924:	Exhibit 29 Client Expense Rate Agreements
ASIC (FL OIR) 001925:	Exhibit 29 Client Expense Rate Agreements
ASIC (FL OIR) 001926:	Exhibit 29 Client Expense Rate Agreements
ASIC (FL OIR) 001927:	Exhibit 29 Client Expense Rate Agreements
ASIC (FL OIR) 001928:	Exhibit 29 Client Expense Rate Agreements
ASIC (FL OIR) 001929:	Exhibit 29 Client Expense Rate Agreements
ASIC (FL OIR) 001930:	Exhibit 35
ASIC (FL OIR) 001931:	Exhibit 36
ASIC (FL OIR) 001940:	
ASIC (FL OIR) 001946:	Exhibit 3.2 Rating Examples
ASIC (FL OIR) 001947:	Exhibit 3.3 Explanation of Premium Comparison

4. Lender-Placed Insurance (LPI) and the Unique Nature of LPI Markets

Mortgage contracts include a requirement that borrowers maintain insurance to protect the property serving as collateral for the mortgage loan. The mortgage contract also provides that the lender or servicer may place insurance on the property and charge the borrower for the cost of that insurance in the event the borrower fails to maintain required insurance. This lender-placed insurance (LPI) is the insurance for which ASIC made a rate filing in 2013. The documents at issue are part of that rate filing for LPI.

LPI markets are not normally competitive. The consumers who are ultimately charged for the LPI coverage exert no market pressure on the price of LPI. Instead, LPI markets are characterized by reverse competition. LPI markets are characterized by reverse competition, which means that the insurers compete for the lender’s or servicer’s business because these entities have the market power to steer the ultimate consumer to the insurer. In a reverse-competitive market, the insurers compete for the lender's or servicer's business by offering a variety of considerations to the lender, the cost of which drives up the cost of the insurance to the ultimate consumer.

Reverse competition is a well-accepted insurance regulatory concept and is defined in a model law created by the National Association of Insurance Commissioners.[2]

> "Reverse competition" means competition among insurers that regularly takes the form of insurers vying with other for the favor of persons who control, or may control, the placement of the insurance with insurers. Reverse competition tends to increase premiums or prevent the lowering of premiums in order that greater compensation may be paid to persons for such business as a means of obtaining the placement of business. In these situations, the competitive pressure to obtain business by paying higher compensation to the persons overwhelms any downward pressure consumers may exert on the price of insurance, thus causing prices to rise and remain higher than they would otherwise."

Evidence from regulatory and journalist investigations, as well as discovery in this case, demonstrate that reverse competition in LPI markets has inflated the LPI premium charges from LPI insurers to mortgage servicers far above the reasonable cost of providing LPI coverage to protect the properties serving as collateral for the mortgage loans. A significant amount of the inflated LPI premiums charged by the LPI insurer to the mortgage servicer is kicked back to the mortgage servicer through a variety of mechanisms, including, for example, "commissions" to insurance agents or brokers affiliated with the mortgage servicer, the provision of free or below-cost services and outright cash payments. The mortgage servicer typically charges borrowers the same amount for LPI as the mortgage servicer paid in premium to the LPI insurer, thereby causing borrowers to pay for the kickbacks.

The fact that LPI rates are excessive – with the ultimate result that borrowers, many of whom are already in financial distress, are charged unreasonable and excessive amounts by mortgage servicers for LPI. The tables below show historic loss ratios for homeowners insurance and LPI in Florida and all states other than Florida

[2] NAIC Credit Personal Property Insurance Model Act, Section 3 (X).

Table 4: Homeowners and LPI Loss Ratios
Florida Only and All States Ex Florida, 2004-12[3]

Year	FL HO	FL LPI	All State Ex FL HO	All States EX FL LPI
2004	303.0%	75.2%	52.2%	28.0%
2005	153.6%	102.5%	60.2%	47.9%
2006	32.6%	29.6%	58.7%	28.9%
2007	25.6%	11.4%	63.0%	22.2%
2008	33.9%	10.6%	86.6%	26.7%
2009	38.4%	11.7%	72.5%	24.7%
2010	38.1%	7.2%	72.5%	23.1%
2011	35.9%	9.9%	90.8%	32.6%
2012	31.6%	13.3%	72.2%	40.3%
2004-2012	61.4%	13.6%	70.9%	30.0%

Due to advocacy by the Center for Economic Justice and other consumer organizations, several state insurance departments, including the Florida Office of Insurance Regulation, initiated investigations of LPI rates and market practices. The ASIC filing, documents from which are at issue in this proceeding, occurred during this period. The OIR investigation included a settlement with ASIC to stop certain practices of kickbacks from LPI premiums paid by mortgage servicers back to those mortgage servicers.

There are several key aspects of LPI and LPI markets relevant for analysis of claims of competitive harm from release of the requested documents.

LPI is a group master policy sold to mortgage servicers which provide coverage as needed automatically if and when a borrower's voluntary insurance lapses. There is no underwriting or risk evaluation of individual properties for the issuance of coverage. Rather, LPI insurers underwrite the mortgage servicer's portfolio, based on characteristics of the mortgage loans.

[3] Data Sources: Homeowners 2004-2012, *NAIC Report on Profitability by State by Line in 2012*, page 149, Countrywide-Direct, Percent of Direct Premiums Earned Losses Incurred. Homeowners 2004-2012 average is the simple average of annual values by Birnbaum. LPI Home, NAIC Credit Insurance Experience Exhibit data compiled by Birnbaum.

Another key aspect of LPI markets is that mortgage servicers typically outsource the servicer responsibility to track insurance on serviced loans to the LPI insurer (or its affiliate). ASIC and its affiliates will provide LPI and servicer-outsourced insurance tracking services.

The implications of these characteristics for competitive analysis include:

- There is no risk evaluation of individual properties, so an LPI insurer's historical experience does not reveal any underwriting guidelines or marketing strategy.

- The LPI policy requires the LPI insurer to insurer all properties in the servicer portfolio whose voluntary insurance has lapsed, so an LPI insurer's historical experience does not reveal underwriting guidelines or marketing strategy.

- The insured policyholder on LPI policies are mortgage servicers and the LPI policy covers any property in the servicer's portfolio whose insurance has lapsed, so historical experience is not a guide to the insurer's future portfolio of LPI-covered properties. Stated differently, the LPI policy provides coverage as needed for any property serving as collateral for a serviced loan as needed. The number and types of properties requiring LPI coverage in the future will be different from today because borrower's voluntary insurance circumstances change (resulting in a different mix of LPI coverages in force) and because mortgage servicers purchase and sell mortgage servicing rights (changing the loans in the servicing portfolio). The historical experience of an LPI insurer cannot reveal the marketing or underwriting strategy of the LPI insurer because those strategies are directed at and evaluate mortgage servicing portfolio characteristics. For example, the fact that ASIC had, for illustration, 1,000 coverages in force for a rating territory in 2012 provides no intelligence to a competitor because the existence of the 1,000 coverages was not a result of ASIC employing a marketing strategy in that rating territory or the use of geographic underwriting guidelines. ***Further, the historical experience is of no greater use to a competitor than ASIC's published rates. If the competitor wanted to rely on ASIC's experience, it would copy the ASIC rates. Information about ASIC's experience by rating territory provides no additional competitive intelligence because there is ASIC geographic-specific or property-specific underwriting or marketing strategy to copy.***

5. ASIC Has Claimed Trade Secret for Documents ASIC Does Not Consider Trade Secret and For Which the ASIC Trade Secret Claims Were Frivolous

As indicated in section 3, ASIC claimed trade secret in 2013 on documents it does not consider to be trade secret because ASIC released such trade secret claims in 2015. Appendix C includes the documents ASIC originally claimed trade secret for and subsequently withdrew the trade secret claim. It is clear that these documents do not contain trade secrets and reflect an abuse by ASIC of the trade secret claim to exemption from public disclosure.

Pages 1378 to 1380 are brief responses to questions by the OIR. The document shows that ASIC claimed trade secret to the following:

> (Question from OIR): The cost of reinsurance must be included as a "net" expense factor
> (ASIC): The cost of reinsurance is included as a net expense factor.
>
> (Question from OIR) The cost of private reinsurance must be split into two components.
> (ASIC): We have complied with this requirement.
>
> (Question from OIR) The cost of reinsurance must include the "FHCF Reins. Cost."
> (ASIC): Not applicable

The trade secret claim for this document was clearly frivolous. The information ASIC provided are simply acknowledgements of requirements for rates. Public release of this information could have provided no harm to ASIC or benefit to competitors.

ASIC's claim of trade secret on non-trade secret documents for 18 to 21 months after submission to OIR is an abuse of the trade secret exemption to public information and thwarts the ability of the public to review and comment on the rate filing during the OIR review process.

The remaining pages in Appendix C are explanations and exhibits of standard rate components – explanation of rate level indications, premium trend analyses and explanation of premium comparison. These are the types of exhibits routinely available to the public not only in prior ASIC filings but in voluntary homeowners insurance filings.

In fact, ASIC even relies upon a competitor's filing to justify portions of its filing clamed as trade secret. ASIC relied upon rates filed by and rate filing information from Praetorian Insurance Company, yet it claimed such information as trade secret.

6. ASIC Has Claimed Trade Secret for Documents Containing Information ASIC Has Publicly Revealed

ASIC (FL OIR) 00145 and 01526 are mostly-redacted exhibits of "2012" Assurant Excess Cat Program and included in Appendix D of this report. The exhibits show the components of the catastrophe reinsurance program by type of reinsurance and catastrophe bond, but ASIC has redacted the graphs showing the composition of the program.

Assurant, Inc., ASIC's ultimate parent, has publicly released the information contained in these exhibits in press releases. Appendix D also includes press releases from 2012, 2013 and 2014 in which Assurant, Inc. discloses its catastrophe insurance program, complete with the same type of graphics as in ASIC (FL OIR) 00145 and 01526.

In addition, ASIC, like any other admitted insurance company, must file a list of every reinsurance agreement it has as part of the Statutory Annual Financial Statement filed with state insurance regulators and available to the public. Schedule F of the Annual Statement includes lists of all reinsurance agreements of the insurer with information about those agreements.

Information is even publicly available about Assurant's catastrophe bonds. Appendix E show a description, including pricing, of the Assurant cat bond downloaded from the internet.

ASIC (FL OIR) 00145 and 01526 are yet additional examples of frivolous and abusive trade secret claims made by ASIC.

7. ASIC Has Provided Only Conclusory Statements, But No Evidence in Support of Its Trade Secret Claims

In ASIC's motion for summary judgement in this proceeding, it reiterated its claims of trade secret (including claims on documents ASIC subsequently withdrew the claim), but provided no evidence in support of the claims. Rather, ASIC provided only conclusory statements and claims. These conclusory statements are not only factually incorrect but do not demonstrate that public release of the documents will benefit competitors or harm ASIC.

Consider ASIC's description of and justification for trade secret of 15 documents, pages 00001 to 00015 in ASIC's motion:

> Exhibits, 7.2, 7.3, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 9.1, 9.2, 10, 12, 13, and 14
>
> ASIC MIPP - Support of Commission Expense Provision, Fixed Expense Allocations, Derivation of Reinsurance Cost, Cost of Replacing TICL Coverage, 2012 Wind season Catmetrics Summary, FHCF Estimated Premiums, FHCF Sample Calculations, Probability Loss Comparison with Loss Net of Deductibles, Deviation of Contingency Provision, Support of No Loss Adjustment in Contingency Provision Calculations, Premium Comparison, Territorial Rate Relativity, Derivation of Wind Only and Wind Exclusion Credits, Amount of Insurance Relativity Curve Support.
>
> These subsets of documents contain trade secret and confidential information regarding ASIC's reinsurance premiums, including how its reinsurance premiums are calculated, the number of layers of reinsurance ASIC provides to its clients, ASIC's loss adjustment rates and ratios, and the movement and structure of ASIC's reinsurance policies. This information is, and has always been, subject to strict confidentiality and security protocols, and is not generally known throughout the industry. Many of the documents contained in this subsection are not of the type typically filed with the OIR, and are not usually included by ASIC during its annual rate filings. Here, these documents were included because of a specific requested by the OIR. As a result of the OIR's unusual requests, ASIC's filings with the OIR contain confidential or trade secret information that would not normally be disclosed to the OIR.

> The information contained in these documents has been developed by ASIC, for the exclusive use of ASIC and its affiliates, over the course of many years and at a considerable expense. The information directly concerns ASIC's confidential business practices, and, if released, would cause ASIC to lose its competitive advantage in the marketplace. Allowing the information to be made public would also cause ASIC to become susceptible to having its reinsurance rates and layers disrupted by competitors.
>
> Further, the release of these documents would constitute a major benefit to ASIC's competitors, and would allow ASIC's competitors to enjoy an overview of many key aspects of ASIC's business, business practices, and market strategies. It would also allow ASIC's competitors to compete with ASIC for reinsurers and favorable rates with an unreciprocated knowledge of ASIC's confidential business practices, including how ASIC structures its reinsurance agreements, and the terms ASIC employs to effectuate its business.
>
> Further, ASIC has entered into mutually beneficial confidentiality and non-disclosure agreements with its reinsurers that require both ASIC and its reinsurers to keep information regarding the rates, terms, and reinsurers' identities confidential. If such information were released, and the terms of its agreements, and the identities of ASIC's reinsurers became public, not only would ASIC's reinsurers be injured, but ASIC would also have great difficulty obtaining reasonable reinsurance rates in the future. This type of disruption would make it very difficult for ASIC to properly manage its risk and conduct its business in the future, and would severely disadvantage ASIC. Additionally, much of the information contained in these documents is derived from modeling information that is subject to its own confidentiality and non-disclosure agreements. Were the information contained in these documents released, ASIC would not only lose its competitive advantage in the marketplace, but would also be in breach of contract with the company or companies that provide ASIC its models. As such, and for the foregoing reasons, the redacted information contained within these subsets of documents is, and should remain, protected under the trade secret exemption to Florida's Public Records Act.

This explanation does not meet an insurer's burden of demonstrating harm from public release of the documents for several reasons. First, the explanation deals only with reinsurance documents, yet several of the documents are unrelated to reinsurance, such as support for expense provisions and commissions. Support for expense provisions and commissions are routinely included in rate filings and always public information.

Second, the claims are conclusory with no evidence in support of the claims. Such conclusory claims provide no evidence that ASIC would suffer harm from release of the documents or competitors would gain benefit.

Third, the claims are demonstrably false. ASIC claims release of the reinsurance documents would reveal

- how its reinsurance premiums are calculated
- the number of layers of reinsurance ASIC provides to its clients
- the movement and structure of ASIC's reinsurance policies

Yet, this information is already available to competitors as explained and demonstrated in Section 6, above. ASIC's claim that "this information is, and has always been, subject to strict confidentiality" is blatantly false –ASIC reveals this information in press releases and other public documents.

ASIC's claim of harm – it would allow ASIC's competitors to compete with ASIC for reinsurers and favorable rates with an unreciprocated knowledge of ASIC's confidential business practices, including how ASIC structures its reinsurance agreements, and the terms ASIC employs to effectuate its business – is clearly wrong. ASIC has been able to compete and thrive in the LPI market – it is the largest LPI writer and has grown market share since 2012 – despite this reinsurance information already available to competitors. These claims by ASIC are examples of conclusory claims without empirical support and contradicted by actual evidence.

Finally, it is critical to point out that the key information in the rate filing is not the overall cost of the ASIC reinsurance program, but the portion of that cost ASIC proposes to allocate to Florida for purpose of Florida rates. Public release of this allocation methodology allows the public to comment on the reasonableness of the allocation, but provides no benefit to a competitor. Information on how ASIC proposes to allocate its reinsurance cost to Florida does nothing to assist a competitor in competing with ASIC – it does nothing to assist the competitor in obtaining reinsurance or deciding how much reinsurance to obtain or change the competitor's reinsurance costs or substitute for the competitor's information requirements in rate filings.

8. Public Release of the Documents at Issue Will Not Harm ASIC or Benefit Competitors

ASIC has claimed trade secret on rate filing exhibits routinely filed by other insurers and available to the public. These exhibits include the justification for rates by geographic rating territory, justification of expense and commission provisions, explanation how historical premiums charges for one LPI program translate into premium charges for the new LPI program how proposed premium charges compare with premium charges of a competitor.

Exhibits justifying territorial rating differences are routinely part of insurer rate filings and available to the public. There is no benefit to competitors or harm to ASIC from public release of these exhibits because such exhibits provide no information to competitors more useful than the actual territorial rates charged by ASIC, which are public information. As explained above, exhibits of historical experience – even by rating territory – do not reveal any underwriting or marketing strategy of ASIC because ASIC LPI does not underwrite individual properties or market to individual consumers but underwrites mortgage servicer portfolios and markets to mortgage servicers whose portfolios are changing constantly.

Exhibits regarding expense and commission justification provide no benefit to competitors because a competitor must provide its own justification based on its own expense and commission experience. If a competitor wanted to rely on the expense and commission provisions of ASIC for purposes of a rate filing – there is no other purpose for using the expense and commission information in the ASIC filing – the competitor has the actual amounts of commission and expenses provisions ASIC has proposed in its filing. The documents ASIC has claimed trade secret for are the documents that the public needs to evaluate whether the proposed expense and commission provisions are reasonable. And it is particularly important in the case of ASIC LPI because of the history of kickbacks from ASIC to mortgage servicers in the forms of "commissions" and expenses for activities unrelated to LPI, but included in LPI rates.

Exhibits showing how premium collected under an existing LPI product ("MSP") would translate into premiums under the proposed LPI product ("MIP") are basic information to enable the regulator and the public to evaluate whether the new rating plan is revenue-neutral or whether the new rating plan produces more or less premium for the same set of exposures used to project expected claims. If a comparison of the difference between old and new rates was of interest to a competitor, a competitor could make the comparison by utilizing the actual rates from the existing program (public information from an earlier filing) and the proposed rates in the new ASIC filing. Again, public release of the information provides no benefit to a competitor beyond that of other publicly available information. The ASIC trade secret claim thwarts the public purpose of the public information laws.

Similar to exhibits showing comparisons of premium under the old MSP program to the new MIP LPI program, exhibits comparing ASIC's proposed premium charges to those of competitors are clearly not a trade secret. The OIR requested, and ASIC provided information comparing premium charges under the proposed MIP rates to premium charges by a competitor, Praetorian Insurance Company, for examples of certain property characteristics. Appendix F shows pages 0001945 – 1947. ASIC has withdrawn the trade secret claim for 1947, redacted most of 1945 and redacted a portion of 1946. ASIC continues to claim trade secret on premium at current MSP rates, premium at proposed MIP rates and premium estimated for Praetorian rates on page 1945. Again, this is a frivolous trade secret claim. The information, if released does not harm ASIC or benefit a competitor. The competitor has the information and resources to perform a comparison of rates and to do so at a more meaningful level for the competitor. The competitor has information on individual LPI coverages that the competitor insures so it can take the public rates of the old MSP, the publicly proposed rates of the new MIP and perform the comparison in the ASIC trade secret exhibits on a more accurate level.

The absurdity of the ASIC trade secret claim grows with the redaction on page 1946, where ASIC actually gives three examples of premium calculations under the proposed MIP rates, but redacts the ZIP Code location of each of the three examples. There is no harm from public release of the ZIP Code locations of the three rating examples, because any competitor could figure out the rating territory location of the ZIP Code example by simply looking at territorial relativity. Again, there is no benefit to a competitor from public release of this information because a competitor already has all the information necessary to perform a comparison of rates between the competitor and ASIC. Finally, page 1947 is a brief description of a premium comparison between ASIC's proposed rates and those of a competitor. There is no discernable reason why ASIC claimed this document as a trade secret for over 21 months.

9. Conclusion

My report has shown that

- ASIC has made frivolous trade secret claims and thereby thwarted the public policy of Florida public information law. ASIC claimed trade secret for documents it determined were not trade secret, but unnecessarily delayed the public release of these documents by over 18 months and thereby deprived the public of the opportunity to meaningfully comment on ASIC's rate filing.

- ASIC has claimed trade secret for documents and information that is either publicly available, provides no benefit to competitors if released and/or causes no harm to ASIC if released.

- ASIC has not remotely met its burden of demonstrating the documents are trade secrets. ASIC has provided only conclusory assertions without evidentiary support and which are refuted by available evidence.

As the requester of the information at issue in this proceeding, I respectfully ask the Court to deny ASIC's trade secret claims on the documents that remain at issue and to order that such documents and substantially-similar documents submitted in the future by ASIC for LPI rate filings are not trade secrets.

Birny Birnbaum

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Report of Birny Birnbaum

American Security Insurance Company v. State of Florida Office of Insurance Regulation

Case No. 2013 CA 1701
In the Circuit Court of the Second Judicial Circuit In and for Leon County, Florida

July 15, 2015

Appendix A:

Resume, List of Expert Testimony in Litigation and Publications of Birny Birnbaum

Birny Birnbaum

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(512) 448 3096

Birny Birnbaum is a consulting economist and former insurance regulator whose work focuses on insurance regulatory issues. Birny has served as an expert witness on a variety of economic and actuarial insurance issues in California, New York, Texas and other states. Birny serves as an economic adviser to and Executive Director for the Center for Economic Justice (www.cej-online.org), a Texas non-profit organization, whose mission is to advocate on behalf of low-income consumers on issues of availability, affordability, accessibility of basic goods and services, such as utilities, credit and insurance.

He has authored reports and testimony for numerous public agencies and consumer organizations, including the California Department of Insurance, the Florida Insurance Commissioner's Task Force on Credit Scoring, the Ohio Civil Rights Commission, the Cities of New York and Philadelphia, the United States Department of Justice and the Center for Economic Justice. Birny's reports and testimony have covered a wide variety of topics, including force-placed insurance, consumer credit insurance, title insurance, insurance credit scoring and insurance markets. Birny has served for many years as a designated Consumer Representative at the National Association of Insurance Commissioners and is a member of the Federal Advisory Committee on Insurance.

Birny served for three years as Associate Commissioner for Policy and Research and the Chief Economist at the Texas Department of Insurance. At the Department, Birny provided technical and policy advice to the Commissioner of Insurance and performed policy research and analysis for the Department. Birny was also responsible for the development of data collection programs for market surveillance and the analysis of insurance market for competition.

Prior to coming to the Department, Birny was the Chief Economist at the Office of Public Insurance Counsel (OPIC), working on a variety of insurance issue. OPIC is a Texas state agency whose mission is to advocate on behalf of insurance consumers. Prior to OPIC, Birny was a consulting economist working on community and economic development projects. Birny also worked as business and financial analyst for the Port Authority of New York and New Jersey. Birny was educated at Bowdoin College and the Massachusetts Institute of Technology. He holds two Master's Degrees from MIT in Management and in Urban Planning with concentrations is finance and applied economics.

Education

1989 **Massachusetts Institute of Technology** Cambridge, MA

Master's Degrees in Business (M.S., Management) and Urban Planning (M.C.P.). Concentration in finance and applied economics with coursework in econometrics, corporate, municipal and real estate finance and regional economic development.

1976 **Bowdoin College** Brunswick, ME

A.B., German and Political Economy. Wesleyan University Program in Germany, Bonn, West Germany, 1974.

Professional Experience

1996 to Present **Economist and Executive Director** Austin, TX
Center for Economic Justice

Serve as Executive Director for the Center for Economic Justice (www.cej-online.org), an organization dedicated to advocating on behalf of low-income and minority consumers before administrative agencies on credit, utility and insurance matters. Also provide expert economic, actuarial and policy analysis on behalf of CEJ. Served as designated consumer representative at the National Association of Insurance Commissioner on behalf of CEJ. Routinely provide testimony and presentations to insurance regulators and legislators on insurance regulatory and consumer protection issues from 1998 to present.

1991 to Present **Consulting Economist** Austin, TX
Birny Birnbaum Consulting Inc.

Provide economic and actuarial analysis on insurance, utility and credit matters to public organizations and consumers. Assignments include:

- Review of all title insurance rate filings in the District of Columbia on behalf of the District of Columbia Department of Insurance, Securities and Banking, 2013 to present.

- Provided testimony on force-placed insurance markets and rates to the New York Department of Financial Services in May 2012, the Florida Office of Insurance Regulation in July 2012 and May 2013, the National Association of Insurance Commissions in August 2012, December 2012 and April 2013 and the California Department of Insurance in October 2012 on behalf of the CEJ.

- Provide analysis and testimony on credit insurance rates, regulations and market conduct problems in states on behalf of the Center for Economic Justice and other organizations. Authored state-specific reports on credit insurance in Alaska, Arizona, California, Indiana, Iowa, Maryland, Minnesota, New Mexico, Nevada, South Dakota, Texas, Wisconsin and Washington from 1997 through present.

- Provided testimony to the Michigan House Insurance Committee on the profitability of Michigan auto insurers and the condition of the No-Fault auto insurance system in Michigan on behalf the Coalition to Protect Auto No-Fault in October 2011.

- Presented testimony to Congress regarding the impact of the Dodd Frank Act on state insurance regulation and insurance markets on behalf of the Center for Economic Justice in July 2012.

- Presented testimony to Congress regarding effectiveness of state insurance regulation, including oversight of force-placed insurance, on behalf of the Center for Economic Justice in July 2011.

- Prepared analysis of title insurance agent expenses for the Pennsylvania Department of Insurance from 2009 to 2011. Project included unique data collection and analysis.

- Provided analysis of usage-based auto insurance rate filings in California on behalf of Consumer Watchdog in 2010.

- Participated in North Carolina Consumer Finance Study Group to evaluate the North Carolina consumer instalment loan market and proposals for modifying statutory interest rate and fee caps for these loans on behalf of the Center for Economic Justice in 2010.

- Provide analysis and testimony on credit insurance and debt cancellation products sold by credit unions on behalf of the United States Department of Justice 2008 to 2009

- Authored *An Analysis of Competition in the California Title and Escrow Industry* for the California Commissioner of Insurance in 2005. Provided assistance to California Department of Insurance in preparing and issuing requests for information to title insurance companies and title agents in California from 2005 to 2008.

- Provided testimony before Congress on insurance scoring on behalf of the Center for Economic Justice in October 2007

- Provided testimony and analysis on title insurance markets, reverse competition, expenses and rates in 2007 and 2008 New Mexico Title Insurance Rate Hearings on behalf of New Mexico Attorney General Gary King.

- Prepared analysis of credit insurance regulatory performance by states from 2004 through 2008, including credit life, credit disability, credit involuntary unemployment, creditor-placed (force-placed), GAP and credit family leave insurance coverages for the Center for Economic Justice in 2009.

- Provided testimony on proposed auto insurance rating regulations and insurance scoring in Massachusetts in 2007 on behalf of the Center for Economic Justice.

- Provided testimony on proposed auto insurance rating regulations in California from 1993 through 2005 related to the rating factor requirements of Proposition 103 for the Foundation for Taxpayer and Consumer Rights.

- Provided technical assistance to the United States Department of Housing and Urban Development on an investigation of redlining in homeowner's insurance from 2005 to 2007

- Provided expert reports on insurers' use of credit scoring in connection with several litigations in Oregon regarding adverse action notification required by the Fair Credit Reporting Act from 2002 to present.

- Provided expert testimony in a hearing before the New York State Public Service Commission on a proposal by a utility to use credit scoring to establish customer deposits for utility service on behalf of the Public Utility Law Project in 2003.

- Provided technical assistance to the Federal Trade Commission regarding credit insurance sales and marketing practices from 2000 through 2002.

- Performed a market conduct examination on proposed credit scoring program by an automobile insurer on behalf of the Georgia Insurance Commissioner in 2003.

- Provide technical assistance to the Philadelphia Automobile Insurance Rate Reduction Task Force on behalf of the Mayor of Philadelphia from 2000 to 2003 and prepared a report evaluating the fairness of auto insurance rates in Philadelphia for the Task Force.

- Provided analysis and a report to the Ohio Civil Rights Commission on the impact of insurers' use of credit scoring on availability and affordability of homeowners insurance for minority populations in Ohio in 2002.

- Appointed as party arbitrator by the Florida Insurance Commissioner on panels reviewing insurer protests of the Florida Insurance Commissioner's decision to disapprove homeowner's insurance filings in 2002 and a personal umbrella insurance filing in 2003.

- Provide analysis and testimony before the National Association of Insurance Commissioners on credit-related insurance, including force-placed insurance and credit scoring issues on behalf of the Center for Economic Justice from 1998 to present.

- Provided expert testimony in California rulemaking hearings regarding the setting of rates for credit life, credit disability, credit unemployment and credit property insurance on behalf of Consumers Union and the Center for Economic Justice from 2001 through 2005.

- Provided analysis and testimony to the Georgia Insurance Commissioner on insurers' use of credit scoring on behalf of the Georgia Governor's Office of Insurance Consumer Advocate in 2001.

- Provided analysis of individual insurer private passenger automobile insurance rate, risk classification and credit scoring filings on behalf of the Georgia Governor's Office of Insurance Consumer Advocate in 2000.

- Provided expert testimony on rates for credit life and credit disability insurance in Texas in a contested case rate hearing on behalf of the Center for Economic Justice in 1999.

- Provided a report on credit insurance experience and market problems countrywide and by state to the Center for Economic Justice and Consumers Union in 1999

- Provided analysis of creditor-placed credit insurance in New Mexico on behalf of the New Mexico Superintendent of Insurance in 1998.

- Developed feasibility study of targeted loan-programs for hail-resistant roofs on behalf of the Center for Economic Justice in 2000.

- Provided reports on Texas private passenger automobile insurance profitability to the Center for Economic Justice in 1998 and 1999.

- Provided a report on Texas private passenger automobile insurance availability and redlining to Texas State Representative Lon Burnam in 1998.

- Advocate and analyst for residential and small commercial customer classes in the Austin, Texas Water and Wastewater Utility 1998-99 Cost of Service and Rate Design Study on behalf of the City of Austin.

- Provided analysis and testimony regarding private passenger automobile rate filings in New York on behalf of the City of New York 1996 through 1999.

- Authored report on economic and financial feasibility of a low-level radioactive waste disposal site in West Texas for the Sierra Blanca Legal Defense Fund in 1998.

- Provided analysis and testimony regarding private passenger automobile insurance rate filings in California on behalf of the Proposition 103 Enforcement Project in 1998.

- Provided a report on intergovernmental risk pools to the Texas Performance Review to the Texas Comptroller in 1998.

- Provided testimony regarding insurers' claims of trade secret for historic premium, exposure and loss data by zip code on behalf of the Missouri Department of Insurance in 1997.

- Provided testimony in litigation regarding public disclosure of insurer ZIP Code level data in Texas 1997 through 1999.

- Provided testimony regarding title insurance rates in Texas on behalf of the Texas Office of Public Insurance Counsel in 1997.

- Provided testimony in a California administrative hearing regarding compliance with applicable statutes and regulations of private passenger automobile class plans filed by insurers on behalf of the Proposition 103 Enforcement Project 1997 through 1999.

- Authored reports on auto insurance markets and redlining in Texas on behalf of the Center for Economic Justice in 1997.

1993-96 **Chief Economist & Associate Commissioner for Policy and Research**
Texas Department of Insurance Austin, TX

Senior adviser to Commissioner on policy, ratemaking and other technical issues. In addition, specific responsibilities included:

- Review and approve prior approval automobile and residential property rate and manual filings.

- Review and analyze proposals for decisions from administrative law judges and advise the Commissioner on industry-wide rate decisions and individual company manual filings.

- Expert witness for the Department in contested case proceedings regarding unfairly discriminatory or excessive rates.

- Custodian for underwriting guidelines submitted by residential property and private passenger automobile insurers.

- Oversight of process to designate Texas statistical agents for collection of insurer premium, exposure and loss experience.

- Review and present proposals to the Commissioner for modification of statistical plans governing data collection.

- Analyze and make recommendations to the Commissioner regarding determination of areas underserved for residential property and private passenger automobile insurance.

- Represent the Department at meetings of the National Association of Insurance Commissioners with specific responsibilities for insurance credit scoring, credit insurance, market conduct, underwriting, data collection, and catastrophe insurance issues.

- Liaison to the Texas assigned risk auto program (TAIPA) with responsibility for developing proposals for TAIPA quota calculations, quota credits for underserved areas, quota credits for voluntary and mandatory take-outs and for reporting of take-out activity.

- Oversight of organizations operating as advisory organization in Texas to ensure compliance of such organizations with Texas requirements.

1991-93 **Chief Economist**
Texas Office of Public Insurance Counsel Austin, TX

The Office of Public Insurance Counsel represents consumers of insurance before the Commissioner of Insurance and other forums.

- Performed economic, actuarial, financial, statistical and policy analyses on issues of concern to consumers in various lines of insurance.

- Provided expert testimony in contested cases concerning various lines of insurance on behalf of the Office of Public Insurance Counsel. Topics included expected losses, expense provisions, insurer rate of return, investment income, underwriting profit, the degree of competition in Texas insurance markets, insurance availability, redlining and the validity of certain rating factors for pricing insurance. Lines of insurance included automobile, residential property, title, credit and workers' compensation.

1989-91 **Consulting Economist**
Mt. Auburn Associates Somerville, MA

Responsible for business development, project management and substantive analysis.

- Evaluated economic impact of business lending by New York State agencies with reference to overall development finance policy.

- Trained 50 state program managers in the use of development loan funds as strategic economic development tools.

- Market development for recycled, or secondary, materials in Connecticut and New York with emphasis on achieving environmental and economic development goals -- reducing environmental pollution, increasing manufacturing using secondary materials, developing advanced technology.

1986-89 **Senior Business and Financial Analyst**
Port Authority of New York & New Jersey New York, NY

The Port Authority operates the interstate transportation facilities for the Port of New York (tunnels, bridges, PATH train, airports, oceanborne cargo) and a set of world trade and economic development facilities (World Trade Center, Teleport, XPORT Trading Company, industrial parks).

Project Finance

- Evaluated and structured Port Authority investments in public-private economic development ventures, including commercial, residential, industrial and marine real estate and business developments.

- Trained 120 property negotiators and finance staff from all operating departments in the use of discounted cash flow analysis in creating value during lease negotiations.

Development Finance

- Evaluated alternative techniques for funding the Port Authority's $5 billion capital improvement program.

- Secured Export-Import Bank certification to improve the XPORT Trading Company's export finance capabilities.

Business Strategy

- Managed the development of the first comprehensive business plan for the World Trade Center, balancing revenue and economic development goals and resulting in physical redevelopment efforts.

- Designed decision-support computer models for senior Treasury staff adopted for use in the capital planning process.

1980-86 **Consulting Economist** Seattle, WA
Self-Employed Cambridge, MA

- Crafted a strategic economic analysis of the wood products industries for the Northern Tier (Massachusetts) Task Force.

- Assessed the location determinants of high technology and service industry firms as part of a critique of standard business climate indices for Mt. Auburn Associates and the Corporation for Enterprise Development.

- Evaluated effect of State economic development policy and programs on economic performance in Massachusetts for the Committee for Economic Development.

- Conducted 50 seminars on energy expenditures and local economic development for local officials and community groups in Washington State for the State Energy Office.

- Presented recommendations to the Seattle City Council and Seattle City Light on cost allocation and rate design, resulting in a modified rate structure, as a member of the Mayor's Citizen Rate Advisory Committee representing the ratepayer's organization, the Light Brigade.

- Interim Director of Citizens for a Solar Washington, a statewide organization educating and advocating for energy conservation and renewable energy resources.

1978-80 **Northwest Field Representative**
National Center for Appropriate Technology Seattle, WA

- Supervised grant awards and provided technical assistance to public and private organizations for community development projects and programs throughout the Northwest and Alaska.

- Provided expert testimony on key Federal and State food and energy legislation, including the Public Utilities Regulatory and Policy Act.

1977-78 **VISTA Volunteer**
Grant County Community Action Council Moses Lake, WA

- Trained the staff of 30 Washington State community action agencies in the concept and application of appropriate technology for enabling poor people to meet energy and food requirements.

- Organized local enterprises, including a farmers' market and community cannery.

Birny Birnbaum Expert Testimony in Litigation

Trial Testimony

- Case No. 9:12-cv-80372-KAM , Martorella v. Deutsche Bank National Trust Company, et al, United States District Court, Southern District Of Florida, 2015
- Cause No. 06 CH 09489, Colella, et al v. Chicago Title Insurance Co. and Chicago Title and Trust Co., in the Circuit Court of Cook County, Illinois, 2013.
- Cause No. 06 CH 09488,Chultem, et al. vs. Ticor Title Insurance Co., et al, in the Circuit Court of Cook County, Illinois, 2013.
- Case No. 08 C 0057, Community First Credit Union v United States of America, United States District Court, Eastern District of Wisconsin, 2009.
- Civil Action No. 08-cv-1071-REB-KMT, Bellco Credit Union v United States of America, United States District Court, District of Colorado, 2009.
- Civil No. CV 01-1446-BR, Ashby v. Farmers Insurance Company of Oregon in the United States District Court, District of Oregon, 2009.
- Cause No. 96-34235, Siebenmorgen v. The Hertz Corporation, in the 234th district court of Harris County Texas, 1998.
- Cause 97-09206, National Association of Independent Insurers, et al. v. Dan Morales, The Attorney General of Texas, et al, in the 98th district court of Travis County Texas
- Cause No. CV-001297, Nationwide General Ins. Co. et al v. Attorney General of Texas, et al, in the 261st district court of Travis County Texas.

Deposition Testimony

- Case No. 14-cv-20474-JEM, Montoya, et al v. PNC Bank, NA et al, United States District Court, Southern District of Florida, 2015
- Case No. 502009CA034657XXXXMB AD, Wells Fargo Bank, N.A. et al v. Rico, Circuit Court of the 15th Judicial Circuit, Palm Beach County, Florida, 2014
- Case No. 9:12-cv-80372-KAM , Martorella v. Deutsche Bank National Trust Company, et al, United States District Court, Southern District Of Florida, 2014
- Cause No. 06 CH 09489, Colella, et al vs. Chicago Title Insurance Co. and Chicago Title and Trust Co., in the Circuit Court of Cook County, Illinois, 2013.
- Case No.: SACV-11-00915-JST-AN, Gustafson, et al v. BAC Home Loans Servicing, LP et al, United States District Court, Central District of California, 2013.
- Case C/A No.: 0:11-464-MBS, Mary K. Mungo, et al v. Founders Federal Credit Union, et al, United States District Court South Carolina, Rock Hill Division, 2013.
- Case No. 11-CV-81373-DMM, Kunzelmann, et al v. Wells Fargo Bank, N.A., et al, United States District Court, Southern District of Florida, Miami Division, 2012.
- Case No. 1:11-CV-21233-Altonaga/Simonton, Williams, et al v. Wells Fargo Bank, N.A., et al, United States District Court, Southern District of Florida, Miami Division, 2011.
- Civil Action No. 2:08-cv-311-GZS, Douglas Campbell and Denise Campbell v. First American Title Insurance Company United States District Court, District of Maine, 2011.
- Case No. CV 2004-742-2, Smith and Evie, et al v. Collingsworth, Pugh, United American, et al, Circuit Court of Saline County, Arkansas, 2011.
- Civil Action No. 08-cv-1071-REB-KMT, Bellco Credit Union v United States of America, United States District Court, District of Colorado, 2009.

- Case No. 08 C 0057, Community First Credit Union v United States of America, United States District Court, Eastern District of Wisconsin, 2009.
- Civil No. CV 01-1446-BR, Ashby v. Farmers Insurance Company of Oregon in the United States District Court, District of Oregon, 2007.
- Case No. 3:06-cv-295, Furniture Distributors, Inc dba Kimbrell's v. Voyager Life Insurance Company, United States District Court for the Western District of North Carolina, Charlotte Division, 2007.
- Civil Action No. 00-CP-15-275, Wright v. American Bankers Life Assurance Co. of Florida, Count of Common Pleas, Colleton County, South Carolina, 2007.
- Civil Action No. 01-C-43, Bender v. American General Finance, in the Circuit Court of Boone County, West Virginia, 2004.
- Civil No. 01-2688-09 VSM, Miprano, et al v. Progressive Hawai`i Insurance Corp., et al in the Circuit Court of the First Circuit, State of Hawai`i, 2004.
- Class Action No. 99-L-393A, Sims, et al v. Allstate Insurance Company, in the Circuit Court, Twentieth Judicial Circuit, St. Clair County, Illinois, 2004.
- File No. 02 CVS 2398, Richardson, et al v. Bank of America, et al, in the General Court of Justice, Superior Court Division, Durham County, North Carolina, 2003.
- Civil Action, Beverly Porter, et al v. First Family Financial Services, Inc., in the Circuit Court of Claiborne County, Mississippi, 2002.
- Case No. 02-C1-00077, Lawson v. American Bankers Life Assurance Company of Florida, Commonwealth of Kentucky, Jessamine Circuit Court, Civil Branch, 2002.
- Civil Action No. 99-0162, Bertha Gamble, et al v. MS Loan Center, Inc., et al in the Circuit Court of Jefferson County, Mississippi, 2002.
- Cause No. 00-2861, Wendell Gordon v. Vicky Lynn Miller, et al in the 68th district court of Dallas County, Texas, 2001.
- Case No. 99-1298-CIV, London, et al. v. Wal-Mart Stores, Inc., et al. in the Miami Division, Southern District of Florida, United States District Court, 2000.
- Case No. 98-1281-CIV, Fabricant v. Sears, Roebuck & Co., et al. in the Miami Division, Southern District of Florida, United States District Court, 2000.
- Civil Action File No. 97-1-3977-35, Wood, et al. v. Associates Financial Life Insurance Company, et al in the Superior Court of Cobb County, State of Georgia, 2000.
- Case No. 97-281-TUC-JMR-JCC, Siemer, et al., v. Associates First Capital, et al. in the Arizona District of the United States District Court. 2000
- Cause No. 96-34235, Siebenmorgen v. The Hertz Corporation, in the 234th district court of Harris County Texas, 1998.
- Cause 97-09206, National Association of Independent Insurers, et al. v. Dan Morales, The Attorney General of Texas, et al, in the 98th district court of Travis County, Texas, 1997.

Expert Reports

- Case No. 14-CIV-21384-MORENO, Circeo-Loudon, et al. v. Green Tree Servicing, LLC, et al., United States District Court, Southern District Of Florida, 2015
- Case No. 14-CIV-22264-BLOOM, Wilson, et al. v. EverBank N.A., et al, United States District Court, Southern District Of Florida, 2015
- Case No. 14-cv-20474-JEM, Montoya, et al v. PNC Bank, NA et al, United States District Court, Southern District of Florida, 2015
- Case No. 502009CA034657XXXXMB AD, Wells Fargo Bank, N.A. et al v. Rico, Circuit Court of the 15th Judicial Circuit, Palm Beach County, Florida, 2014
- Case No. 9:12-cv-80372-KAM , Martorella v. Deutsche Bank National Trust Company, et al, United States District Court, Southern District Of Florida, 2014
- Case No. 1:12-cv-01117, Gallo, et al v. PHH Mortgage Corporation, United States District Court, District of New Jersey, 2014
- Case No. 13-60749-CIV-ROSENBAUM, Hamilton, et al v. SunTrust Mortgage Inc., et al, United States District Court, Southern District Of Florida, 2014
- Case No. 0:13-cv-60721-WPD, Fladell, et al v. Wells Fargo Bank, NA, United States District Court, Southern District of Florida, 2013
- Case No. 4:13-CV-00708-JCS, Leghorn, et al v. Wells Fargo Bank, NA, United States District Court, Northern District of California, 2013.
- Case No. 3:11-CV-04965-JCS, McKenzie, et al v. Wells Fargo Bank, NA, United States District Court, Northern District of California, 2013.
- Cause No. 06 CH 09489, Colella, et al v. Chicago Title Insurance Co. and Chicago Title and Trust Co., in the Circuit Court of Cook County, Illinois, 2013.
- Cause No. 06 CH 09488,Chultem, et al. vs. Ticor Title Insurance Co., et al, in the Circuit Court of Cook County, Illinois, 2013.
- Case No. C 12-04026 WHA, Lane, et al v. Wells Fargo Bank, NA, United States District Court, Northern District of California, 2013.
- Case No.: SACV-11-00915-JST-AN, Gustafson, et al v. BAC Home Loans Servicing, LP et al, United States District Court, Central District of California, 2013.
- JAMS Ref No. 1130005569, Arbitration of Kenneth and Jerry Still v. Beneficial Financial I Inc., dba Beneficial Member HSBC Group and fka Beneficial California, Inc., 2013.
- Case C/A No.: 0:11-464-MBS, Mary K. Mungo, et al v. Founders Federal Credit Union, et al, United States District Court South Carolina, Rock Hill Division, 2012.
- Case No. 11-CV-81373-DMM, Kunzelmann, et al v. Wells Fargo Bank, N.A., et al, United States District Court, Southern District of Florida, Miami Division, 2012.
- Case No. 1:11-CV-21233-Altonaga/Simonton, Williams, et al v. Wells Fargo Bank, N.A., et al, United States District Court, Southern District of Florida, Miami Division, 2011.
- Civil Action No. 2:08-cv-311-GZS, Douglas Campbell and Denise Campbell v. First American Title Insurance Company United States District Court, District of Maine, 2011.
- Case No. CGC 05-446073, Rick L. Schwartz, et al v. Provident Life and Accident Insurance Company, et al, Superior Court of California, County of San Francisco, 2011.
- Civil Action No. 08-cv-1071-REB-KMT, Bellco Credit Union v United States of America, United States District Court, District of Colorado, 2009.
- Case No. 08 C 0057, Community First Credit Union v United States of America, United States District Court, Eastern District of Wisconsin, 2009.

- File No. 02 CVS 593, Tillman, et al v. Commercial Credit, et al, in the Superior Court of Vance County, North Carolina, 2008.
- Case No. BC 329482, Sjobring, et al v. First American Title Insurance Company, et al, Superior Court of the State of California for the County of Los Angeles, 2008
- Case No. 3:06-cv-295, Furniture Distributors, Inc dba Kimbrell's v. Voyager Life Insurance Company, United States District Court for the Western District of North Carolina, Charlotte Division, 2007.
- Civil Action No. 00-CP-15-275, Wright v. American Bankers Life Assurance Co. of Florida, Count of Common Pleas, Colleton County, South Carolina, 2006.
- Civil No. CV 01-1446-BR, Ashby v. Farmers Insurance Company of Oregon in the United States District Court, District of Oregon, 2005, 2006 and 2009.
- Civil Action No. 01-C-43, Bender v. American General Finance, in the Circuit Court of Boone County, West Virginia, 2004.
- Civil No. 01-2688-09 VSM, Miprano, et al v. Progressive Hawai`i Insurance Corp., et al in the Circuit Court of the First Circuit, State of Hawai`i, 2004.
- Case No.03CV24919, American Family, et al v. Missouri Department of Insurance and Legal Aid of Western Missouri, in the Circuit Court of Cole County, Missouri, 2004.
- File No. 02 CVS 2398, Richardson, et al v. Bank of America, et al, in the General Court of Justice, Superior Court Division, Durham County, North Carolina, 2003, 2003 and 2005.
- Civil No. CV01-1529-BR, Rausch v. Hartford Insurance, in the United Stated District Court, District of Oregon, 2003.
- Civil No. CV 02-678-BR, Edo v. Geico Casualty, et al., in the United States District Court, District of Oregon, 2003.
- Civil No. CV01-1457-BR, Willes v. Safeco in the United States District Court, District of Oregon, 2002 and 2003.
- Civil No. CV01-1466-BR , Razilov v. Nationwide Mutual Insurance Company, in the United States District Court, District of Oregon, 2002 and 2003.
- Civil No. CV01-1464-BR, Mark v. Valley Insurance, in the United Stated District Court, District of Oregon, 2003.
- Civil No. CV01-1464-BR, Spano v. Safeco Insurance, in the United Stated District Court, District of Oregon, 2002.
- Case No. 02-C1-00077, Lawson v. American Bankers Life Assurance Company of Florida, Commonwealth of Kentucky, Jessamine Circuit Court, Civil Branch, 2002.
- Case No. 97-281-TUC-JMR-JCC, Siemer, et al., v. Associates First Capital, et al. in the Arizona District of the United States District Court, 2000.
- Case No. 98-1281-CIV, Fabricant v. Sears, Roebuck & Co., et al. in the Miami Division, Southern District of Florida, United States District Court, 2000.
- Case No. 99-1298-CIV, London, et al. v. Wal-Mart Stores, Inc., et al. in the Miami Division, Southern District of Florida, United States District Court, 2000.
- Civil Action File No. 97-1-3977-35, Wood, et al. v. Associates Financial Life Insurance Company, et al in the Superior Court of Cobb County, State of Georgia, 2000.
- Civil No. 2:99-0913, Brown v. Public Finance Corporation, et al in the United States District Court for the Southern District of West Virginia at Charleston, 2000.

Selected Publications by Birny Birnbaum

- “Make Individuals Buy Policies,” *New York Times*, September 30, 2011.
- "Out of Favor: 'Managed Competition' Will to Higher Rates for Low-Income Auto Insurance Consumers," *Commonwealth*, Spring 2008.
- "Credit Scoring and Insurance," Co-author, in Credit Scoring: Concepts, Perspectives and Models, edited by Ravi Kumar Jain B, Icfai University Press, Hyderabad, India, 2008.
- “An Analysis of Competition in the California Title Insurance and Escrow Industry,” A Report to the Insurance Commissioner of California, 2005.
- “The Impact of Debt Cancellation Contracts on State Insurance Regulation: A Report to the FIRST by the Center for Economic Justice.” July 2003.
- “Credit Insurance – The $2 Billion A Year Rip-Off: Ineffective Regulation Fails to Protect Consumers,” A Report by the Center for Economic Justice and Consumers Union, 1999. Co-author.
- “Credit Insurance Overcharges Hit $2.5 Billion Annually, A Report By The Consumer Federation of America and the Center for Economic Justice, 2001. Co-author.
- “A Consumer Advocate’s Guide to Getting, Understanding and Using Insurance Data,” Center for Economic Justice, 1999.
- “Insurance Credit Scoring: 21s Century Redlining and the End of Insurance,” *Insurance Journal*, August 6, 2007
- “Credit Scoring and Insurance: Costing Consumers Billions and Perpetuating the Racial Divide,” National Consumer Law Center and Center for Economic Justice, 2007. Co-author.
- “Insurance Credit Scoring: The Truth Will Set Consumer Free,” *National Underwriter*, March 2005.
- “Regulators Should Impose Credit Scoring Moratorium,” *National Underwriter*, September 1, 2007.
- “Insurers Use of Credit Scoring for Homeowners’ Insurance in Ohio,” A Report to the Ohio Civil Rights Commission, January 2003.
- “Credit Insurance in Texas: Better Regulation Needed to Protect Consumers,” A Report by the Center for Economic Justice, April 1998.
- “Credit Insurance in Wisconsin: Regulators Fail to Protect Consumers, Consumers Overcharged by Tens of Millions of Dollars Annually,” A Report to Assemblyman David Travis by the Center for Economic Justice and Wisconsin Public Interest Research Group, May, 2001.
- “Credit Insurance In New Mexico: The $25 Million A Year Rip-Off: Ineffective Regulation Fails to Protect Consumers,” A Report by The Center for Economic Justice and New Mexico ACORN, February 2001.
- "A New Mindset Needed to Reinvent Market Regulation." *The Regulator*, Insurance Regulatory Examiners Society, March 2004.

Report of Birny Birnbaum

American Security Insurance Company v. State of Florida Office of Insurance Regulation

Case No. 2013 CA 1701
In the Circuit Court of the Second Judicial Circuit In and for Leon County, Florida

July 15, 2015

Appendix B:

Birny Birnbaum Presentation to Florida OIR on ASIC LPI Rate Filing

Presentation of the Center for Economic Justice

Before the Florida Office of Insurance Regulation

Regarding the Lender-Placed Insurance Rate Filing of

American Security Insurance Company

May 13, 2013

Consumers Relying On Office of Insurance Regulation

Consumers in Florida and across the Nation are relying on the OIR to get it right on the ASIC filing. OIR's actions will have a huge impact on hundreds of thousands of struggling Floridian homeowners and the Florida economy. Insurance regulators in other states will be looking to Florida's action to see how to protect hundreds of thousands of homeowners outside of Florida

OIR Must Do a Better Job Than It Has To Date

Consumers need more from OIR than an insurance company coming in with a rate request 25% higher than they actually want, followed by a public grilling by OIR and then a settlement for the 20% rate cut that the company was expecting all along. This is a <u>bogus</u> rate filing and anything less than a rate cut of 50% will be unfair to consumers and a victory for Assurant.

Why the OIR Action Means So Much

Florida, Assurant Have the Lion's Share of the Nation's LPI.

Net Written Premium ($ Millions)

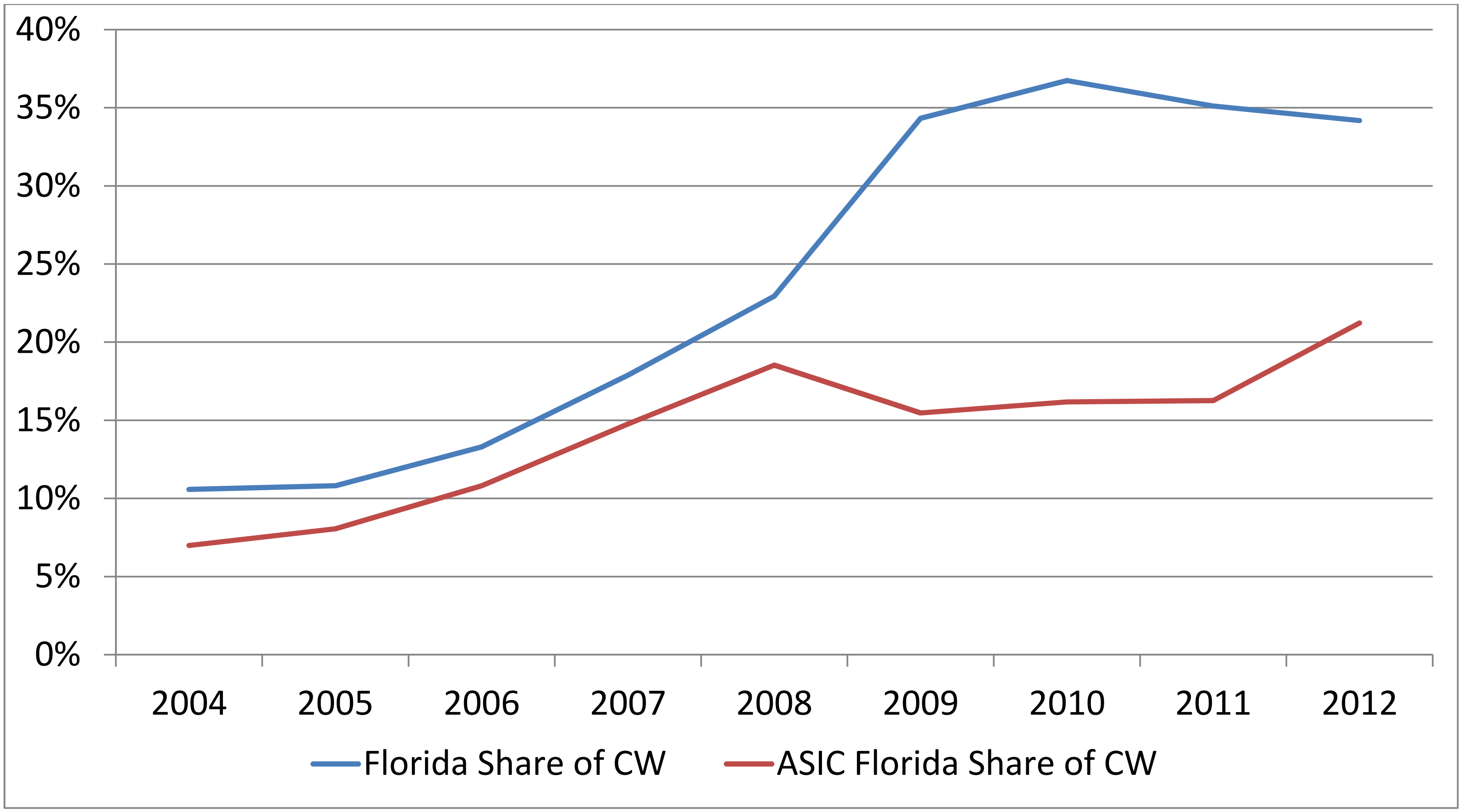
Year	Countrywide All Companies	Florida All Companies	Florida Assurant	Florida ASIC
2004	$796	$84	$56	$56
2005	$919	$99	$74	$74
2006	$1,074	$143	$116	$116
2007	$1,647	$295	$243	$243
2008	$2,209	$507	$409	$409
2009	$3,049	$1,047	$479	$472
2010	$3,223	$1,184	$539	$521
2011	$3,450	$1,211	$585	$561
2012	$2,870	$981	$677	$609
2004-12	$19,238	$5,551	$3,179	$3,061

Florida Accounts for 35% of Countrywide LPI Premium

ASIC Florida Wrote 21% of Countrywide LPI in 2012

Year	Florida	ASIC Florida
2004	10.6%	7.0%
2005	10.8%	8.1%
2006	13.3%	10.8%
2007	17.9%	14.8%
2008	22.9%	18.5%
2009	34.3%	15.5%
2010	36.7%	16.2%
2011	35.1%	16.3%
2012	34.2%	21.2%

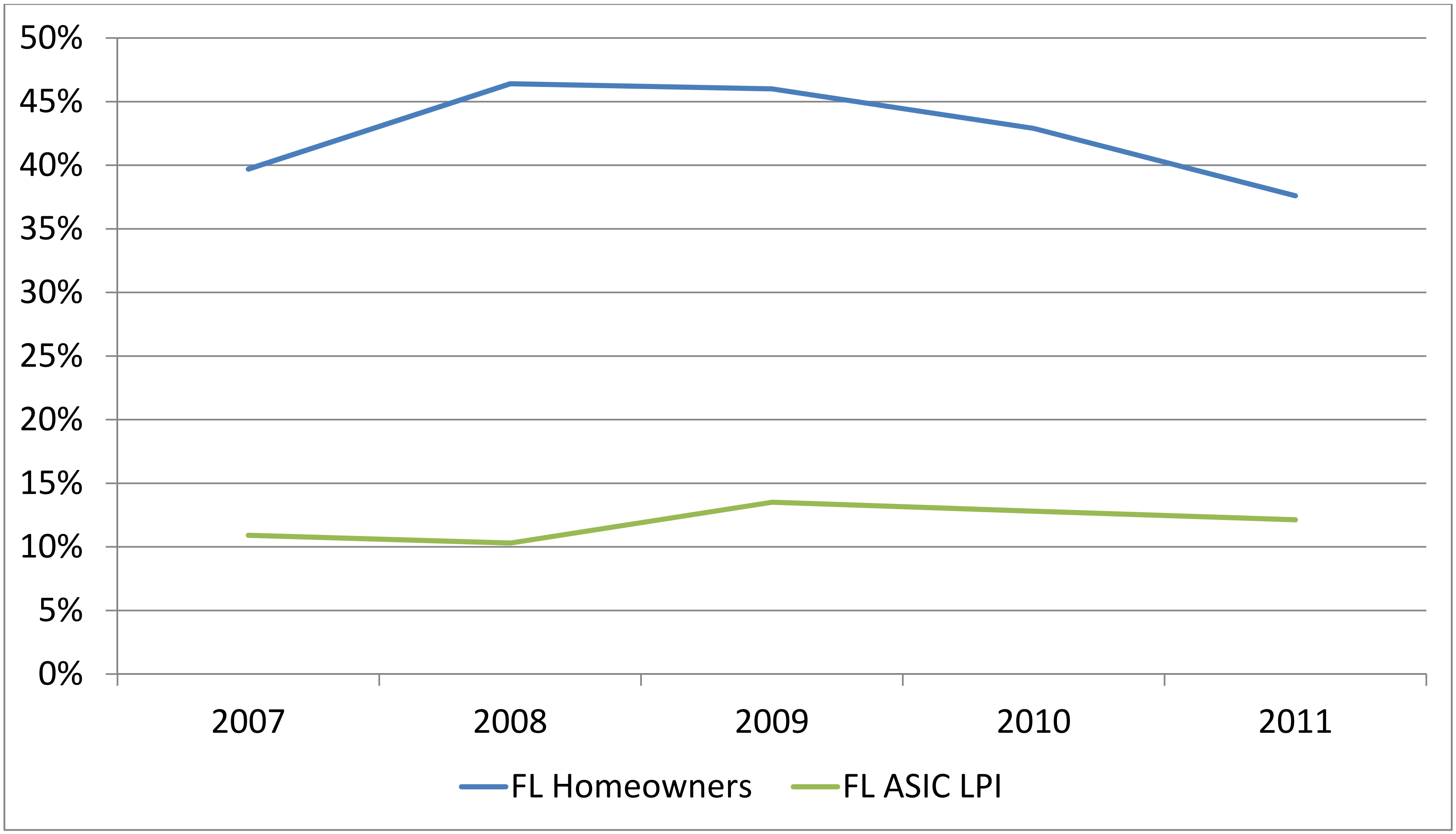
Florida and ASIC Florida Share of Countrywide LPI



Florida LPI Loss Ratios Are Unconscionably Low, Far Lower Than Florida Homeowner Loss Ratios

Year	Homeowners	ASIC LPI
2004	343.3%	83.8%
2005	175.1%	110.7%
2006	38.0%	29.9%
2007	30.3%	11.6%
2008	39.7%	10.9%
2009	46.4%	10.3%
2010	46.0%	13.5%
2011	42.9%	12.8%
2012	37.6%	12.1%
2004-12	71.3%	16.4%

Florida Homeowners and ASIC Florida LPI Loss Ratios



Lack of Individual Underwriting, Cat Exposure No Excuse

Lack of underwriting individual properties and cat exposure do not justify Florida LPI premiums two to three times higher on average than Florida homeowner's premium for the same property.

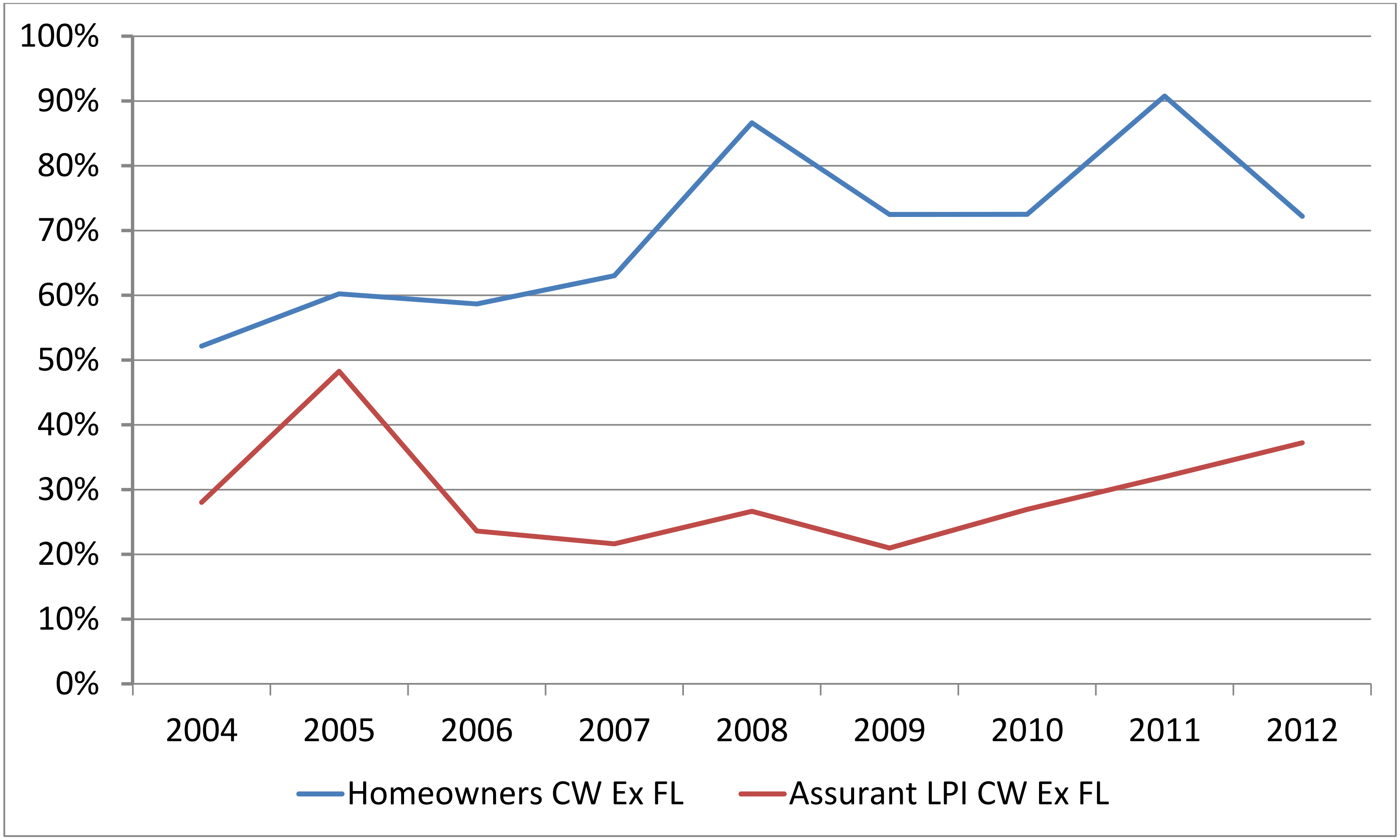
LPI policies provide less coverage than homeowners – no contents or additional living expense – which has a particularly big impact in Florida given that the bulk of the ASIC LPI rate is for cat exposure.

ASIC's LPI loss ratios outside of Florida are also far below homeowners loss ratios outside of Florida, refuting the argument that cat exposure is the cause of higher LPI rates.

Outside of Florida, ASIC LPI Loss Ratios are Far Less than Homeowners Loss Ratios

Year	Homeowners	Assurant LPI
2004	52.2%	28.0%
2005	60.2%	48.3%
2006	58.7%	23.6%
2007	63.0%	21.6%
2008	86.6%	26.7%
2009	72.5%	21.0%
2010	72.5%	27.0%
2011	90.8%	32.0%
2012	72.2%	37.2%
2004-12	70.9%	29.1%

Ex FL Countrywide Homeowners and ASIC LPI Loss Ratios



Assurant: "Balanced Geographic Spread of Risk"

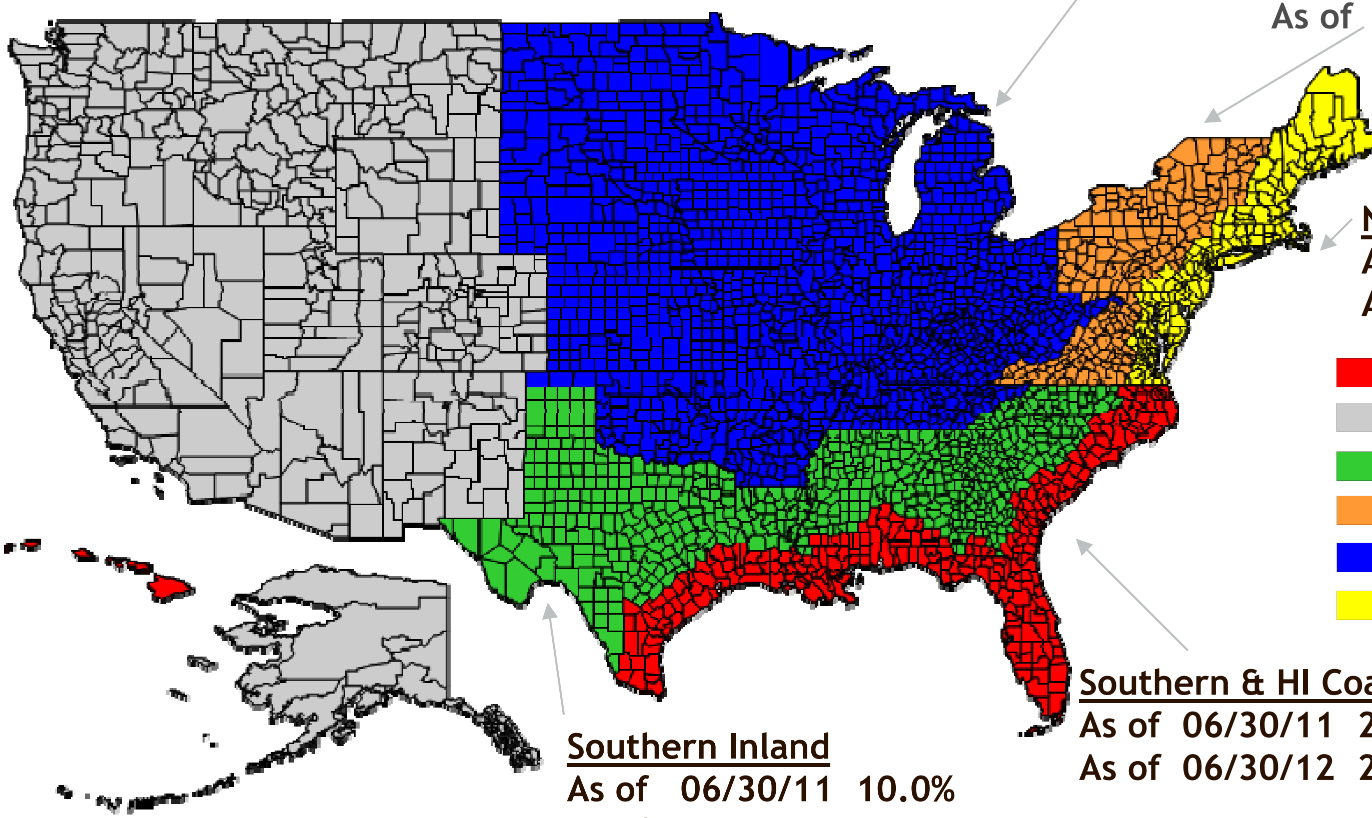
In presentations to investors, Assurant says its LPI business has a balanced geographic spread of risk. Florida accounted for 31% of 2012 LPI Net Written Premium. Yet, Florida **and the entire Gulf and Southeast Coastal Areas** comprise only 24% of Assurant exposures.

Specialty Property: Balanced Geographic Spread of Risk

West
As of 06/30/11 29.6%
As of 06/30/12 26.7%

Middle U.S.
As of 06/30/11 14.8%
As of 06/30/12 15.7%

Northern Inland
As of 06/30/11 3.8%
As of 06/30/12 4.2%



Northeast Coastal
As of 06/30/11 18.0%
As of 06/31012 18.9%

- Southern & HI Coastal
- West
- Southern Inland
- Northern Inland
- Middle US
- Northeastern Coastal

Southern & HI Coastal
As of 06/30/11 23.8%
As of 06/30/12 24.0%

Southern Inland
As of 06/30/11 10.0%
As of 06/30/12 10.5%

Geographic spread of exposure based on Company's assessment of total insured value for all of Specialty Property.

Changes to National Flood Insurance Program Will Significantly Increase LPI Flood Placement

With the Biggart-Waters Act, NFIP rates will increase for millions of consumers and millions more will be newly required to purchase flood insurance because of new flood maps.

With new and higher flood insurance premiums affecting many consumers, it is critical that OIR get it right on ASIC LPI Flood rates.

Review of LPI Filings Requires Understanding of Mortgage Servicing and Responsibilities of Servicers

Mortgage Servicers, for a fee, service mortgages for the owners of the mortgages.

One requirement of mortgage servicers by the mortgage owners is to ensure continuous insurance coverage to protect the collateral supporting the mortgage loan.

The servicer is responsible for tracking loans to ensure voluntary insurance is in place and to place insurance when required insurance is not in place.

In practice, the servicer contracts out both these functions – and others – to vendors like Assurant.

Ensuring Continuous Insurance Coverage: Mortgage Servicer vs. Insurer Responsibilities

Activity	Servicer vs. Insurer
Tracking Insurance	
Loading Insurance Information into Database	Servicer
Maintaining/Monitoring Insurance Tracking Database	Servicer
Contacting Borrowers, Problems with Insurance	Servicer
Customer Service Borrowers Insurance Evidence	Servicer
Contacting Insurers/Agents Insurance Evidence	Servicer
Placing Insurance	
Notifying Insurer to Issue Binder or Policy	Servicer
Issuing Temporary Binder	**Insurer**
Determining Coverage Amount	Servicer
Servicer Payment to Insurer	Servicer/**Insurer**
Billing Borrower for LPI Premium	Servicer
Setting up Escrow when necessary for LPI	Servicer
Refunds to Servicer	**Insurer**
Refunds to Borrower	Servicer
Issuing Permanent Policy	**Insurer**
Customer Service about Insurance Placement	Servicer
Customer Service about Borrower Refunds	Servicer
Customer Service about LPI Claims	**Insurer**

LPI Rates Should Include Only Those Expected Costs Associated with the Provision of Insurance, But Have Wrongly Included Non-LPI Expenses

- Servicer-Affiliated Agent Commissions
- Service-Affiliated Reinsurance Schemes
- Cash Payments from Insurer to Servicer
- Free or Below-Cost Tracking and Other Non-LPI Services

ASIC Filing Cover Letter:

Insurance Tracking is Lender Responsibility

Any type of real estate loan involving a commercial or residential structure requires the borrower to keep sufficient insurance coverage in force to satisfy the lender's interest should the structure (collateral) be destroyed or damaged. In order to make sure this requirement is met, most **lenders** have a department which keeps track of all the insurance policies covering properties for outstanding loans. If borrower provided coverage is cancelled or expired, the **lender** begins sending a series of follow-up letters to the borrower reminding the borrower of his obligation to keep insurance in force. If the borrower fails to comply, the **lender** will request issuance of the policy.

ASIC Filing Actuarial Memorandum: Insurance Tracking Expenses Included in Rates

The confirmation and establishment of the existence of underlying cover is uniquely important to a lender placed carrier. It is one of the key expense differentiators between voluntary and lender placed carriers . . .,

Communications are another process intricately tied to the above functions. To this end, ASIC placed or received mails and telephone calls numbering 17.2 million last year on a countrywide basis.

(con’t)

Then as above, a considerable amount of coverage information is provided via electronic data interfaces, with an equally large amount of information delivered through the US postal service and other providers. Last year, 37.1 million pieces of mail were received, and an additional 36.4 million documents were received via EDI, for a total number of 73.5 million documents processed.

These processes are resource intensive, but are nevertheless reflective of the commitment ASIC has made to provide high quality and timely service, and properly manage the functions described above.

Reform of LPI Insurance Market:

Prohibit Mortgage Servicers from Financial Interest in LPI Other Than Protection of Properties

Insurance Regulators Should Prohibit the Following Activities and Exclude Any Related Expenses from LPI Rates:

- Commissions to Servicer-Affiliated Agents/Brokers
- Contingent Commission Based on Profitability
- Captive Reinsurance Agreements
- Free or Below-Cost Outsourced Services to Servicer, Lenders or Their Affiliates
- Payments to Servicer, Lender or Their Affiliates in Connection With Securing Business

Problems With The ASIC Filing:

- Frivolous Trade Secret Claims
- Representations to Investors vs. to Regulators
- No 2012 Experience in a Filing in May 2013
- Absurd Loss Trend
- No Support Commission Expense
- Servicer Affiliated Agent Commission Included
- General Administrative Expense Includes Non-LPI
- Other Acquisition – What's Included?
- Profit Provisions – No Support
- Contingency Provision Not Justified
- Servicer-Affiliated Reinsurance Expenses Included
- Scheduled Rating – Not in Reverse Competitive Market
- Blatant Misrepresentations Despite Actuarial Certification

ASIC Has Claimed Trade Secret on Filing Exhibits That Are Routinely Public Information. .

Ex 7: Permissible Loss Ratio

Ex 7.2 Commission

Ex 7.3 Expenses

Ex 8: Cat Reinsurance Costs

Ex 9: Contingency Factor

Ex 10 MIP and RMSP Premium Comparison

Ex 12 Territorial Rate Derivation

Ex 13: Wind, Wind X Credits

Ex 14 Amount of Insurance Relativity Curve Support

What Assurant Tells Investors vs.
What Assurant Tells Insurance Regulators

In Rate Filings to OIR, Assurant's expected profit provisions in 2009 and 2013 were 3.7% and 4.1%, corresponding to combined ratios of 96.3% and 95.9%, respectively.

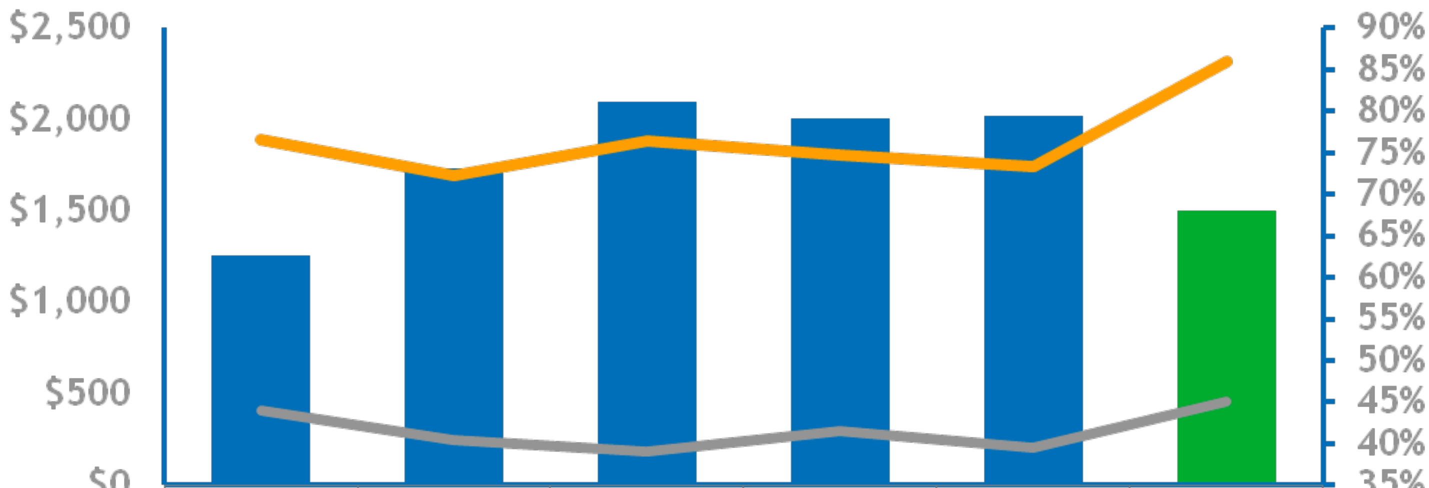
In presentations to investors in 2011 and 2012, Assurant says the target combined ratio for Assurant Specialty Property is 84% to 88%, corresponding to profit provisions of 12% to 16%.

From 2006 to 2011, ASP combined ratios were 72% to 82%. Assurant routinely exceeded its forecasts to investors.

Strong Results When Placement Rates Return to Lower Levels

INVESTOR DAY

- Targeted long-term Operating ROE of 20-25%



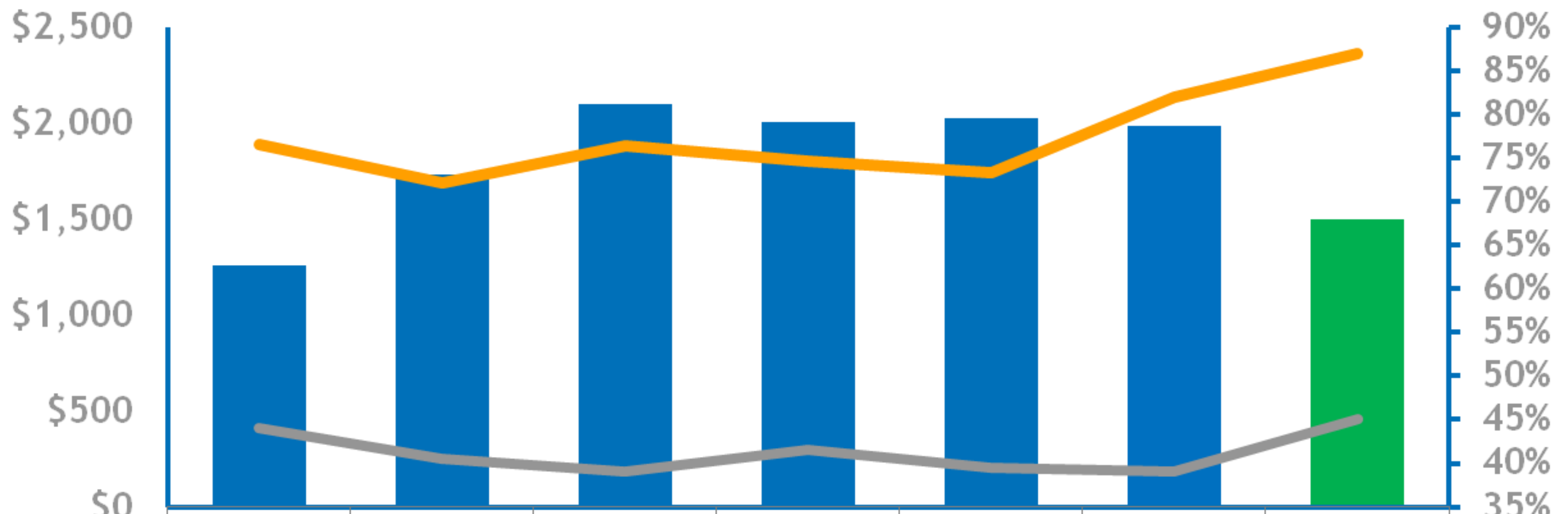
	2006	2007	2008	2009	2010	Steady State Estimate
Total Revenue [1]	$1,258	$1,734	$2,098	$2,004	$2,022	$1,500
Combined Ratio	77%	72%	76%	75%	73%	88 - 84%
Expense Ratio	44%	41%	39%	42%	40%	46 - 44%

[1] Total revenue includes net earned premiums and fee income for all of Assurant Specialty Property in millions.

ASSURANT®

Specialty Property: Strong Results When Placement Rates Return to Lower Levels

Targeted long-term Operating ROE of 20-25%



	2006	2007	2008	2009	2010	2011	Steady State Estimate
Total Revenue [(1)]	$1,258	$1,734	$2,098	$2,004	$2,022	$1,984	$1,500
Combined Ratio	77%	72%	76%	75%	73%	82%	88-84%
Expense Ratio	44%	41%	39%	42%	40%	39%	46-44%

(1) Total revenue includes net earned premiums and fee income for all of Assurant Specialty Property in millions.

ASSURANT®
On your terms.®

Assurant 10K SEC Filing for 2012

"Lender-placed insurance products accounted for approximately 71% of Assurant Specialty Property's (ASP) net earned premiums for full year 2012 and 70% for full year 2011. The approximate corresponding contributions to segment net income in these periods were 90% and 100%, respectively."

ASP accounted for 28.4% and 26.7% of all Assurant revenue in 2012 and 2011, but 56.6% and 58.0% of all Assurant net income, respectively. The ASP return on equity was 25.4% and 27.8% in 2012 and 2011, respectively.

LPI Expenses:

What Expenses Should There Be with a Group Master Policy Product with No Individual Property Underwriting Issued to a Few Dozen Clients with Average Premium Per Insured Property Two to Three Times Greater Than Homeowners Average Premium?

Much Less than Homeowners in Dollars per Property and Much, Much Less than Homeowners as a Percentage of Premium.

LPI Expenses Compared to Homeowners

- Commissions?
  - Servicer Affiliated Commission?
  - No Individual Underwriting by Agent
- Other Acquisition
  - Marketing?
  - Advertising?
  - Underwriting?
- General Expenses?
  - Captive Reinsurance Expenses?

ASIC's Selected Expense Provisions Bear

No Relation to Historical Expenses

2012 Data, **Which ASIC Omitted**, Show Result of Big Servicers No Longer Accepting Commissions.

Year	Commissions	Other Acq	General
2007	19.3%	2.7%	17.6%
2008	13.1%	1.9%	15.4%
2009	15.0%	1.9%	15.1%
2010	9.9%	2.0%	16.4%
2011	8.6%	1.9%	15.5%
2012	6.1%	2.1%	17.3%
Selected	10.0%	4.6%	10.8%

Think About The Nature of the LPI Product:

If all that was involved was ASIC charging a premium to a mortgage servicer who paid the premium, we wouldn't be here. But the mortgage servicers pass the charges on to borrowers and have a financial interest – beyond the protection of collateralized property – in the placement of the coverage. The have an interest in paying inflated premiums – which they, in turn, recoup from borrowers or investors when properties go into default – and Assurant is in the business of maximizing the income to servicers from excessive LPI charges passed on to borrowers.

Captive Reinsurance

Assurant 10K:

Segment Client Risk and Profit Sharing

The Assurant Solutions and Assurant Specialty Property segments write business produced by their clients, such as mortgage lenders and servicers, financial institutions and reinsures all or a portion of such business to insurance subsidiaries of some clients. Such arrangements allow significant flexibility in structuring the sharing of risks and profits on the underlying business.

Captive Reinsurance

The captive reinsurance schemes are not a risk management tool for Assurant – they are a profit-sharing mechanism for the mortgage servicer. It is unfair for borrowers to pay any of the expenses associated with these reinsurance agreements because the borrowers receive no benefit from the schemes. The captive reinsurance schemes should be stopped – as they were for title insurance and mortgage guaranty insurance – and no expenses associated with the schemes should be included in the premiums passed on to borrowers.

Assurant 10K:

The Company utilizes ceded reinsurance for loss protection and capital management, business dispositions, and in the Assurant Solutions and Assurant Specialty Property segments, for client risk and profit sharing.
($ Thousands)

	2012	2011	2010	Total
Premiums Ceded	$2,011,211	$2,002,304	$1,882,233	$5,895,748
Policyholder Benefits Ceded	$1,025,890	$501,411	$410,654	$1,937,955
Gain to Policyholders	$985,321	$1,500,893	$1,471,579	$3,957,793

Loss Trends Are Flawed:

The filing includes a Loss Trend of 21.3% based on evaluation of the period 2007 through 2011. This is how ASIC takes a non-cat loss ratio of 12% and produces an expected non-cat loss ratio of 30%. Loss Trends are skewed by increasing exposures and the omission of 2012 Data. Even the 2007 to 2011 data show no loss trend:

	Earned Premium	Incurred LLAE	Loss Ratio
2007	$153,475,471	$18,750,538	12.2%
2008	$296,155,904	$36,886,743	12.5%
2009	$377,334,661	$48,445,970	12.8%
2010	$422,726,383	$61,804,132	14.6%
2011	$455,334,841	$55,033,738	12.1%
Total	$1,705,027,260	$220,921,121	13.0%

Experience from 2012 Shows Loss Trend is Absurd

Credit Insurance Experience Exhibit Data through 2012 show stable or declining loss ratios – a result inconsistent with a 21% loss trends

Year	NWP $ Millions	Incurred LR	Rate Change	
2004	$56	83.8%		
2005	$74	110.7%		
2006	$116	29.9%		
2007	$243	11.6%	44.0%	5/1/2007
2008	$409	10.9%		
2009	$472	10.3%		
2010	$521	13.5%	4.6%	12/1/2010
2011	$561	12.8%		
2012	$609	12.1%		

Scheduled Rating: Wrong for LPI

a) Quality of Loan Underwriting + 20% to - 20%
- (1) Quality of Underwriting
- (2) Source of Real Estate Loans – Direct and Indirect
- (3) Overall Delinquency Ratio
- (4) Average Loan to Value

b) Quality of Loan Portfolio +15% to -15%
- (1) Mix - Government and Conventional
- (2) Mix – Fixed and Variable
- (3) Escrowed for Payment of Insurance

c) Transactional Efficiency + 10% to - 10%

Systems Compatibility, Data Quality/Accuracy, Automation, Reconciliation Capabilities, Service Standards

d) Management Experience +10% to -10%

Contingency Chutzpah

Filing: "A 2.5% contingency provision is included to recognize the significant uncertainty of expected experience resulting from a large portion of ASIC's portfolio consisting of seriously delinquent loans as these loans move through the foreclosure process.

Actuarial Standard of Practice: While the estimated costs are intended to equal the average actual costs over time, differences between the estimated and actual costs of the risk transfer are to be expected in any given year. If a difference persists, the difference should be reflected in the ratemaking calculations as a contingency provision.

ASIC's contingency provision should be -30% since the company systematically and persistently experiences actual loss ratios 30 points below its estimated loss ratio.

Report of Birny Birnbaum

American Security Insurance Company v. State of Florida Office of Insurance Regulation

Case No. 2013 CA 1701
In the Circuit Court of the Second Judicial Circuit In and for Leon County, Florida

July 15, 2015

Appendix C:

ASIC "Trade-Secret" Documents Released by ASIC to the Public

COST OF REINSURANCE SUPPORT – COMMERCIAL – TRADE SECRET EXHIBIT E

1. The cost of reinsurance must be included as a "net" expense factor. That is, it must consider the amount to be paid to the reinsurer, expected reinsurance recoveries, ceding commissions to be paid to the insurer by the reinsurer, and other relevant information specifically relating to cost such as a retrospective profit sharing agreement between the insurer and the reinsurer/broker.

   The cost of reinsurance is included as a net expense factor.

2. For Commercial Residential and Dual Interest Collateral Protection Risks, the cost of private reinsurance must be split into two components, "Non-FHCF Reins. Cost" and "Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction". This split is necessary to satisfy the requirements of 627.0629(5), F.S. which do not allow the "Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction" to include any expense or profit load or result in a total annual base rate increase in excess of 10%. The Standardized Rate Level and Loss Cost Indication Workbooks have been revised to address the expense or profit load on a statewide basis. You must demonstrate in any other supporting exhibits that the "Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction" does not include any expense or profit load. You must also demonstrate that the "Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction" does not result in a total annual base rate increase in excess of 10%.

   We have complied with this requirement.

3. For Commercial Residential and Dual Interest Collateral Protection Risks, if you are not recouping the reimbursement premiums you paid to the Florida Hurricane Catastrophe Fund (FHCF), the cost of reinsurance must include the "FHCF Reins. Cost", the "Non-FHCF Reins. Cost", and the "Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction". Supporting data must be provided separately for each of these elements and the tax-exempt status of the FHCF must be included. Also included in the supporting data must be a chart showing the attachment points of all the various layers of reinsurance including the FHCF reinsurance and support for each attachment point. This chart must clearly demonstrate that other reinsurance does not duplicate the coverage provided by the FHCF.

   We have complied with this requirement. We are not recouping the reimbursement premiums paid to the FHCF. Our cost of reinsurance includes both the FHCF and Non-FHCF reinsurance costs. [Supporting data is included in our rate filing. The tax-exempt status of the FHCF is reflected in the fact that our actual FHCF premiums were used in our analysis. A chart of our reinsurance structure is supplied.]

4. For Commercial Residential and Dual Interest Collateral Protection Risks, if you are recouping the reimbursement premiums you paid to the Florida Hurricane Catastrophe Fund (FHCF), the cost of reinsurance must not include the "FHCF Reins. Cost". Also, you must exclude the expected hurricane losses and loss adjustment expenses covered by the FHCF in the calculation of your rate level or loss cost indications and you must exclude the reimbursement premiums collected from your policyholders in the calculation of your rate level indications. However, you must still provide the expected hurricane losses and loss adjustment expenses covered by the FHCF and the reimbursement premiums you paid to the FHCF along with supporting data for these amounts. Finally, you must still provide a chart showing the attachment points of all the various layers of reinsurance including the FHCF reinsurance and support for each attachment point. This chart must clearly demonstrate that other reinsurance does not duplicate the coverage provided by the FHCF.

   Not applicable.

5. All reinsurance treaties that provide coverage for any property and/or liability that will be rated using the filing must be provided in their entirety. This requirement does not include FHCF reinsurance treaties.

   All non-FHCF reinsurance treaties have been provided.

6. For any reinsurance cost not treated as a fixed expense in the rate level or loss cost indications, detailed documentation, including supporting contractual provisions, must be provided.

   All reinsurance cost is treated as a fixed expense.

7. Any reinsurers that are affiliates of the insurer(s) submitting the filing must be identified.

   None of our reinsurers are affiliates of our company.

8. The probable maximum loss (PML) covered by all applicable reinsurance (including the FHCF) must be provided. Also, the recurrence period covered by the PML must be provided.

   PML estimates are shown on the reinsurance chart.

9. Identify the particular Catastrophe Model that is used in this filing to:
   a. determine probable maximum loss levels
   b. determine the cost of reinsurance

   RMS Risklink 11.0 was used for both purposes. We used the long-term frequency assumption to estimate PMLs and determine the cost of reinsurance. Because the medium-term assumption was used by our reinsurers in the pricing of our treaty, that same assumption was used to allocate reinsurance premiums before determining the net cost.

Rev. 02-2010

Exhibit 8.5

CONFIDENTIAL - TRADE SECRET

AMERICAN SECURITY INSURANCE COMPANY
MORTGAGEE'S INTEREST PROTECTION PROGRAM
FLORIDA

2012 FHCF Estimated Premium

ASIC	2012
Mandatory Premium	22,188,497
Mitigation Adjustment	3,036,762
Final Premium	**25,225,260**

Product Breakdown	FHCF Premium
Residential MSP	25,218,255
All Other Products	7,005

The FHCF premium included in this filing applies to 2012/2013. Exhibit 8.6 shows examples of the FHCF premium calculation for several policies.

AMERICAN SECURITY INSURANCE COMPANY
MORTGAGEE'S INTEREST PROTECTION PROGRAM
FLORIDA
Explanation of Rate Level Indications

Exhibit 1.1 shows a Rate Level Indication Workbook with several updates from prior versions. The premium trend reflects analysis shown in Exhibits 2.1 through 2.3. Average insured value has increased over time, but has started to decrease as the higher priced risks remaining from the mortgage crisis move through the foreclosure process. This pattern has been replicated in a number of states, and was expected to occur also in Florida. Prior documentation has been provided to show the presence of these higher average value risks in the seriously delinquent portfolio, and documentation has also been provided to show that risks at varying average values do not exhibit different loss ratio characteristics, demonstrating that the movement of these properties out of the foreclosure process, creating the negative premium trend, will not be accompanied by any sort of loss trend movement due solely to this process. This two step trend has been converted to a single trend.
The contingency provision, which was used prior to reflect this idea, has been removed.

The loss trend analysis has been updated with experience through 2012, and these trends have been used throughout the remainder of the analysis.

A commission provision of 5.8% is reflected.

The reinsurance costs reflect those previously provided and further substantiated in Exhibits 4.1 and 4.2.

ASIC is providing an overall rate level indication on an advisory basis, to reflect a certain set of assumptions we believe would be reflective of an estimate occurring within a range of assumptions.

CONFIDENTIAL - TRADE SECRET

AMERICAN SECURITY INSURANCE COMPANY
MORTGAGEE'S INTEREST PROTECTION PROGRAM
FLORIDA
Development of Two-Step Premium Trend Factor

	Calendar Year	Earned Premium at Current Rate Level	Earned Exposures	Average Premium	Fitted Average Premium*	Indicated Premium Trend*
1	2007	210,580,774	71,304	2,953	2,918	
2	2008	315,128,479	107,466	2,932	3,004	1.030
3	2009	394,692,055	126,711	3,115	3,093	1.030
4	2010	442,101,183	137,268	3,221	3,185	1.030
5	2011	463,906,190	142,312	3,260	3,279	1.030

3.0%	(A) Selected Annual Premium Trend for Experience Period
-2.0%	(B) Selected Annual Premium Trend for Projected Period
8/1/2014	(C) Average Accident Date for Projected Rates

(1) Cal/Acc Year Ending	(2) Average Written Date	(3) Premium Trend Factor @ 1/1/2011	(4) Premium Trend Factor @ 2/1/2014	(5) Premium Trend Factor = (3) x (4)	(6) Earned Premium @ Current Rate Level	(7) Trended Earned Premium @ Current Rate Level = (5) x (6)
12/31/2007	1/1/2007	1.126	0.930	1.047	210,580,774	220,468,851
12/31/2008	1/1/2008	1.093	0.930	1.016	315,128,479	320,322,714
12/31/2009	1/1/2009	1.061	0.930	0.987	394,692,055	389,488,718
12/31/2010	1/1/2010	1.030	0.930	0.958	442,101,183	423,574,432
12/31/2011	1/1/2011	1.000	0.930	0.930	463,906,190	431,528,804
					1,826,408,681	1,785,383,520

(3) = [1 + (A)] ^ [{(1/1/2011) - (2)}/365.25]
(4) = [1 + (B)] ^ [{(C) - (2)}/365.25]

CONFIDENTIAL - TRADE SECRET

AMERICAN SECURITY INSURANCE COMPANY
MORTGAGEE'S INTEREST PROTECTION PROGRAM
FLORIDA
Development of One-Step Premium Trend Factor

	Calendar Year	Earned Premium at Current Rate Level	Earned Exposures	Average Premium	Fitted Average Premium*	Indicated Premium Trend*
1	2007	210,580,774	71,304	2,953	2,918	
2	2008	315,128,479	107,466	2,932	3,004	1.030
3	2009	394,692,055	126,711	3,115	3,093	1.030
4	2010	442,101,183	137,268	3,221	3,185	1.030
5	2011	463,906,190	142,312	3,260	3,279	1.030

-0.53% (A) Selected Annual Premium Trend
8/1/2014 (B) Average Accident Date for Projected Rates

(1) Cal/Acc Year Ending	(2) Average Written Date	(3) Premium Trend Factor	(4) Earned Premium @ Current Rate Level	(5) Trended Earned Premium @ Current Rate Level = (3) x (4)
12/31/2007	1/1/2007	0.966	210,580,774	203,339,802
12/31/2008	1/1/2008	0.971	315,128,479	305,917,240
12/31/2009	1/1/2009	0.976	394,692,055	385,195,306
12/31/2010	1/1/2010	0.981	442,101,183	433,761,080
12/31/2011	1/1/2011	0.986	463,906,190	457,578,252
			1,826,408,681	1,785,791,680

(3) = [1 + (A)] ^ [{(B) - (2)}/365.25]

Exhibit 2.3

CONFIDENTIAL - TRADE SECRET

AMERICAN SECURITY INSURANCE COMPANY
MORTGAGEE'S INTEREST PROTECTION PROGRAM
FLORIDA

Explanation of Premium Trend Factor Derivation

An adjustment has been made to the premium trend in lieu of a contingency factor provision. Exhibit 2.1 shows the development of a two-step premium trend, which reflects ASIC's expectation that average premiums will decline in the prospective period. The prospective trend selection approximates the change in average premium that ASIC observed in Florida during 2012.

Next, a one-step premium trend was calculated to reflect the two-step trend analysis while adhering to the requirements of the Rate Level Indications Workbook.
Exhibit 2.2 shows how a -0.53% premium trend leads to approximately the same trended, on-leveled premium as if the two-step premium trend analysis had been used.

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AMERICAN SECURITY INSURANCE COMPANY
MORTGAGEE'S INTEREST PROTECTION PROGRAM
FLORIDA
Explanation of Premium Comparison

Exhibit 3.1 shows premium comparisons of ASIC's actual Mortgage Service Program (MSP) inforce book at the end of 2012 with projected premium under the MIP program, assuming no rate change from MSP to MIP, along with projected premium under Praetorian Insurance Company's Hazard Insurance Protection program.

Exhibit 3.2 shows three rating examples across the three programs. Examples are shown from the major population areas of south Florida (greater Miami area), west Florida (greater Tampa area), and northeast Florida (greater Jacksonville area).

It is recognized that the projected premium for Preatorian Insurance Company may not reflect all rating variables as ASIC may not have sufficient information to reflect all premium components. However, it is not believed that any additional rating components would materially change the premium comparison.

AMERICAN SECURITY INSURANCE COMPANY
MORTGAGEE'S INTEREST PROTECTION PROGRAM
FLORIDA
Development of Prospective Premium Trend Factor

Calendar Year	Florida Inforce Premium	Florida Inforce Risk Counts	Average Premium	Indicated Premium Trend
2011	435,962,570	138,520	3,147	
2012	467,356,118	151,207	3,091	-2%

-2% Selected Annual Premium Trend for Projected Period

Report of Birny Birnbaum

American Security Insurance Company v. State of Florida Office of Insurance Regulation

Case No. 2013 CA 1701
In the Circuit Court of the Second Judicial Circuit In and for Leon County, Florida

July 15, 2015

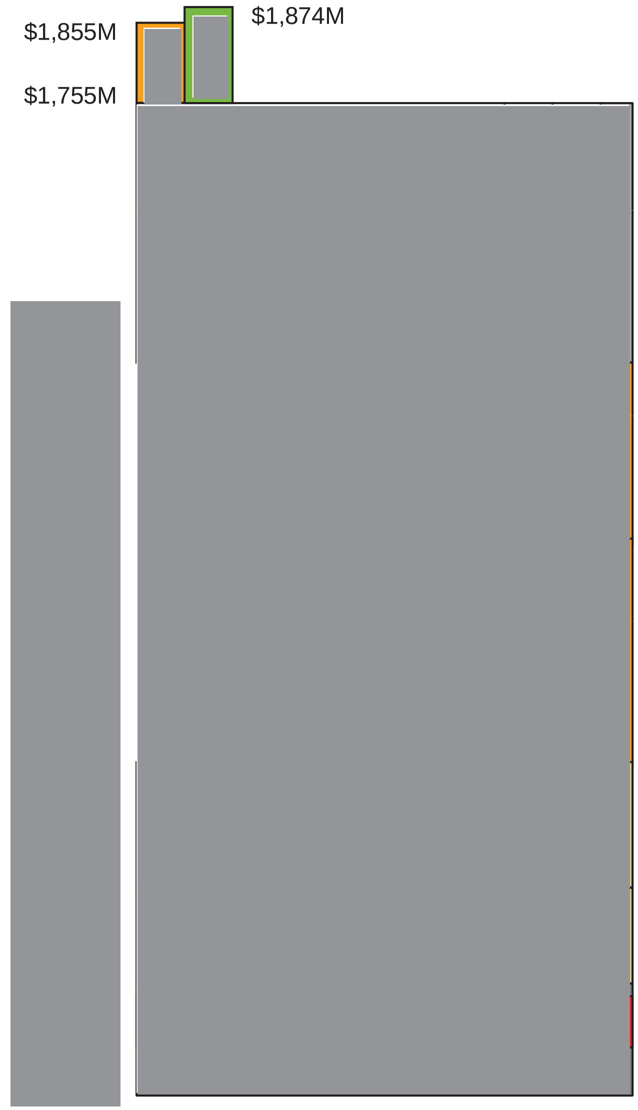
Appendix D:

ASIC "Trade-Secret" Catastrophe Insurance Documents and Press Release Regarding ASIC Catastrophe Reinsurance

2012 Assurant Excess Cat Program

Exhibit A

- Florida Hurricane Catastrophe Fund
- Traditional Reinsurance
- Ibis 2010 Cat Bonds
- Ibis 2012 Cat Bonds
- 2011 – 2013 Underlying 2nd Event Layer



[redacted]

Mandatory FHCF Inuring

[redacted]

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Exhibit A

2012 Assurant Excess Cat Program – FL Filing

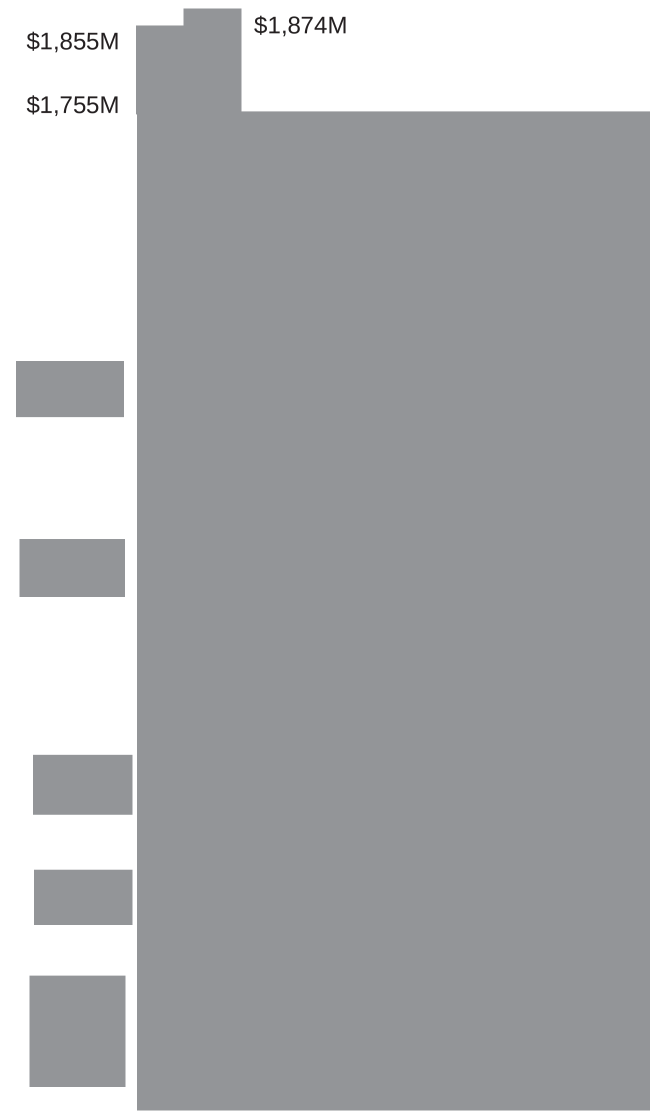
Florida Hurricane Catastrophe Fund

Traditional Reinsurance

Ibis 2010 Cat Bonds

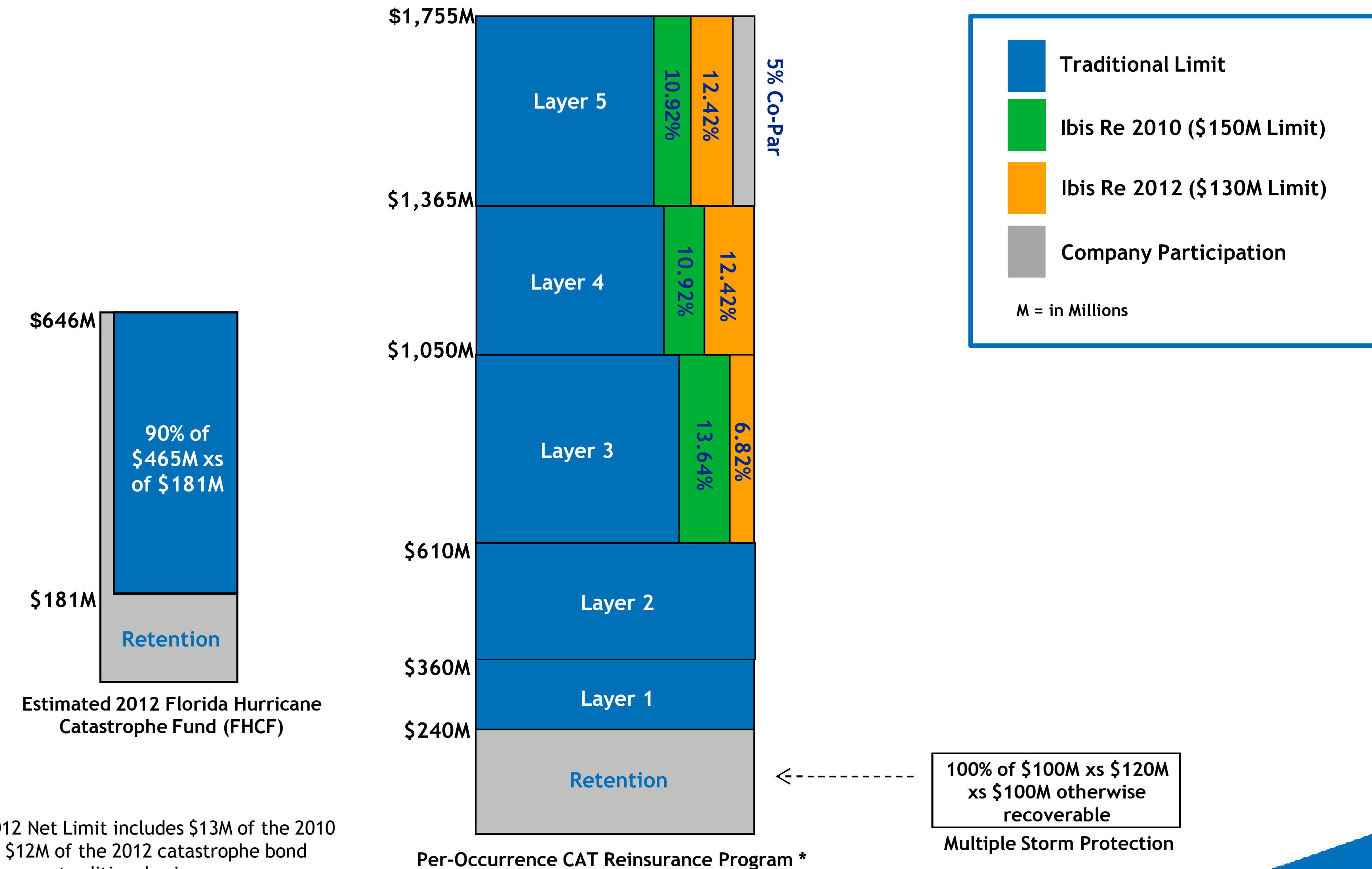
Ibis 2012 Cat Bonds

2011 – 2013 Underlying 2nd Event Layer



Mandatory FHCF Inuring

Comprehensive 2012 Catastrophe Reinsurance Program



* 2012 Net Limit includes $13M of the 2010 and $12M of the 2012 catastrophe bond above our traditional reinsurance program.

Note: The Assurant 2012 Property Catastrophe Reinsurance Program chart is a supplement to the Assurant Finalizes Comprehensive Catastrophe Reinsurance Coverage news release distributed on June 18, 2012. To read the news release, please visit the Newsroom at www.assurant.com.

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ASSURANT

June 18, 2012

Assurant Finalizes Comprehensive 2012 Property Catastrophe Reinsurance Program

NEW YORK, June 18, 2012 -- Assurant, Inc. (NYSE: AIZ), a premier provider of specialized insurance and insurance-related products and services, today announced that it has finalized the structure of its 2012 Property Catastrophe Reinsurance Program.

"Assurant successfully placed the 2012 Property Catastrophe Reinsurance Program, which helps reduce the financial risk to Assurant and provides comprehensive protection for homeowners, clients and shareholders in the aftermath of a catastrophe," said Gene Mergelmeyer, president and CEO of Assurant Specialty Property. "Assurant applies a disciplined risk management approach in structuring our reinsurance program. We successfully expanded our coverage in the 2012 program by more than fifteen percent to address significant growth in our catastrophe prone exposure."

Multiple factors are considered in evaluating the estimated claims loss potential from various perils, including the cost efficiency of the reinsurance coverage purchased and the credit quality, financial strength and claims paying ability of the reinsurers in the program.

Assurant placed its traditional catastrophe program in two phases, in January and June 2012, with more than 50 reinsurers rated A- or better by A.M. Best. The company supplements the traditional 2012 program with multi-year, catastrophe bonds issued in 2012 and 2010 to broaden coverage and access additional sources of capital.

The 2012 Property Catastrophe Reinsurance Program includes:

- **Per-occurrence catastrophe coverage**, providing protection of up to $1.5 billion in excess of a $240 million retention. The coverage is structured in five layers with Assurant having a 5 percent co-participation in the fifth layer.
- **Florida Hurricane Catastrophe Fund (FHCF)[1] coverage**, providing state-specific coverage for 90 percent of losses up to $465 million in excess of a $181 million retention.
- **Catastrophe bonds**, providing $280 million of multi-year, fully collateralized hurricane coverage, issued in April 2010 by Ibis Re Ltd. and in January 2012 by Ibis Re Ltd. II, both special purpose reinsurance companies.
- **Multiple storm protection coverage** is multi-year, lowers the program retention to $120 million subsequent to the first event and provides for a maximum recovery of $100 million for the second and subsequent events. This coverage does not provide for an automatic reinstatement.

An illustration of the 2012 Assurant catastrophe program's layered structure is available in the Newsroom section of www.assurant.com.

In the event of Florida hurricanes, Assurant's catastrophe program for per-occurrence coverage is net of any reimbursements from the FHCF. The per-occurrence coverage provides for an automatic reinstatement of coverage for a second occurrence under terms similar to the first occurrence, with the exception of the coverage from the catastrophe bonds and the FHCF. There is additional per-occurrence coverage of $100 million in excess of a $7.5 million retention for the Caribbean.

Base pre-tax reinsurance premiums for the entire catastrophe program, which reduce net earned premiums in Assurant's financial statements, are estimated to be $240 million in 2012, compared with $215 million in 2011. The change reflects an increase in coverage primarily resulting from growth in our exposure in catastrophe prone areas. Actual reinsurance premiums will vary if exposure growth changes significantly from estimates or if reinstatement premiums are required due to reportable catastrophe events.

A comparison of the reinsurance retentions, limits and premiums for the prior and current programs is shown below[2].

	2012 ($ in millions)	2011 ($ in millions)
Florida Hurricane Catastrophe Fund (FHCF)		
Gross limit	465	407
Less: co-participation	(47)	(41)
Net limit	418	366
Retention	181	154
Per-Occurrence Catastrophe Reinsurance Program		
Gross Traditional Reinsurance Limit	1,261	1,026
Catastrophe Bond Limit	280	300
Less: co-participation	(20)	(20)
Net limit[3]	1,521	1,306
Retention	240	190
Multiple Storm Protection Cover		
Retention	120	90
Limit	100	100
Otherwise Recoverable Limit	100	100
Premium Expense	(estimated)	(actual)
Catastrophe Reinsurance Program	240	215

About Assurant
Assurant is a premier provider of specialized insurance products and related services in North America and select worldwide markets. Its four key businesses-Assurant Employee Benefits, Assurant Health, Assurant Solutions and Assurant Specialty Property- partner with clients who are leaders in their industries and build leadership positions in a number of specialty insurance market segments worldwide.

Assurant, a Fortune 500 company and a member of the S&P 500, is traded on the New York Stock Exchange under the symbol AIZ. Assurant has approximately $27 billion in assets and $8 billion in annual revenue. http://www.assurant.com

Safe Harbor Statement: Some of the statements included in this press release, particularly those regarding reinsurance coverage or anticipating future financial performance, may constitute forward-looking statements that involve a number of risks and uncertainties. Our actual results may differ materially from those projected in any forward-looking statements. For a discussion of the factors that could affect our actual results please refer to the risk factors identified from time to time in our SEC reports, including but not limited to our 2011 Annual Report on Form 10-K, as filed with the SEC.

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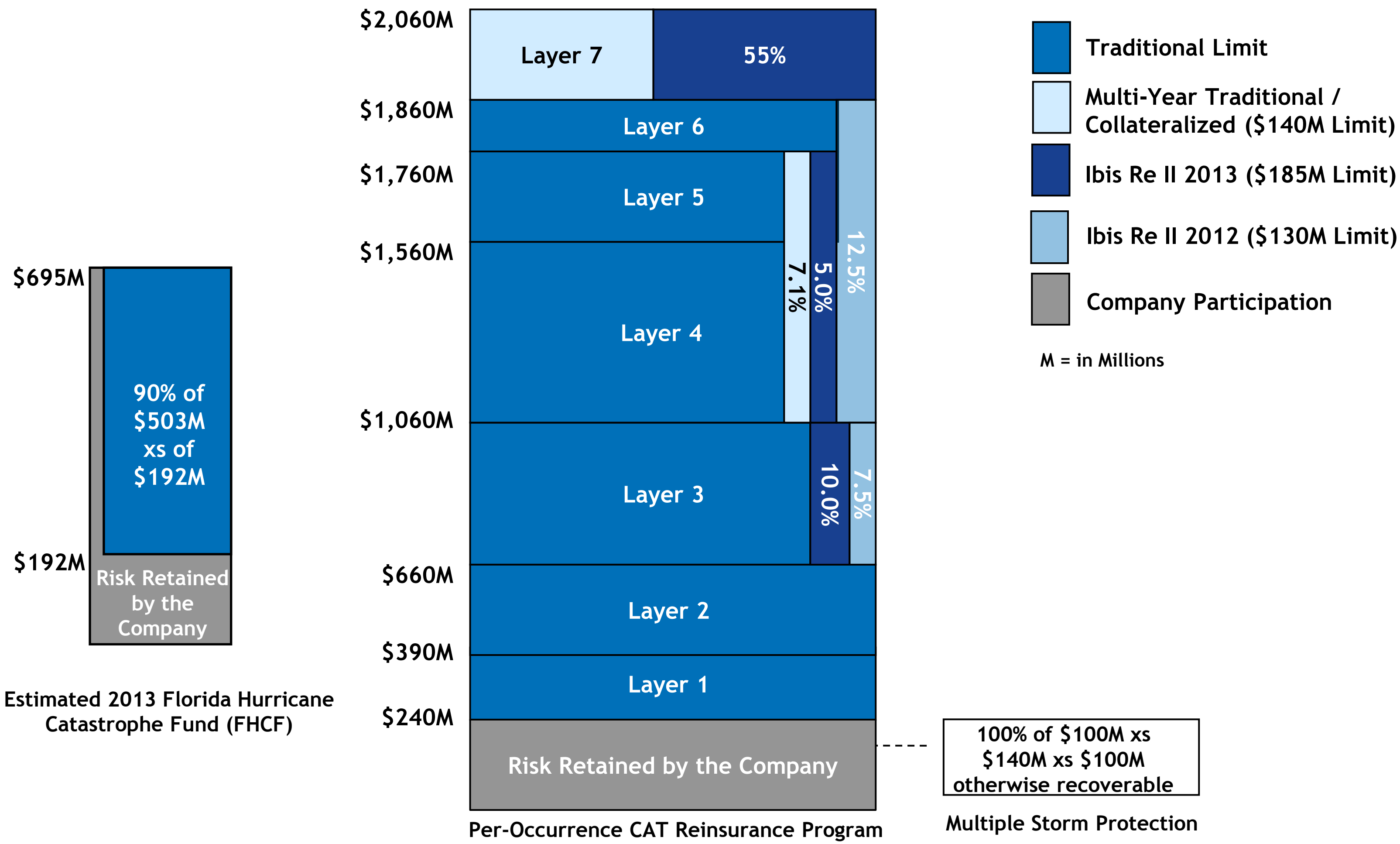
[1]2012 Florida Hurricane Catastrophe Fund limits and retention are estimated based on Florida exposure projected to June 30, 2012.

[2]2012 retention, limits and reinsurance premiums are estimated and can change with growth of the business. Certain 2011 estimates have been updated to reflect actual amounts.

Comprehensive 2013 Catastrophe Reinsurance Program



Note: The Assurant 2013 Property Catastrophe Reinsurance Program chart is a supplement to the Assurant Finalizes Comprehensive Catastrophe Reinsurance Coverage news release distributed on July 1, 2013. To read the news release, please visit Assurant's Newsroom at www.assurant.com

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ASSURANT

July 1, 2013

Assurant Finalizes Comprehensive 2013 Property Catastrophe Reinsurance Program

Purchases $185 Million in New Catastrophe Bond Coverage

NEW YORK, July 1, 2013 -- Assurant, Inc. (NYSE: AIZ), a premier provider of specialized insurance and insurance-related products and services, today announces it finalized the structure of the Company's 2013 Property Catastrophe Reinsurance Program, including $185 million of newly issued three-year, fully collateralized catastrophe bonds.

"Assurant's reinsurance program supports the protection we provide for more than 2.2 million policyholders," said Gene Mergelmeyer, president and CEO of Assurant Specialty Property. "Assurant diversified and expanded our reinsurance coverage by nearly 20 percent this year, leveraging traditional catastrophe reinsurance and catastrophe bonds at lower rates."

Comprehensive Risk Management

Multiple factors are considered in evaluating the size and components of our reinsurance program including the estimated claims loss potential from various perils, the cost efficiency of the reinsurance coverage available and the credit quality, financial strength and claims paying ability of the reinsurers in the program.

Assurant placed its traditional catastrophe program in two phases, in January and June 2013, with more than 50 reinsurers rated A- or better by A.M. Best. The company supplements the traditional 2013 per-occurrence program through reinsurers, with multi-year fully collateralized coverage, financed with catastrophe bonds to further diversify sources of reinsurance capacity. The program provides protection against earnings volatility and helps safeguard Assurant's balance sheet.

Overall, the 2013 Property Catastrophe Reinsurance Program includes:

- **Per-occurrence catastrophe coverage,** providing protection of up to $1.82 billion in excess of a $240 million retention or risk retained by the Company. This year's coverage is structured in seven layers, placed 100 percent through traditional reinsurance and catastrophe bonds.
- **Catastrophe bonds,** providing $315 million of multi-year, fully collateralized hurricane coverage: $130 million issued in January 2012 by Ibis Re II Ltd. and $185 million issued in June 2013 by Ibis Re II Ltd. The reinsurance purchased in 2013 from Ibis Re II Ltd. consists of three separate layers of coverage for protection against losses from individual hurricane events, including catastrophe prone areas along the Gulf and East Coasts of the United States, Hawaii and Puerto Rico.
- **Multiple storm protection coverage,** lowering the program retention to $140 million subsequent to the first event and providing for a maximum recovery of $100 million for the second and subsequent events.
- **Florida Hurricane Catastrophe Fund (FHCF)[1] coverage,** providing Florida-specific coverage for 90 percent of losses up to $503 million in excess of a $192 million retention level.
- **Multi-year traditional and collateralized capacity,** providing $140 million of limit for coverage in addition to the IBIS Re II, Ltd. on a multi-year basis ($70 million multi-year traditional, and $70 million multi-year collateralized, respectively). This additional limit was placed to further enhance Assurant's long-term protection from catastrophic perils.

An illustration of the 2013 Assurant catastrophe program's layered structure is available in the Newsroom section of www.assurant.com.

In the event of Florida hurricanes, Assurant's catastrophe program for per-occurrence coverage is net of any reimbursements from the FHCF. Traditional reinsurance is the only portion of the program that provides for an automatic reinstatement of coverage for a second occurrence under terms similar to the first occurrence. There is additional per-occurrence coverage of $102 million in excess of a $10 million retention for the Caribbean and $250 million in excess of a $9 million retention with an $8 million co-participation for Latin America.

Base pre-tax reinsurance premiums for the entire catastrophe program, which reduce net earned premiums in Assurant's financial statements, are estimated to be $245 million in 2013, compared with $233 million in 2012. The increase reflects additional coverage primarily resulting from growth in our exposure in catastrophe prone areas, which now accounts for more than 60 percent of the business. Actual reinsurance premiums will vary if exposure growth changes significantly from estimates or if reinstatement premiums are required due to reportable catastrophe events.

A comparison of the reinsurance retentions, limits and premiums for the prior and current programs is shown below[2].

	2013 ($ in millions)	2012 ($ in millions)
Florida Hurricane Catastrophe Fund (FHCF)[1]		
Gross limit	503	465
Less: co-participation	(50)	(47)
Net limit	453	418
Retention	192	181
Per-Occurrence Catastrophe Reinsurance Program		
Annual Traditional Reinsurance Limit	1,365	1,261
Multi-Year Traditional Reinsurance Limit	70	0
Multi-Year Collateralized Reinsurance Limit	70	0
Catastrophe Bond Limit	315	280
Less: co-participation	0	(20)
Net limit[3]	1,820	1,521
Retention	240	240
Multiple Storm Protection Cover		
Retention	140	120
Limit	100	100
Otherwise Recoverable Limit	100	100
Premium Expense	(estimated)	(actual)
Catastrophe Reinsurance Program	245	233

About Assurant
Assurant is a premier provider of specialized insurance products and related services in North America and select worldwide markets. Its four key businesses-Assurant Employee Benefits, Assurant Health, Assurant Solutions and Assurant Specialty Property- partner with clients who are leaders in their industries and build leadership positions in a number of specialty insurance market segments worldwide.

Assurant, a Fortune 500 company and a member of the S&P 500, is traded on the New York Stock Exchange under the symbol AIZ. Assurant has approximately $29 billion in assets and $8 billion in annual revenue.

For more information on Assurant, please visit http://www.assurant.com and follow us on Twitter (@AssurantNews).

Safe Harbor Statement: Some of the statements included in this press release, particularly those regarding reinsurance coverage or anticipating future financial performance, may constitute forward-looking statements that involve a number of risks and uncertainties. Our actual results may differ materially from those projected in any forward-looking statements. For a discussion of the factors that could affect our actual results please refer to the risk factors identified from time to time in our SEC reports, including but not limited to our 2012 Annual Report on Form 10-K and our first quarter 2013 Quarterly Report on Form 10-Q, each as filed with the SEC.

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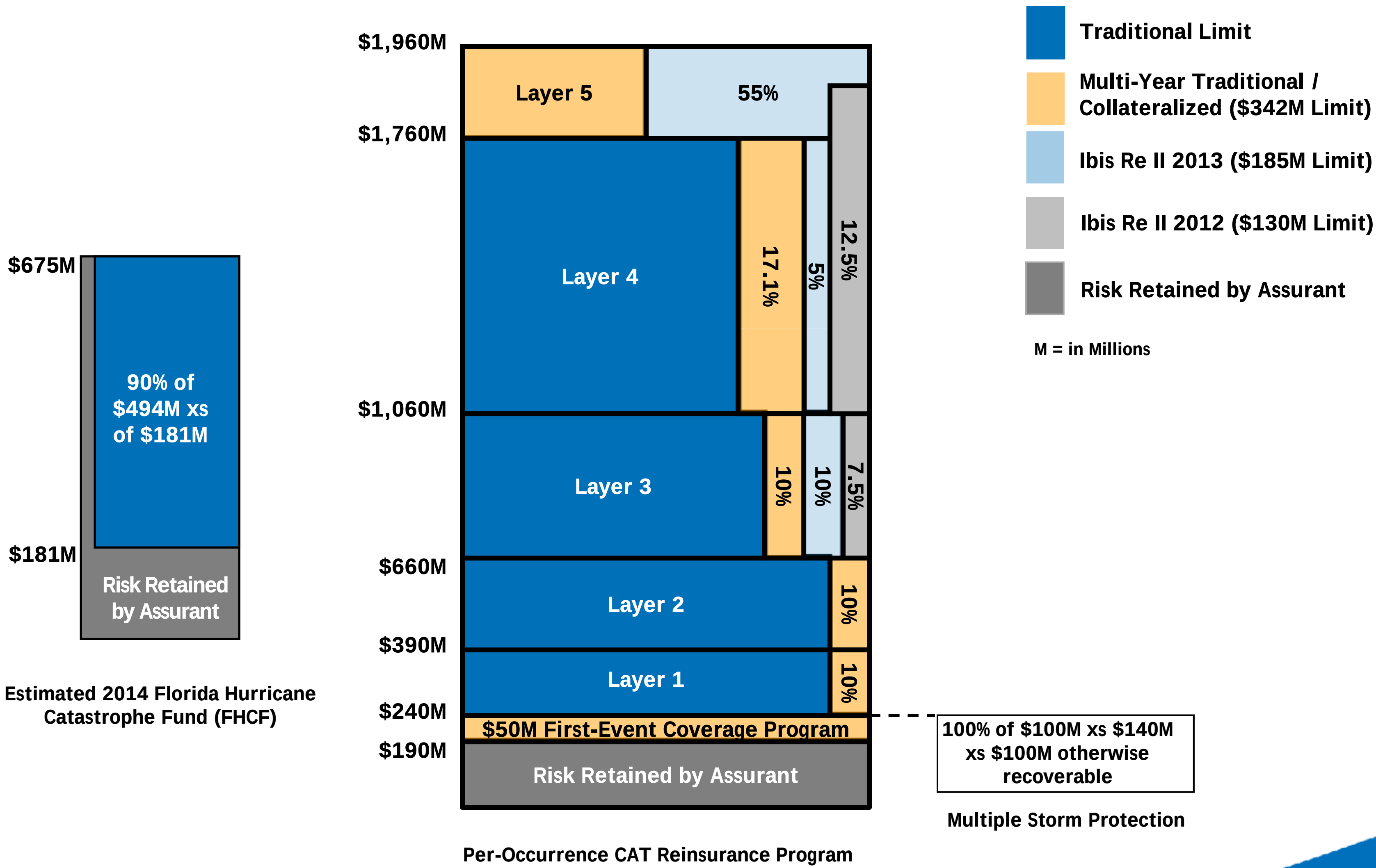
[1] 2013 Florida Hurricane Catastrophe Fund limits and retention are estimated based on Florida exposure projected as of June 30, 2013.

[2] 2013 retention, limits and reinsurance premiums are estimated and can change with growth of the business. Certain 2012 estimates have been updated to reflect actual amounts.

[3] 2012 Net Limit includes $12 million from the 2012 catastrophe bond and $13 million of the 2010 catastrophe bond above our traditional program. For 2013, there is no additional catastrophe bond coverage above the traditional program limit.

Comprehensive 2014 Catastrophe Reinsurance Program



Note: The Assurant 2014 Property Catastrophe Reinsurance Program chart is a supplement to the **Assurant's 2014 Property Catastrophe Reinsurance Program Provides Protection Against Severe Storms** news release distributed on July 7, 2014. To read the news release, please visit the Newsroom at www.assurant.com.

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Assurant's 2014 Property Catastrophe Reinsurance Program Provides Protection Against Severe Storms

Safeguards 2.4 Million Property Insurance Policyholders Covered by Assurant

NEW YORK, July 7, 2014 -- Assurant, Inc. (NYSE: AIZ), a premier provider of specialized insurance and insurance-related products and services, finalized the company's 2014 Property Catastrophe Reinsurance Program to help safeguard more than 2.4 million property insurance policyholders in the event of damage from severe storms.

Assurant's program provides more than $1.8 billion in coverage to preserve the company's financial position and ensures the ability to pay claims to homeowners from catastrophic losses caused by hurricanes, tornados or other significant weather events.

"Our catastrophe reinsurance program ensures that Assurant is able to meet its commitment to protect policyholders when disasters strike," said Gene Mergelmeyer, president and CEO, Assurant Specialty Property. "The comprehensive 2014 program expands upon our multi-year, multiple-event coverage, takes advantage of favorable rates, and ensures we are ready to assist our customers and clients when devastating weather events occur."

Assurant placed its traditional catastrophe program in two phases, in January and June 2014, with more than 50 reinsurers rated A- or better by A.M. Best. The company supplements the traditional 2014 per-occurrence program through reinsurers, with multi-year fully collateralized coverage, financed with catastrophe bonds to further diversify sources of reinsurance capacity.

Multiple factors are considered in evaluating the size and components of Assurant's reinsurance program including:

- Estimated claims loss potential from various perils
- Cost efficiency of the reinsurance coverage available
- Assurant's financial strength, and
- Claims paying ability of the reinsurers in the program.

2014 Coverage Enhancements and Comprehensive Risk Management Components

The 2014 Property Catastrophe Reinsurance Program includes key enhancements:

- **Reduction in Assurant's retention**, or risk retained by the company, to $190 million in 2014 from $240 million in 2013 through:
    - **Expanded multiple-storm coverage**, providing $50 million of first-event coverage in excess of a $190 million retention.
    - **Increased multi-year coverage**, providing a $342 million limit for multi-year coverage in addition to the previously issued Ibis Re II Ltd. catastrophe bonds. This was placed to further enhance Assurant's long-term protection from catastrophic perils.

Other risk management components include:

- **Per-occurrence catastrophe coverage**, providing protection of up to $1.8 billion in excess of a$190 million retention. The coverage is structured in several layers and placed 100 percent through traditional reinsurance and catastrophe bonds.

- **Catastrophe bonds**, providing $315 million of multi-year, fully collateralized hurricane coverage ($130 million issued in January 2012 and $185 million issued in June 2013 by Ibis Re II Ltd). The reinsurance purchased in 2013 from Ibis Re II Ltd. consists of three separate layers of coverage for protection against losses from individual hurricane events, including catastrophe prone areas along the Gulf and East coasts of the United States, Hawaii and Puerto Rico.

- **Florida Hurricane Catastrophe Fund (FHCF) coverage**[1], providing Florida-specific coverage for 90 percent of losses up to $494 million in excess of a $181 million retention.

An illustration of the 2014 Assurant catastrophe program's layered structure is available in the Newsroom section of www.assurant.com.

Financial Comparison of Program

In the event of Florida hurricanes, Assurant's catastrophe program for per-occurrence coverage is net of any reimbursements from the FHCF. Traditional reinsurance is the only portion of the program that provides for an automatic reinstatement of coverage for a second occurrence. There is additional per-occurrence coverage of $105 million in excess of a $25 million retention for the Caribbean and $256 million in excess of a $9 million retention for Latin America.

Base reinsurance premiums for the entire catastrophe program, which reduce gross earned premiums, are estimated to be $240 million in 2014, compared with $238 million in 2013. Actual reinsurance premiums will vary if exposure growth changes significantly from estimates or if reinstatement premiums are required due to reportable catastrophe events.

A comparison of the reinsurance retentions, limits and premiums for the prior and current programs is shown below[2].

	2014 ($ in millions)	2013 ($ in millions)
Florida Hurricane Catastrophe Fund (FHCF)[1]		
Gross limit	$494	$503
Less: co-participation	(49)	(50)
Net limit	445	453
Retention	181	192
Per-Occurrence Catastrophe Reinsurance Program		
Annual Traditional Reinsurance Limit	1,125	1,365
Multi-Year Traditional Reinsurance Limit	272	70
Multi-Year Collateralized Reinsurance Limit	70	70
Catastrophe Bond Limit	315	315
Net limit	1,782	1,820
Retention	190	240
Multiple Storm Protection Cover		
Retention	140	140
Limit	100	100
Otherwise Recoverable Limit	100	100
Reinsurance Premiums	(estimated)	(actual)
Catastrophe Reinsurance Program	240	238

About Assurant

Assurant is a premier provider of specialized insurance products and related services in North America and select worldwide markets. Its four key businesses -- Assurant Solutions, Assurant Specialty Property, Assurant Health, and Assurant Employee Benefits -- partner with clients who are leaders in their industries and build leadership positions in a number of specialty insurance market segments worldwide.

Assurant, a Fortune 500 company and a member of the S&P 500, is traded on the New York Stock Exchange under the symbol AIZ. Assurant has approximately $30 billion in assets and $9 billion in annual revenue. For more information on Assurant, please visit www.assurant.com and follow us on Twitter @AssurantNews.

Report of Birny Birnbaum

American Security Insurance Company v. State of Florida Office of Insurance Regulation

Case No. 2013 CA 1701
In the Circuit Court of the Second Judicial Circuit In and for Leon County, Florida

July 15, 2015

Appendix E

Public Information RegardingASIC Catastrophe Bonds

Ibis Re II Ltd. (Series 2013-1)

The Artemis **Catastrophe Bond** and **Insurance-linked Securities** Deal Directory aims to provide a one-stop resource for information on every cat bond and ILS transaction we hold information on. The content of this Deal Directory is provided as is and there will be some omissions. Help us to keep these cat bond and ILS transaction summaries up to date by contacting us if you see an error or omission that you can correct.

Ibis Re II Ltd. (Series 2013-1) - At a glance:

- **Issuer / SPV:** Ibis Re II Ltd. (Series 2013-1)
- **Cedent / Sponsor:** Assurant
- **Placement / structuring agent/s:** Aon Benfield Securities Inc. and Swiss Re Capital Markets are joint structuring agents. Aon Benfield Securities Inc., Swiss Re Capital Markets, and Goldman, Sachs & Co. are joint bookrunners and joint lead managers.
- **Risk modelling / calculation agents etc:** AIR Worldwide
- **Risks / Perils covered:** U.S. hurricane
- **Size:** $185m
- **Trigger type:** County-weighted industy loss index
- **Ratings:** S&P: Class A - 'BB+', Class B - 'BB-', Class C - 'B'
- **Date of issue:** Jun 2013
- **Artemis.bm news coverage:** Articles discussing Ibis Re II Ltd. (Series 2013-1) from Artemis.bm

Ibis Re II Ltd. (Series 2013-1) - Full details

Ibis Re II is Assurants Cayman Islands domiciled special purpose insurer which it established in 2012. This 2013-1 issuance sees Assurant looking to expand its capital markets reinsurance protection for U.S. hurricane through three tranches of cat bond notes.

The actual cedents for this deal are Assurant subsidiaries, American Security Insurance Co., American Bankers Insurance Co. of FL, Standard Guaranty Insurance Co., and Voyager Indemnity Insurance Co.

The Ibis Re II 2013-1 cat bond is split into three tranches and is being marketed as offering $175m of notes, we understand from our sources. All three tranches are exposed to the same U.S. hurricane risk, across the main U.S. wind exposed states and also Puerto Rico.

The covered area includes; Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, West Virginia, the District of Columbia, and Puerto Rico.

The cat bond uses an interesting reporting agency, one which is not utilised particularly often in the market, the Verisk Catastrophe Index. This means the trigger used will be a county-weighted industry loss index. The cover the notes afford Assurant will be on a per-occurrence basis.

The Ibis Re 2012-1 cat bond was the first recorded in our Deal Directory to use the Verisk Catastrophe Index. The Verisk catastrophe index reports, through which the industry loss data is reported, show insured losses on a county level multiplied by predetermined county payout factors (weighting) for personal, commercial and auto lines of business.

The Verisk county-weighted, line of business based approach to loss reporting clearly suits Assurants portfolio, hence utilising it again. For this deal the trigger is based on personal line of business losses only.

The three tranches of notes are all relatively focused on Florida hurricane risk, with the state of Florida making up the largest contribution to the expected losses of each tranche.

The Class A tranche of notes have an initial size of $100m, an attachment probability of 0.79%, an expected loss of 0.73% and an exhaustion probability of 0.65% and are the least risky notes. The Class B notes are currently $35m in size, have an attachment probability of 2.02%, an expected loss of 1.35% and an exhaustion point of 0.88%. The Class C notes are riskiest, currently sized at $40m, have an attachment probability of 4.12%, an expected loss of 2.98% and an exhaustion point of 2.04%.

All three tranches of notes will be sold to collateralized an index-based risk transfer via reinsurance agreement to provide protection on a per-occurrence basis over a 3-year risk period to the ceding insurers against hurricane in the covered area.

At the currently marketed tranche sizes, the class A notes will cover 50% of losses between an initial attachment point of $1.86 billion and an initial exhaustion point of $2.06 billion. The class B notes cover 5% of losses between an initial attachment point of $1.06 billion and an initial exhaustion point of $1.76 billion, and the class C notes cover 10% of losses between an initial attachment point of $660 million and an initial exhaustion point of $1.06 billion.

The Class A notes are being marketed with a coupon guidance interest spread of 3.5% to 4%, the Class B notes are being offered with an interest range of 4.5% to 5.25% and the Class C notes are offering a spread of 8% to 8.75%. We expect to see a modicum of tightening on these as pricing is finalised, however they do look reasonable given the risk profile and current market appetite.

Risk modelling of historical hurricanes showed that no known storms would have reached the attachment point for the Class A, least risky notes. For the Class B Notes, the 1926 "no-name" hurricane (which made landfall in Florida and Alabama) and 1992′s Hurricane Andrew would have generated principal losses of 100% and 13% respectively on the Class B tranche of notes. The Class C notes would have been affected by those two storms and also the 1928 "no-name" Florida hurricane, with the three events causing principal losses of 100%, 100% and 60% respectively.

While the contribution from Puerto Rico to expected losses has risen over the 2012 Ibis Re cat bond, it is still very low compared to Florida which is where much of the risk from this cat bond lies. Puerto Rico contributes only 5.5% for the Class A notes, 9% for the Class B notes, and 10.1% for Class C notes, to expected losses, whereas the contribution to expected loss from Florida is 80.4% (class A), 75.0% (class B), and 66.9% (class C).

Collateral from the sale of the Ibis Re II notes will be deposited in a reinsurance trust account, for each class of notes, and invested in one or more Treasury money-market funds. The collateral and trust accounts will be managed by Deutsche Bank Trust Co. Americas.

At the annual reset there are limitations to how much the risk profile of the deal can change with respect to expected losses in different U.S. states. The modeled contribution to expected losses for Florida will not be less than 65% for the Class A notes, 60% for the Class B notes, and 50% for the Class C notes.

Update: This cat bond increased in size slightly before close, to $185m. he other two tranches remain the same size, at $35m for the Class B notes and $40m for the Class C notes.

The Class A notes increased from $100m to $110m. Pricing actually increased on this tranche slightly. The Class A, tranche began marketing with price guidance coupon range of 3.5% to 4%, but at the latest update the slightly larger tranche is now being offered with a 4% interest coupon, an increase in pricing of 6.7% from the mid-point of the original range.

The Class B notes have priced down from the original range of interest range of 4.5% to 5.25% to now be offered at a coupon of 4.5%, the lower end of the original range, a drop of 7.7% on pricing from the mid-point of the original range. The Class C notes launched with a price guide range of 8% to 8.75% and that has dropped to the bottom end of the range at 8%, a 4.5% reduction from the original price guide mid-point.

Update 2: The deal completed with no further changes to the above pricing.

S&P said, on rating the deal, "The class A notes will cover 55% of losses between the initial attachment point of $1.86 billion and the initial exhaustion point of $2.06 billion. The class B notes will cover 5% of losses between the initial attachment point of $1.06 billion and the initial exhaustion point of $1.76 billion, and the class C notes will cover 10% of losses between the initial attachment point of $660 million and $1.06 billion."

Go back to the Catastrophe Bond Deal Directory

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Report of Birny Birnbaum

American Security Insurance Company v. State of Florida Office of Insurance Regulation

Case No. 2013 CA 1701
In the Circuit Court of the Second Judicial Circuit In and for Leon County, Florida

July 15, 2015

Appendix F

ASIC Pages 1945 to 1947: Premium Comparison

Exhibit 3.1

CONFIDENTIAL - TRADE SECRET

AMERICAN SECURITY INSURANCE COMPANY
MORTGAGEE'S INTEREST PROTECTION PROGRAM
FLORIDA
Premium Comparison

Proposed Territory	Current RMSP Premium (1)	Proposed MIP Premium (2)	Projected Praetorian Premium (3)	MIP vs RMSP Effect (4) = (2) / (1)	Praetorian vs RMSP Effect (5) = (3) / (1)
1	[redacted]				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
Total					

CONFIDENTIAL - TRADE SECRET

AMERICAN SECURITY INSURANCE COMPANY
MORTGAGEE'S INTEREST PROTECTION PROGRAM
FLORIDA

Rating Examples

Example 1

ZIP Code	
Cov Amount	157,883
Year Built	No Hit
Wind Deductible	2%/$2,000
AOP Deductible	500
Property Type	SFD (1 or 2)
Coverage Basis Option	LKCA
Loss Settlement Option	RCV

	Non-Hurricane	Hurricane	Praetorian	MIP	MSP
Base Rate	822.180	1256.000		0.9590	1.1800
Amount of Insurance	0.893	0.789		1634.3870	1578.8300
Deductible	1.000	0.902		1.0250	0.9800
Schedule Rating	1.000	1.000		1.0000	1.0000
Age of Home	1.000	1.000			
Territory	0.880	1.600			
Property Type	1.000	1.000			
Loss Settlement				1.0700	
Expense Ratio Factor				0.9950	
BASE PREMIUM	646	1,430	**2,076**	**1,710**	**1,826**

Example 2

ZIP Code	
Cov Amount	156,376
Year Built	No Hit
Wind Deductible	2%/$2,000
AOP Deductible	1,000
Property Type	SFD (1 or 2)
Coverage Basis Option	LKCA
Loss Settlement Option	RCV

	Non-Hurricane	Hurricane	Praetorian	MIP	MSP
Base Rate	822.180	1256.000		1.2550	1.1800
Amount of Insurance	0.889	0.782		1624.2010	1563.7600
Deductible	0.989	0.902		1.0000	0.9500
Schedule Rating	1.000	1.000		1.0000	1.0000
Age of Home	1.000	1.000			
Territory	1.000	1.600			
Property Type	1.000	1.000			
Loss Settlement				1.0700	
Expense Ratio Factor				0.9200	
BASE PREMIUM	723	1,417	**2,140**	**2,007**	**1,753**

Example 3

ZIP Code	
Cov Amount	111,200
Year Built	No Hit
Wind Deductible	2%/$2,000
AOP Deductible	500
Property Type	SFD (1 or 2)
Coverage Basis Option	LKCA
Loss Settlement Option	RCV

	Non-Hurricane	Hurricane	Praetorian	MIP	MSP
Base Rate	822.180	1256.000		1.7130	1.8200
Amount of Insurance	0.765	0.556		1311.4320	1112.0000
Deductible	1.000	0.902		1.0250	0.9800
Schedule Rating	1.000	1.000		1.0000	1.0000
Age of Home	1.000	1.000			
Territory	0.850	2.950			
Property Type	1.000	1.000			
Loss Settlement				1.0700	
Expense Ratio Factor				1.0000	
BASE PREMIUM	535	1,858	**2,393**	**2,464**	**1,983**

AMERICAN SECURITY INSURANCE COMPANY
MORTGAGEE'S INTEREST PROTECTION PROGRAM
FLORIDA
Explanation of Premium Comparison

Exhibit 3.1 shows premium comparisons of ASIC's actual Mortgage Service Program (MSP) inforce book at the end of 2012 with projected premium under the MIP program, assuming no rate change from MSP to MIP, along with projected premium under Praetorian Insurance Company's Hazard Insurance Protection program.

Exhibit 3.2 shows three rating examples across the three programs. Examples are shown from the major population areas of south Florida (greater Miami area), west Florida (greater Tampa area), and northeast Florida (greater Jacksonville area).

It is recognized that the projected premium for Preatorian Insurance Company may not reflect all rating variables as ASIC may not have sufficient information to reflect all premium components. However, it is not believed that any additional rating components would materially change the premium comparison.