

Tower Hill Insurance Exchange

QUARTERLY UPDATE

2025 | THIRD QUARTER

A Message from Our CEO

Dear Members,

As we round out 2025, I am pleased to share some good news. Results ending in the third quarter continue to show a healthy improvement over the prior year in response to a quiet storm season and reduced litigation due to the legislative tort reform. In fact, by the time you read this quarterly update, the official hurricane season will be over with no major hurricane hitting our great state. Material costs and higher labor costs to repair homes are still a factor, but the increase is less severe than it was a few years back.

The combination of the favorable weather and the reduced litigation costs provides us the opportunity to lower rates for our members. **Effective December 1, 2025, we will reduce our base rate by 5% on Homeowners (HO3) and Dwelling Fire (DP3) policies for both new and existing member policies.**

This is good news and a sign that the insurance legislative reforms are making a positive impact. While the base rate — the underlying price level of our product — went down, individual renewal premiums can still increase based on factors unique to each policy. Base rates set the foundation, but they are only one part of the premium calculation.

Listed below are examples of why premiums may still increase:

Coverage Limit Changes

- At renewal, many homes receive updated dwelling limits (Coverage A) to reflect current market reconstruction costs.
- Higher coverage equates to a higher premium, even if the base rate decreased.

Home Aging One Year

- Each year a home becomes older, thereby resulting in a different age category, which can also affect the premium.
- Updated age-related factors (e.g., roof age) can offset the impact of a rate decrease.

Insurance Score Update

- Your insurance score can change at renewal based on updated data.
- A lower insurance score typically increases the premium, while a higher score can decrease it.

Optional Endorsements and Deductibles

- Any policy changes made (e.g., adding endorsements, lowering deductibles, etc.) can increase your premium.

Your renewal premium reflects updated information specific to your home and risk profile. If your coverage limit increases, then the amount of insurance you're purchasing also goes up — even if the base rate goes down. It's always a good idea to do an annual policy review with your agent to make sure your coverage levels and options still fit your needs and budget.

We've included a few extra tips on ways to further reduce your premium in the pages ahead.

This will be the last quarterly update for 2025. In March of 2026, you will receive the 2025 annual report, which highlights all the exciting happenings of your insurance company. Until then, we wish you the happiest of the Holiday Season and a bright New Year to come!

With much appreciation and many thanks!



KIRK LA, CEO

Quarterly Stats*



IN-FORCE
PREMIUM



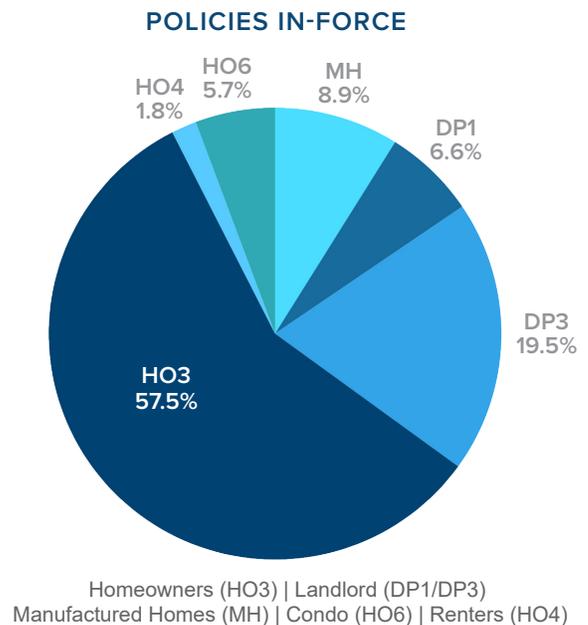
SURPLUS



IN-FORCE
RETENTION



RENEWAL
RETENTION



*Results as of September 30, 2025

Exchange Insight

AI, Automation, and Technology for Claims



At Tower Hill, we believe home insurance is a people-centric business. That means we put you, our Exchange member, at the center of our business philosophy. Many industries now use Artificial Intelligence (A.I.) in various facets of their operations to save both time and resources. However, there's a fine line that property insurers are careful not to cross.

A.I. is routinely used to speed up routine processes and improve data quality, but we never use it to replace human judgement. Especially when handling claims, technology could never replace the human touch, i.e., combining empathy and knowledge to provide service excellence.

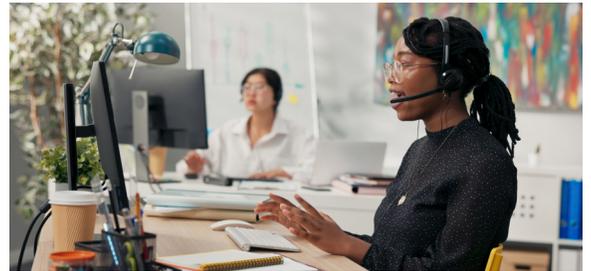
Of course, Tower Hill provides a mobile app and 24/7 online options to access policy documents or report a claim. However, just as when Tower Hill was founded in 1972, when you contact our Customer Service Center for help, you still speak with a friendly and professional representative.

Exchange Insight

A.I. Claims Tools

The insurance industry has harnessed the power of technology for decades. However, recently A.I. tools have been adapted to further improve accuracy, enhance efficiency and manage data.

Here are some ways that Tower Hill uses some level of automation in claims handling.



DISPATCHING EMERGENCY SERVICES & ASSIGNING INSPECTIONS

CastleCare, powered by Alacrity Solutions, is a credentialed contractor network program for assisting customers when emergency repair services (e.g., water extraction, tarping roofs) are necessary. Automation is used to speed up response time and assigning inspections by matching available responders to locations based on damage severity.



AERIAL IMAGERY

As a member of the Geospatial Insurance Consortium (GIC), Tower Hill has access to aerial imagery and cutting-edge resources to view the hardest hit areas that may still be inaccessible by land due to a hurricane or other natural disaster. We use A.I. to evaluate aerial imagery after a storm and proactively reach out to impacted members.



EVALUATING ROOF DAMAGE

We partner with vendors who use aerial imagery to help evaluate potential roof damage and reduce inspection wait times after a catastrophe. These tools support our process but are not used to deny roof damage. Licensed professionals make final decisions.



CONTENTS INVENTORY

Through our catastrophe partners, such as Enservio, we offer customers and members an option to submit inventories of damaged personal contents online for accurate and faster reimbursement. By using the broad database of inventory items, accurate repair and/or replacement estimates are provided in a fraction of the time it would take to provide original receipts and search online for appliance models.



CLAIMS PAYMENTS

Although we never use A.I. in place of human judgement when determining the amount of claims payments, we employ technology to issue approved payments as quickly and conveniently as possible. To help expedite the claims payment process, our ClaimsPay option provides electronic funds transfer via Direct Deposit, Push to Debit, PayPal or Venmo for most claims, depending on the payment amount and claim type.



FRAUD DETECTION

Besides the A.I. tools designed to assist with efficiency and speed, Tower Hill also uses technology in predictive analytics to help identify suspicious patterns and detect potential insurance fraud. According to the National Association of Insurance Commissioners (NAIC), insurance fraud costs Americans more than \$300 billion each year, which results in additional insurance premiums up to an average \$700 annually per family. *Source: NAIC.org*



A.I. Ethics

Tower Hill has a strict A.I. policy, which establishes clear guidelines for the ethical development, deployment and use of A.I. within our organization. Adherence to the National Association of Insurance Commissioners (NAIC) guidelines for using A.I. is in accordance with regulatory requirements.

Ways To Lower Your Insurance Premium

At Tower Hill, we are always looking for ways to reduce your premium and we've included some suggestions below. We recommend consulting with your insurance agent whenever you make changes to your home – such as remodeling your kitchen or adding a new roof – to take advantage of available premium credits.

We've included some of the most popular ways to save for quick reference. **Does your home qualify for any of the following premium credits?** If so, be sure to contact your insurance agent today to find out how much you can save. Please note that premium credits may vary by individual risk and location.

Additional premium credits may be available depending on the age and roofing material of your home, or home strengthening options (e.g., hurricane shutters, storm-rated garage doors, etc.). These typically are included under the **Windstorm Loss Mitigation Devices** category, often referred to as “Wind Mit” credits.

Age of Insured (Senior)

For Exchange members aged 60 and older, a senior discount is available.

Loss Free

If you have had a policy with Tower Hill Insurance for three consecutive years or longer and are loss free (i.e., non-act of God loss), you receive a premium credit. In insurance, an “act of God” loss refers to a naturally occurring event beyond human control (e.g., hurricane, lightning, etc.).



Protective Devices

If your home includes these protective devices, you could be eligible for this premium credit.

- Fire alarm (monitored and reported by a central station or fire station reporting)
- Local complete burglar alarm system (all exterior windows and doors have sensors and an audible siren/alert sound)
- Monitored burglar alarm system (alarm monitored by central or police station)



Secured Community

If your community has 24-hour manned gates or passkey gates protecting all entrances, this credit may reduce your policy premium.

Smart Home Water Detection System

If your home includes any of the following levels of water detection, you may be eligible for a premium credit.

- **Level One:** sensor-based water leak detection system that notifies the homeowner of a potential issue.
- **Level Two:** sensor-based water leak detection system that automatically shuts off the home's main water supply.
- **Level Three:** water leak detection system that assesses the flow and automatically shuts off the home's main water supply.



To help with overall budgeting, a range of payment plan options are available for you to choose from. Increasing your deductible amounts can also reduce your total policy premium, but it results in higher out-of-pocket expenses for you in the event of a claim. We recommend discussing the available options with your insurance agent to determine what best meets your individual budget and risk tolerance.

Agent Testimonial

Amanda S.

Palm City, FL



Agent Amanda S.

Amanda S., Agency Principal and Owner of Stonebridge Insurance Agency in Palm City, FL, has been working with Tower Hill for eight years. In this interview, she shares what makes Tower Hill a standout company and what she values most about our partnership.

What sets Tower Hill apart from other companies?

With other insurance companies, we hear complaints like: "My claim hasn't been paid ... they won't call me back ... I can't get hold of my adjuster." I honestly can't think of a time a client has complained about Tower Hill's services or processes. And it's not just about what the client experiences, it's about what I experience, too. When I can interact with a company in a way that makes sense, that proves to me they'll be there when the client really needs help.

Tower Hill is upfront with me when we're writing the policy. They communicate in a way that's best for the client. And that tells me they're there, not just at the beginning or the end, but throughout the entire process. When situations come up, I can call and talk to someone who isn't

just reading a script or a document. They're thinking through the grey areas. They're using judgment and looking at the full picture, not just what's on paper. That level of depth and understanding from underwriting means everything.

What do you appreciate most about Tower Hill's approach to the market?

I've been in multiple meetings with Tower Hill, and one thing that stands out is how forward-thinking they are, especially with reinsurance. The fact that they purchase reinsurance on a three-year basis, most companies only do it annually, is a huge differentiator. That lets them lock in rates longer and avoid scrambling year to year. Their rates don't fluctuate as much, which gives both agents and clients more stability. That's forward thinking, not reactive thinking. Tower Hill is two steps ahead, and honestly, it feels like the rest of the industry follows their lead.

Why did you choose to offer Tower Hill?

I've been an agent for 23 years, and my family has been in insurance forever. Tower Hill is still one of the few companies that's been around for such a long time. For a company to stay in Florida, stay focused on Florida, and be part of Florida for over 50 years, made it a no-brainer. In my opinion, they're the strongest company out there. I've seen the history. I've seen companies come and go, multiple times. And one company that's stayed consistent is Tower Hill.

Do you have your own insurance with Tower Hill?

Yes, I've had my personal homeowners policy with Tower Hill for five years, and I won't move. I was able to pick and choose the coverages that mattered to me. My house is the biggest investment of my life. Most people would say the same about their home, so it's incredibly important to have a company you trust to be there in a catastrophe.

What is a common misconception with home insurance?

I often need to explain the differences among water damage, flood, and hurricane coverages. People don't realize that a hurricane can bring a flood. Hurricane coverage does not include flood coverage. People don't realize that "flood" is defined by rising water coming in from the outside. I will give the example of a guy in a canoe going down the street and water comes up and into your home. That's considered a flood. High water damage coverage in your policy is more for busted pipes and appliance overflow. That's not going to be a flood from rising water. Flood is always a separate policy.



Tell Us What You Think!

Have you had a service experience with us during a storm you would like to share?

Would you recommend us to your friends and colleagues? We would love to hear from you.

Let us know by taking our [Member Care Survey](#).
