

CITIZENS PROPERTY INSURANCE CORPORATION

MINUTES OF THE

ACTUARIAL AND UNDERWRITING COMMITTEE MEETING

September 10, 2019

The Actuarial and Underwriting Committee (A&U) of Citizens Property Insurance Corporation (Citizens) convened telephonically on Tuesday, September 10, 2019 at 11:00 a.m. (EDT).

The following members of the A&U were present.

John Wortman, Chair
Gary Aubuchon
Fred Strauss

The following Citizens staff members were present:

Ariel Shami	Ellen Burger
Barry Gilway	Janice Watts
Barbara Walker	
Bonnie Gilliland	
Brian Donovan	
Steve Bitar	
Kelly Booten	
Violet Bloom	
Scott Crozier	
Karen Holt	

The following member of the Board was present:

Blake Capps

Call Meeting to Order

Roll was called and a quorum present.

1. Approval of Prior Meeting Minutes

A motion was made and seconded to approve the June 18, 2019 minutes. All were in favor. Motion carried.

2. OIR Rate Order Update

MR. DONOVAN: Good morning, this is Brian Donovan, Chief Actuary for Citizens. I will give an update on the OIR's rate order for the most recent rate filings. As discussed at the June 2019 board meetings, Citizens' staff refiled updated rate indications which reflect the anticipated savings from the AOB reform due to house bill 7065. On July 29th, the OIR issued the rate order for Citizens pertaining to these filings. With one notable exception, the OIR approved the rates as filed across all lines of business, both personal lines and commercial lines. The recommended rate change was 5.1%. The Office approved 4.8%. The exception did come in Personal Lines. The overall recommended statewide rate change was 4.7%. The approved overall statewide change is 4.3%. The difference between the filed and approved rates was the freezing of Monroe county's homeowner and dwelling policies. Citizens' staff had recommended a rate change of 7.6% and 5.8% respectively for these policy types. The Office approved 0% for Monroe for the second consecutive year.

In last year's rate order, Monroe's rates were first frozen and the Office directed Citizens to take four actions in regards to Monroe's rates. Three of the actions we were able to directly address. The fourth item requires Citizens to incorporate the most recently approved hurricane models into Citizens' rate indication process. These models were not approved and available in time for these rate filings. They will be incorporated in the next rate filings made in 2020.

Regarding Commercial Lines, Citizens recommended an 8.9% increase and the overall approved statewide rate change was 8.9%. Any questions?

MR. STRAUSS: This is Fred. I'd like to recognize Brian and his team for all the hard work they did to put in to recognize the new statute so they could get this filing done and get it through OIR to approved.

CHAIRMAN WORTMAN: I would second that.

MR. AUBUCHON: I agree.

CHAIRMAN WORTMAN: Does this need committee and board approval?

MR. DONOVAN: No. This is just an update. We already got the approval for the filing. There is no action on our part at this point, just to implement the rates. The effective date for these rates is 12/1/2019.

CHAIRMAN WORTMAN: Any other questions or comments of Brian? Again, thank you, Brian, and your team for getting this in so timely. We will move on to the next item on the agenda which is Product Change.

3. Action Item: Product Change - Statutory Coverage Limit

MR. BITAR: Good morning, this is Steve Bitar, Chief of Underwriting and Agency Services. Behind tab three in your book you will see we have an action item being brought forward today to help us clarify and update our eligibility guidelines related to the statutory maximum coverage A limits that we have on our personal residential policies. If you look at the action item, I will take you through it real quickly.

Staff proposes updates to eligibility guidelines to clarify that Citizens will not insure personal lines dwellings for which the replacement cost of the structure exceeds the maximum coverage allowed by statute. The maximum is currently \$700,000 except in areas where the Office of Insurance Regulation has determined a reasonable degree of competition does not exist. Those exceptions today are Miami-Dade and Monroe counties; the limit is \$1,000,000 versus the \$700,000.

Historically, we have allowed one additional renewal term when it is determined that the dwelling replacement cost will exceed the statutory maximum. Under the proposed guidelines that we want to bring forward today, when the policies are identified, the policyholder will be notified that Citizens is prohibited from insuring the dwelling and we will provide written advance notice to the agent and the customer. We will follow the legally required cancellation and nonrenewal timelines in order to provide the customer time to find alternate coverage since they will be exceeding the maximum limit allowed by law at Citizens.

Mr. Chairman, if I may, I can proceed to the recommendation.

MR. CHAIRMAN: Go right ahead.

MR. BITAR: Thank you, sir. Citizens' staff recommends that the Actuarial and Underwriting Committee approve and recommend that the Board of Governors approve the above proposal to update eligibility guidelines; and authorize staff to take any appropriate or necessary action consistent with this Product Changes – September 2019 Action Item to include filing updated underwriting rules with the Office of Insurance Regulation (OIR), system change implementations, updates to supporting documents or forms and other relevant activities. Final changes may vary slightly, depending on guidance from the OIR.

MR. CHAIRMAN: May I hear a motion to approve?

MR. AUBUCHON: I make a motion to approve.

MR. STRAUSS: This is Fred, I'll second.

MR. CHAIRMAN: We have a motion and a second to approve staff's recommendation. Is there any objection? Any other questions? Hearing no questions or objections, the motion is approved.

MR. BITAR: Thank you very much.

MR. CHAIRMAN: Any new business to come before the committee? Hearing none I would entertain a motion to adjourn, staff, unless there's anything else you want to bring before the committee.

MR. BITAR: We have nothing at this time, sir.

MR. AUBUCHON: I'll move to adjourn.

MR. STRAUSS: I'll second that.

(Whereupon, the meeting was concluded.)

DRAFT