



Board of Governors  
Citizens Property Insurance Corporation

Re: Qualification documentation required under the 2019 NAIC Instructions for Property & Casualty Statement of Actuarial Opinion

This letter serves as my response to the qualification documentation requirements as Appointed Actuary for Citizens Property Insurance Corporation.

### **Background**

The NAIC Instructions for the Property & Casualty (P&C) Statement of Actuarial Opinion (SAO) have changed in 2019. The most significant change is around the definition of “Qualified Actuary” for purposes of signing the Statement of Actuarial Opinion (SAO). The 2019 Instructions include updated requirements of both the Appointed Actuary and the subject company’s Board of Directors. The 2019 Instructions state:

*The Appointed Actuary shall provide to the Board of Directors qualification documentation on occasion of their appointment, and on an annual basis thereafter, directly or through company management. The documentation should include brief biographical information and a description of how the definition of “Qualified Actuary” is met or expected to be met (in the case of continuing education) for that year. The documentation should describe the Appointed Actuary’s responsible experience relevant to the subject of the Actuarial Opinion. The Board of Directors shall document the company’s review of those materials and any other information they may deem relevant, including information that may be requested directly from the Appointed Actuary. The qualification documentation shall be available for inspection upon regulator request or during a financial examination*

### **Definitions**

According to the 2019 Instructions:

“Qualified Actuary” is a person who:

- i. *meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (U.S. Qualification Standards), promulgated by the American Academy of Actuaries (Academy), and is either:*
- ii. *has obtained and maintains an NAIC-Accepted Actuarial Designation; and*

- iii. *is a member of a professional actuarial association that requires adherence to the same Code of Professional Conduct promulgated by the Academy, requires adherence to the U.S. Qualification Standards, and participates in the Actuarial Board for Counseling and Discipline when practicing in the U.S.*

*An exception to parts (i) and (ii) of this definition would be an actuary evaluated by the Academy's Casualty Practice Council and determined to be a Qualified Actuary for particular lines of business and business activities.*

*“NAIC-Accepted Actuarial Designation,” strictly for purposes of defining a Qualified Actuary, is an actuarial designation accepted by the NAIC as meeting or exceeding the NAIC's Minimum Property/Casualty (P/C) Actuarial Educational Standards for a P/C Appointed Actuary (published on the NAIC website). The following actuarial designations, with any noted conditions, are accepted by the NAIC as meeting or exceeding basic education minimum standards on or after Jan. 1, 2021:*

- (i) Fellow of the CAS (FCAS) – basic education must include Exam 6 – Regulation and Financial Reporting (United States);*
- (ii) Associate of the CAS (ACAS) – basic education must include Exam 6 – Regulation and Financial Reporting United States) and Exam 7 – Estimation of Policy Liabilities, Insurance Company Valuation, and Enterprise Risk Management;*
- (iii) Fellow of the SOA (FSA) – basic education must include completion of the general insurance track, including the following optional exams: the United States' version of the Financial and Regulatory Environment Exam and the Advanced Topics in General Insurance Exam.*

### **Required qualification documentation**

I, Brian Donovan, have met the definition of “Qualified Actuary” for purposes of signing the 2019 Statement of Actuarial Opinion for the Company.

1. I meet the basic education, experience and continuing education requirements of the Specific Qualification Standards for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (U.S. Qualification Standards), promulgated by the American Academy of Actuaries (Academy). The following describes how I meet these requirements:
  - a. Basic education has been met through relevant examinations administered by the Casualty Actuarial Society.
  - b. In accordance with section 3.2 Experience Requirement of the Specific Qualification Standards within the U.S. Qualification Standards. I have obtained at least three years of responsible experience relevant to the subject of the Statement of Actuarial Opinion for the Company, on topics including (but not limited to) P&C personal lines and commercial lines property

insurance. This experience has been obtained through my employment at Citizens Property Insurance Corporation (CPIC) for the last 12 years and over 24 years of actuarial experience in the P&C insurance industry.

I have obtained specific knowledge of CPIC's operations and businesses through my work over the past 12 years. Within the P&C industry, over 24 years of experience has allowed me to gain comprehensive knowledge of other topics identified in section 3.1.1.2 of the U.S Qualification Standards (namely items (a) policy forms and coverages, underwriting and marketing; (b) principles of ratemaking; (c) statutory insurance accounting and expense analysis; (d) premium, loss, and expense reserves; and (e) reinsurance), prior to issuing my first P&C Statement of Actuarial Opinion, and to further expand knowledge of these items throughout my career.

I also maintain continuing education on topics relevant to CPIC, as described in further detail below.

- c. Continuing education requirements were met by December 31, 2019 through a combination of industry conferences, seminars, committee work, self-study, and other coursework. A detailed log of my continuing education credit hours is available upon request.
2. I have obtained and maintain an Accepted Actuarial Designation. I am a Fellow of the CAS (FCAS) and my basic education includes credit for Exam 6 – Regulation and Financial Reporting (U.S.).
3. I am a member of the Casualty Actuarial Society and the American Academy of Actuaries. These associations require adherence to the Code of Professional Conduct promulgated by the Academy, require adherence to the U.S. Qualification Standards, and participate in the Actuarial Board for Counseling and Discipline when its members are practicing in the U.S.

Included is a brief history of my work experience. In addition to the above letter and my below work experience, I have requested an independent actuary (Paul Ericksen – ISO Actuarial Services) to access my qualifications to issue Statements of Actuarial Opinion. See **Brian Donovan's Qualifications.pdf**.

Brian Donovan, FCAS, MAAA  
Sr Director, Chief Actuary

**Brian Donovan, FCAS, MAAA – Sr Director, Chief Actuary**

Fellowship in the Casualty Actuarial Society (2004)

Member of American Academy of Actuaries (2002)

Master of Science, Mathematics, *North Carolina State University, NC*

Bachelor of Arts, Mathematics, *Rowan University, NJ*

Fellowship Requirements

The Casualty Actuarial Society (CAS) has set the following as requirements for Actuarial Accreditation as described below.

## CAS MEMBERSHIP REQUIREMENTS

### ASSOCIATESHIP

To become an Associate member of the Casualty Actuarial Society, a candidate must fulfill the following requirements: successful completion of, or credit for, Exams 1-6; the two CAS Online Courses; credit by Validation by Educational Experience (VEE) for the required topics of economics, corporate finance, and applied statistical methods; and the CAS Course on Professionalism.

Once a candidate has fulfilled all of the Associateship requirements, the candidate may submit the membership application and related materials immediately. The application and instructions are posted online under “[Admission of New Associates and Fellows](#)” along with an explanation of the application process.

### FELLOWSHIP

To become a Fellow of the Casualty Actuarial Society, a candidate must meet all of the Associateship requirements plus successfully complete Exams 7-9.

If a person is already an Associate of the CAS in good standing when completing the Fellowship requirements, it is not necessary to submit another membership application. The person will be automatically be recognized as a Fellow. If a person is not already a member of the CAS when completing all Fellowship requirements, the candidate may submit the membership application and related materials immediately upon completion of all the requirements. The application and instructions are posted online under “[Admission of New Associates and Fellows](#)” along with an explanation of the application process.

### CAS COURSE ON PROFESSIONALISM

The [CAS Course on Professionalism](#) is designed to present candidates with real situations that contain ethical and professional issues for the actuary. Volunteer Fellows of the CAS facilitate small group discussions of actual case studies.

Although grades are not given for the Course on Professionalism, candidates must actively participate in order to receive credit. Successful completion of this course is required before a candidate can become a member of the Casualty Actuarial Society. Candidates are urged to register for this course when they have passed five or more CAS Examinations. (A candidate must have passed five Associateship examinations to be eligible to take the Course on Professionalism.)

See accompanying document **Donovan B Transcript – Casualty Actuarial Society.pdf** for the official transcript outlining how I have met the above requirements. To maintain accreditation from the CAS, annual continuing education credits (CE credits) must be completed. Each accredited actuary must complete no less than 30 hours of CE credits each year. These credits are earned by attending industry actuarial seminars, relevant webinars, self-study, and other actuarial related meetings that keeps the actuary abreast of new developments, and/or broadens ones' actuarial knowledge. Each year the actuary is required to attest to meeting this requirement in a given calendar year to be qualified to provide actuarial opinions in the upcoming calendar year. Each year the CAS audits a small percentage of all accredited actuaries to verify CE credits are properly being maintained. In 2016, I was personally audited for the CE credits that I attested to earning in 2015. See accompanying documents **2016 CE Notification Letter Brian Donovan.pdf** and **CAS Audit Results – Brian Donovan.pdf** for the notification and subsequent results of the audit. I was found to have met the requirements of the CAS' Continuing Education Policy. Below is a detailed listing of the CE credits earned in 2019. Similar detail is available for prior years.

<u>Date</u>	<u>CE Hours</u>	<u>Description</u>	<u>Organization</u>
1/4/2019	1.2	Data Science Course	Citizens
1/18/2019	1.2	Data Science Course	Citizens
5/8/2019	0.6	The Aging of the Workforce, the Changing Market Place, What Change will mean for the insurance i	FSU
5/8/2019	0.6	Insurance Catastrophe Regulatory Issues for the Future	FSU
5/8/2019	0.6	Climate Change and the Impact/Implications for the Insurance/Reinsurance Industry	FSU
5/8/2019	0.6	Florida's Building Code and Its Implementation	FSU
5/8/2019	0.6	Cat Response Involving Insurers/Reinsurers	FSU
5/8/2019	0.6	Convergence of Capital Markets with Traditional Reinsurance	FSU
5/8/2019	0.6	Emerging Issues and Trends:Cyper Risk, Marijuana, Fire, Flood, Legal Issues, and Regulatory Issues	FSU
5/9/2019	3	Developing Executive Presence	Citizens
5/10/2019	1.2	Data Science Course	Citizens
5/20/2019	1.2	Resilient Leadership	CAS
5/20/2019	0.9	Business Session	CAS
5/20/2019	1.5	Insurance Market Dynamics	CAS
5/20/2019	1.5	What Should Define the Future of Insurance Regulation	CAS
5/20/2019	1.5	The Promise, Pitfalls, and Process of AI	CAS
5/21/2019	1.5	Ceded Reserving:It is not as simple as subtraction	CAS
5/21/2019	1.5	The Pelican State:Understanding the Louisisana Insurance Market Place	CAS
5/21/2019	1.5	Not a Talk About Autonomous Vehicles:Advanced Driver-Assisntance Systems and Insurance	CAS
5/21/2019	1.5	Insurtechs and Lot: Changing the Face of Insurance	CAS
6/21/2019	1.2	Data Science Course	Citizens
7/19/2019	1.2	Data Science Course	Citizens
8/2/2019	1.2	Data Science Course	Citizens
8/16/2019	1.2	Data Science Course	Citizens
9/13/2019	1.2	Data Science Course	Citizens
10/11/2019	1.2	Data Science Course	Citizens
11/20/2019	1.5	American Academy of Actuaries Webinar: P/C Qualified Actuaries: 2019 Changes to Instructions	AAA
11/6/2019	4.8	In person COPE meeting (CAS Professionalism Committeee Meeting)	CAS
12/4/2019	1.3	Qualifications and Resources	AAA
12/4/2019	0.6	ASOPs	AAA
12/4/2019	1.2	Reserve Ranges	AAA
12/4/2019	1.5	Risk of Material Adverse Development	AAA
12/4/2019	1.8	Opinion Workshop	AAA
12/5/2019	2.1	Regulatory Perspective	AAA
12/5/2019	1.2	2019 Practice Note	AAA
12/5/2019	1.5	Data, Documentation,& Report Writing	AAA
12/5/2019	0.6	Miscellaneous Q&A	AAA
<u>12/9/2019</u>	<u>1.2</u>	<u>Review Code of Conduct, ASOPs 1, 36, 41, 43, &amp; 23</u>	
Total	49.9		

### Relevant Work Experience

Have worked in the Property and Casualty actuarial field for close to 25 years. For the last 12 years I have worked at CPIC, where my primary functions have been overseeing the loss reserving process and insurance product pricing functions of the company.

### Loss Reserving

I have been the Appointed Actuary since 2010. This entails overseeing and approving of the loss and loss expenses for the following segments of business:

Personal Lines Account (PLA) - Homeowners and Fire/Allied lines of business

Commercial Lines Account (CLA) – Commercial Residential and Commercial Non-Residential lines of business

Coastal Lines Account – Homeowners, Fire/Allied, Commercial Residential, Commercial Non-Residential, and Wind-only policies (both commercial and personal) lines of business.

The above segments are further refined into catastrophe and non-catastrophe separately Non-catastrophe is further refined into sinkhole and non-sinkhole losses. Non-sinkhole losses are further refined into litigated and non-litigated losses.

As part of the loss reserving process, I work closely with the Claims Department to understand and quantify trends and changes in the claim settlement process. Additionally, work very closely with the Accounting Department in ensuring that the proper loss reserves are booked to account for payments that will be made in the future for events that have already happened. This is completed on a quarterly basis. And work with the external auditors to ensure all results are properly documented.

#### Pricing

Responsible for determining the overall rate need (Actuarial Sound Premium) and recommended rate changes after the application of the glide-path cap for the following 14 segments of business:

- HO3/HW2 – Homeowners multiperil and wind-only policies in the PLA and Coastal Account
- HO4/HW4 – Renters multiperil and wind-only policies in the PLA and Coastal Account
- HO6/HW6 – Condo multiperil and wind-only policies in the PLA and Coastal Account
- DP1/DP3/DW2 – Dwelling multiperil and wind-only policies in the PLA and Coastal Account
- MHO3/MW2 – Mobile homeowners multiperil and wind-only policies in the PLA and Coastal Account
- MDP1/MD1 – Mobile Dwelling multiperil and wind-only policies in the PLA and Coastal Account
- CRM/CRW – Commercial Residential multiperil and wind-only policies in the CLA and Coastal Account
- CNRM/CNRW – Commercial Non-Residential multiperil and wind-only policies in the CLA and Coastal Account

This process includes working closely with Product Development to incorporate any product language changes into the projected rate need as well as to implement the rate changes in the rating manuals and rating system. Once rate recommendations are approved by the Board, I oversee the process of filing and getting approval from the Florida Office of Insurance Regulation.

Prior to CPIC, I worked in the private insurance industry for 13 years. This experience includes but is not limited to work in loss reserve, pricing and data management.

#### Loss Reserving

For over five years, as first a senior actuarial analysis and later Associate Actuary (ACAS), was responsible for quarterly loss reserving for homeowners, personal auto, commercial auto, and trucking liability. This included supporting the Appointed Actuary responsible for signing the yearend reserving report. Was also responsible for producing Schedule P for the Annual Statement.

#### Pricing

Responsible for pricing for Auto, Homeowners, and BOP products. Also provided more senior actuaries pricing support for General Liability, Commercial Property, Commercial Auto and Workers Compensation. Work with Underwriting and Marketing to implement recommended rate levels. Oversaw the design and implementation of a new auto multivariate auto rating plan based on predictive modeling in 14 states.

#### Data Management

As an actuarial analysis, worked a rotation in the IT Department, serving as the liaison between the Commercial Line actuaries and the IT programmers. In addition, provided support for the creation of a new data warehouse and data mart for companywide use.



# BRIAN DONOVAN'S QUALIFICATIONS



545 WASHINGTON BOULEVARD JERSEY CITY, NJ 07310-1686

TEL: (201) 469-2369 FAX: (201) 748-1967 E-MAIL: [pericksen@iso.com](mailto:pericksen@iso.com)

**PAUL ERICKSEN, FCAS, MAAA**  
PRINCIPAL, ACTUARIAL CONSULTING

June 1, 2020

Mr. Brian Donovan, FCAS, MAAA  
Chief Actuary  
Citizens Property Insurance Corporation  
301 West Bay Street  
Jacksonville, FL 32202

## **Re: Qualification to Issue Statements of Actuarial Opinion for P&C Annual Statements**

Dear Brian:

This letter responds to your request for me to assess your qualification to issue Statements of Actuarial Opinion for purposes of year-end 2019 Property & Casualty Annual Statement.

In addition to the American Academy of Actuary's document titled "*Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*", I considered the following documents<sup>1</sup>:

- A draft of a letter prepared by Brian Donovan to Citizens' Board of Governors titled "*Qualification documentation required under the 2019 NAIC Instructions for Property & Casualty Statement of Actuarial Opinion*"
- The official transcript of CAS actuarial exams that have been passed by Brian Donovan

Based on my review of information included in the above documents, I conclude that Brian Donovan is qualified to issue a Statement of Actuarial Opinion for purposes of the year-end 2019 Property & Casualty Annual Statement.

---

<sup>1</sup> I have accepted the information contained in these documents as being accurate without having performed an independent audit of the information.

## **BRIAN DONOVAN'S QUALIFICATIONS**

*Mr. Brian Donovan*

-2-

6/1/2020

The following is a non-exhaustive list of specific issues that I have considered:

- Brian has satisfied the basic education requirements by completing the actuarial exams that led to his designation as a Fellow of the Casualty Actuarial Society.
- Brian has satisfied the continuing education requirements during 2019 through various means that include industry conferences, seminars, and self-study.
- Brian has satisfied the requirement of having sufficient relevant prior work experience. This is an area that I can personally attest to, since I have conducted a peer review of reserve analysis work performed under the direction of Brian Donovan during the 11-year period from year-end 2009 through year-end 2019.

Please feel free to contact me at (201) 469-2369 with any questions about this letter.

Sincerely,



Paul Ericksen, FCAS, MAAA  
Principal, Actuarial Consulting  
201-469-2369



CASUALTY ACTUARIAL SOCIETY  
4350 N. Fairfax Drive, Suite 250  
Arlington, Virginia 22203  
Telephone: (703)-276-3100; Fax: (703)-276-3108  
E-Mail: Office@casact.org

---

## OFFICIAL TRANSCRIPT

**Name: Mr. Brian S. Donovan, FCAS**

<u>EXAM HISTORY</u>	<u>SESSION</u>
Exam 1	1994/05
Exam 2	1995/05
Exam 3A	1996/05
Exam 3B	1997/05
Exam 4A	1997/05
Exam 5A	1997/11
Exam 6	1999/05
Exam 4B	1999/11
Exam 2	2000/01
Exam 7U	2001/05
Exam 6	2001/11
PC	2001/12
Exam 9	2003/11
Exam 8	2004/05

As the result of the academic conversion to the current education and examination structure, you have credit for the following examinations in the current examination structure:

**Current Exam Status: 1,2,3F,5,6U,7,8,9,C1,C2,M1,M2,PC,VE,VF**

All credits that were converted to the current CAS examination system are based on the official CAS Transition Rules. If there is a discrepancy, the Transition Rules govern.

**November 26, 2019**

---

Raised CAS seal is placed here.

Mr. Brian S. Donovan, FCAS  
Sr. Director - Actuarial Services, Chief Actuary  
Citizens Property Insurance Corporation  
301 West Bay  
Jacksonville, FL 32202

## 2016 NOTIFICATION LETTER



100 Years of Expertise,  
Insight & Solutions

**Stephanie Litrenta**  
Volunteer and Committee Coordinator

---

March 1, 2016

Mr. Brian Donovan,

As a member of the Casualty Actuarial Society, you have been selected to participate in the 2016 Continuing Education review.

In addition to the CAS Board of Directors and the CAS Executive Council, a random sample of the CAS membership certifying compliance was chosen for review. Our records indicate that you have attested as compliant with the CE requirement by satisfying the continuing education requirements established by a national organization recognized by the CAS CE Policy and described in the National Compliance Provisions in Section B or by meeting the alternative requirements described in the Alternative Compliance Provisions in Section C.

- The Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (U.S. Qualification Standard).
- The Canadian Institute of Actuaries Qualification Standard - Continuing Professional Development (CIA Qualification Standard).
- Category 1 or 2 of the CPD Scheme of the United Kingdom Faculty of Actuaries / Institute of Actuaries (U.K. CPD Scheme).
- The Continuing Professional Development Standard of the Institute of Actuaries of Australia (IAAust CPD Standard).
- Or an Alternative Compliance Provision, Section C of the [CAS Continuing Education \(CE\) Policy](#).

Please submit your compliance record by **March 30<sup>th</sup>** showing how you complied with your elected attestation method. Please remember that your records should show:

- Title, description, sponsoring organization and date of the meeting or seminar you attended or of materials read.
- The amount of time spent in self-study, webcasts, meetings and seminars.
- The type of credit that was earned.
- The number of hours or units of credit earned.

**Casualty Actuarial Society** 4350 North Fairfax Drive, Suite 250, Arlington, VA 22203  
[slitrenta@casact.org](mailto:slitrenta@casact.org) 703.276.3100 x107 tel 703.276.3108 fax  
[www.casact.org](http://www.casact.org)

## 2016 NOTIFICATION LETTER

You can submit your records to [slitrenta@casact.org](mailto:slitrenta@casact.org) or by fax at 703.276.3108 or mail to:

Casualty Actuarial Society

4350 N. Fairfax Drive, Suite 250

Arlington, VA 22203

Attn: CE Review

The attestation process and public disclosure of compliance with the requirement were designed to help maintain the profession's reputation as trustworthy and having high ethical standards. Your cooperation in this matter will assist us in maintaining that standard.

After completion of our review you will receive a letter indicating the outcome at the end of **August**. If we have any questions regarding what was submitted, we will contact you directly in **June/July**.

Should you have any questions, please do not hesitate to contact me at [slitrenta@casact.org](mailto:slitrenta@casact.org) or 703-276-3107.

Sincerely,

Stephanie Litrenta

## CAS AUDIT RESULTS



**100 Years of Expertise,  
Insight & Solutions**

Volunteer and Committee Coordinator

---

**Shelby Wolff**

August 15, 2016

Mr. Brian S. Donovan  
Citizens Property Insurance Corporation  
7215 Financial Way  
Jacksonville, FL 32256

Dear Brian,

I am pleased to inform you that the audit of your continuing education records has been completed. It has been determined that you have met the requirements of the Casualty Actuarial Society's Continuing Education Policy.

No further action in relation to the audit is required at this time. The Continuing Education Compliance Committee would like to share the following feedback for future consideration when documenting your CE hours.

*Many of your hours were reported as "organized" but were lacking the details needed for the review committee to know that there were people from more than one company present or if time for Q&A was available. While you did not need these hours to meet your requirement, it is good practice to record that information so that any future "organized" claims can be verified. For example, the webinar on 1/29 on Machine Learning, please note in the future whether you joined the webcast live or the recorded version and if others were present if attending the live session. The committee recommends that for meetings and seminars that have multiple sessions, members should list the sessions actually attended and the specific topic of each of those sessions. This will aid in consistency, demonstration of relevance, and to preserve the ability to categorize the learning. Your entry 12 on 9/10-9/11 just lists the Casualty Loss Reserve Seminar. Please list session details and content in the future. In terms of your meetings with DOI's that were included in your CE log (items 6 and 7) please consider adding additional detail to the log in the future, including what was discussed or what component of the discussion you found to be instructive. A conversation about squaring triangles would likely not be appropriate to consider for CE credit, while a complex rate filing discussion that deepens or broadens your understanding or knowledge in a particular area would be appropriate.*

On behalf of the CAS, thank you for your participation in the 2016 continuing education audit.

Sincerely,  
Shelby Wolff  
CAS Volunteer & Committee Coordinator  
Phone: (703)562-1723

**Casualty Actuarial Society** 4350 North Fairfax Drive, Suite 250, Arlington, VA 22203  
[swolff@casact.org](mailto:swolff@casact.org) 703.276.3100 x723 tel 703.276.3108 fax  
[www.casact.org](http://www.casact.org)