

Senate Banking and Insurance Committee

Barry Gilway, President/CEO and Executive Director

October 19, 2021



Top 10 Florida Domestic Insurers Net Income

	Direct Premiums Written (\$000)	Net Income (\$000)				
Company	2020	2Q 2021	2020	2019	2018	2017
1	\$1,507,073	(\$2,987)	(\$100,317)	(\$50,169)	\$3,587	\$36,226
2	\$1,337,257	(\$45,628)	(\$37,082)	(\$29,879)	\$27,543	(\$6,962)
3	\$1,165,255	(\$68,331)	(\$59,575)	(\$19,408)	(\$47,465)	(\$22,712)
4	\$791,785	(\$44,481)	(\$13,329)	(\$20,828)	(\$13,167)	(\$17,178)
5	\$633,523	(\$16,616)	(\$32,616)	(\$23,453)	(\$64,998)	\$7,587
6	\$618,575	(\$59,859)	(\$35,392)	(\$18,174)	\$10,218	(\$13,874)
7	\$529,271	\$3,446	(\$4,695)	(\$11,649)	(\$1,448)	\$5,017
8	\$450,045	\$4,779	(\$3,988)	(\$1,270)	\$710	(\$9,092)
9	\$410,739	\$590	(\$27,492)	(\$22,111)	(\$9,519)	(\$5,812)
10	\$406,326	(\$12,202)	(\$21,748)	(\$17,551)	(\$11,843)	\$2,579

Source: S&P Global Market Intelligence where top 10 is based on 2020 Direct Premiums Written



Florida Domestic Insurers Net Income

Company	Direct Premiums Written (\$000)	Net Income (\$000)				
	2020	2Q 2021	2020	2019	2018	2017
11	\$369,788	(\$7,455)	(\$30,349)	\$2,706	\$4,598	(\$2,209)
12	\$362,695	\$2,895	(\$1,099)	\$3,515	\$1,152	\$2,560
13	\$357,650	\$1,475	(\$28,779)	\$18,443	\$20,758	(\$10,511)
14	\$348,560	(\$76,290)	(\$119,191)	(\$22,617)	(\$1,904)	(\$109)
15	\$336,268	(\$32,977)	(\$8,666)	(\$17,433)	\$20,903	\$17,682
16	\$278,475	\$2,226	(\$21,135)	(\$2,806)	\$15,386	\$9,877
17*	\$264,140	(\$16,440)	(\$6,159)	(\$5,837)	(\$6,832)	(\$1,369)
18	\$244,266	(\$2,904)	(\$19,273)	\$10,829	\$18,632	(\$26,463)
19	\$238,663	\$103	\$235	\$297	\$325	\$463
20*	\$233,942	\$1,995	\$4,491	\$5,569	\$4,278	\$2,213

Source: S&P Global Market Intelligence

*Company is not a Florida domestic but is either part of a company group that is or has a high volume of FL business



Florida Domestic Insurers Net Income

	Direct Premiums Written (\$000)	Net Income (\$000)				
Company	2020	2Q 2021	2020	2019	2018	2017
21	\$219,430	(\$8,665)	(\$2,698)	(\$2,674)	(\$5,257)	(\$4,096)
22*	\$213,957	(\$31,023)	(\$71,625)	(\$20,304)	(\$3,523)	(\$2,709)
23	\$209,891	\$6,994	(\$3,131)	\$4,549	\$109	(\$1,033)
24	\$147,346	\$1,156	\$116	(\$6,220)	(\$10,618)	(\$5,281)
25	\$145,081	(\$4,783)	(\$10,581)	(\$350)	(\$7,187)	(\$2,117)
26	\$143,235	(\$118)	(\$5,654)	(\$6,812)	(\$9,175)	(\$1,482)
27	\$139,898	(\$1,442)	(\$1,783)	(\$1,985)	(\$735)	(\$2,030)
28	\$137,027	(\$127)	(\$1,861)	\$598	(\$4,833)	\$355
29	\$127,220	\$3,602	(\$6,853)	(\$4,554)	(\$3,854)	(\$2,244)
30	\$125,663	\$675	\$1,731	(\$2,109)	\$682	(\$2,493)

Source: S&P Global Market Intelligence

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Florida Domestic Insurers Net Income

	Direct Premiums Written (\$000)	Net Income (\$000)				
Company	2020	2Q 2021	2020	2019	2018	2017
31	\$122,654	-	(\$22,552)	(\$4,120)	\$86	(\$2,090)
32	\$120,058	(\$5,305)	(\$5,410)	(\$13,347)	(\$435)	\$605
33	\$105,816	(\$8,656)	(\$10,893)	(\$5,164)	\$2,034	(\$797)
34	\$105,383	(\$10,018)	(\$21,577)	\$1,442	(\$2,996)	\$1,680
35	\$101,497	(\$860)	(\$2,631)	(\$3,710)	\$230	(\$246)
36	\$98,436	(\$21,913)	(\$35,955)	\$1,456	(\$1,303)	\$67
37*	\$98,254	(\$27,126)	(\$14,551)	(\$15,085)	(\$2,825)	(\$2,309)
38	\$91,107	(\$2,943)	(\$5,129)	(\$1,495)	\$1,839	(\$2,466)
39	\$81,817	(\$23,560)	(\$8,555)	(\$6,059)	(\$6,473)	(\$16,978)
40	\$71,849	-	\$2,169	(\$3,846)	(\$1,026)	(\$1,644)

Source: S&P Global Market Intelligence

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Florida Domestic Insurers Net Income

	Direct Premiums Written (\$000)	Net Income (\$000)				
Company	2020	2Q 2021	2020	2019	2018	2017
41*	\$70,456	(\$42)	(\$2,577)	(\$241)	(\$1,307)	\$1,139
42	\$63,308	(\$5,767)	(\$7,507)	(\$2,323)	(\$4,579)	\$4,314
43	\$57,848	\$2,795	\$4,127	\$2,540	\$1,550	(\$2,731)
44	\$28,608	(\$257)	(\$778)	(\$1,192)	\$65	\$57
45	\$24,420	(\$105)	(\$7,332)	\$392	(\$1,119)	(\$2,379)
46	\$20,820	(\$792)	(\$7,532)	(\$3,535)	(\$7,325)	(\$5,738)
47	\$19,434	(\$12,819)	(\$8,613)	(\$644)	-	-
48	\$18,634	(\$262)	(\$843)	(\$8)	(\$825)	(\$749)
49	\$16,109	(\$297)	\$105	\$3,868	(\$10,308)	(\$2,885)
50	\$13,645	(\$3,552)	(\$1,253)	(\$429)	(\$568)	\$246

Source: S&P Global Market Intelligence

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Florida Domestic Insurers Net Income

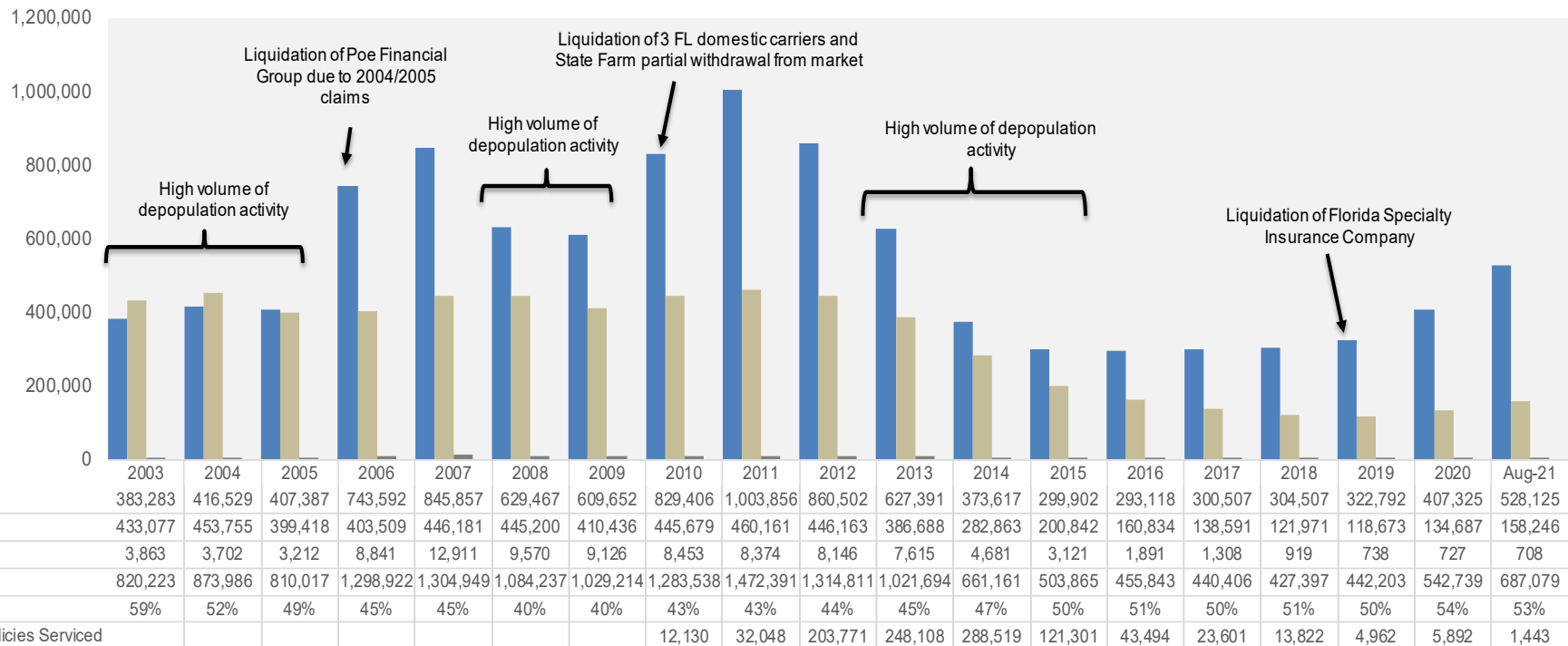
	Direct Premiums Written (\$000)	Net Income (\$000)				
Company	2020	2Q 2021	2020	2019	2018	2017
51	\$11,798	(\$3,421)	\$1,237	\$898	\$312	-
52	\$10,406	\$4,167	(\$4,022)	\$252	(\$469)	(\$576)
TOTAL	\$13,845,399	(\$523,123)	(\$828,571)	(\$312,039)	(\$108,922)	(\$88,697)

Source: S&P Global Market Intelligence

Insurer Options:

- Replace lost capital
- Reduce overall writings
- Raise rates

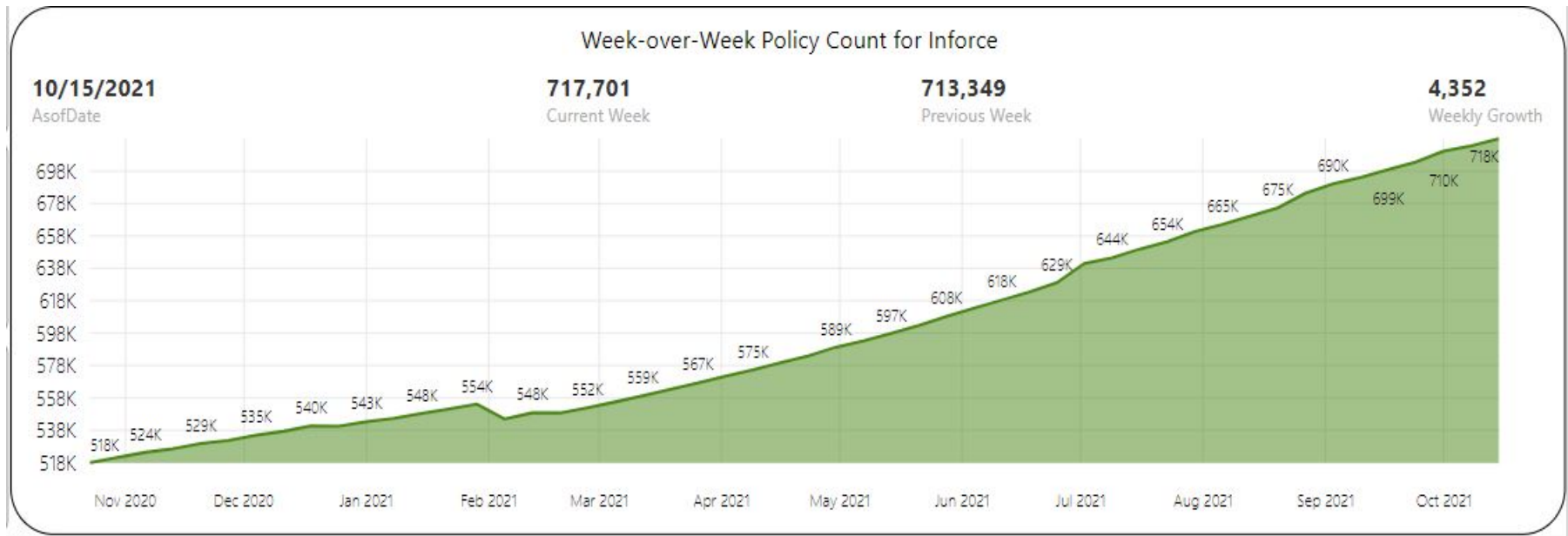
Policies in Force by Year and Account



Citizens is currently growing by a net of 5,000 policies per week

Note: Historical data by County prior to 2003 and for Take-Out Policies Serviced prior to 2010 are not available.

Market Conditions



- Citizens has grown by 200,000 policies over a 12-month period.

Market Impacts

- Market Capacity
- Rate Increases & Eligibility Changes
- Insolvencies:
 - American Capital insolvency – 19 of 1700 commercial policies
 - Gulfstream insolvency – 4,801 of 32,324 policies
- Consent orders:
 - Weston – 58 of 391 commercial policies
 - 45-day cancelations – Gulf Stream, Universal Insurance Company of North America, Southern Fidelity – 6,280 of 29,800 policies
- Commercial Condo Collapse (Commercial Lines & Personal Lines)

Private Market Guideline Changes

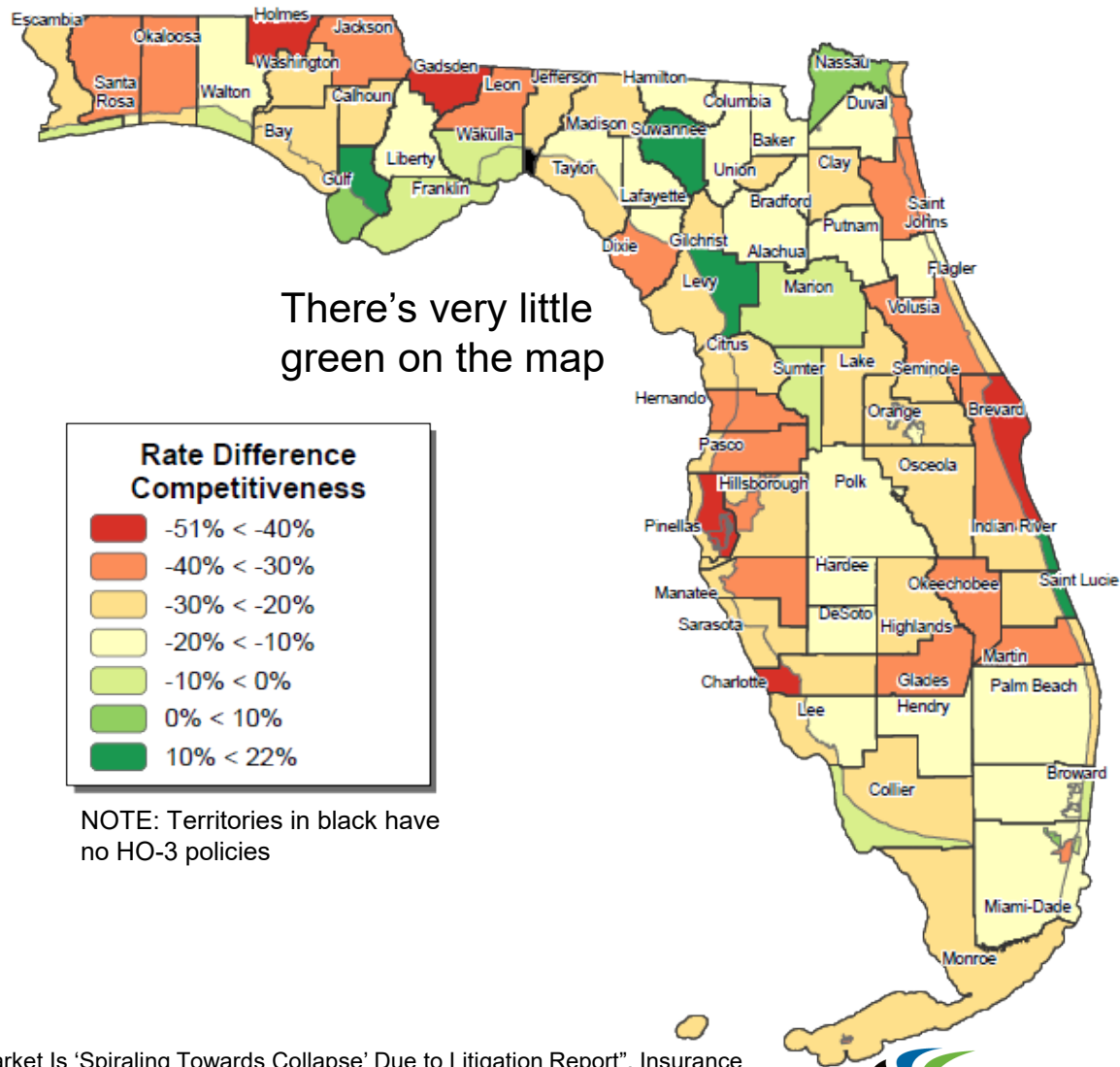
- Increasing minimum and maximum Coverage A (dwelling) limits
 - Minimums as high as \$500,000+, particularly in SOLO and tri-county
 - Maximums have increased to \$2M+
- Restricting new business and cancelling/non-renewing business, particularly in SOLO and tri-county
 - Some carriers have stopped writing new business completely
- Tighter requirements for New business:
 - Roof age as low as 10 years for shingle roofs
 - Age of home 10-20 years or newer
 - Filing for 5 years roof age limitation was disapproved by OIR
- Restricting water coverage
 - \$10,000 limit still the norm on older homes
 - Newer homes require inspection for full water coverage in some counties
- Higher and more frequent rate increases
 - Some carriers have taken 3-4 increases a year, 20% + not uncommon

SOLO = Orlando –area counties of Seminole, Osceola, Lake, Orange

Citizens' HO-3 Competitive Position

91% of Citizens' HO-3 policies are **LESS** than the average competitor's approved rates as of 10/1/20 using Citizens' in force data as of 9/30/20

In 2020, **105** rate filings for increases of **10% or more** have been made with the Office of Insurance Regulation¹



Source: ¹ O'Connor, Amy, "Florida's Property Insurance Market Is 'Spiraling Towards Collapse' Due to Litigation Report", Insurance Journal, Web January 20, 2021. <<https://www.insurancejournal.com/news/southeast/2021/01/20/598034.htm>>

Citizens' Competitive Position Percent Differences by Territory

Territory	Policy Count	% Difference to Competitors
Suwannee (933)	14	22%
Levy - Remainder (734)	14	21%
Gulf - Remainder (722)	2	18%
St. Lucie - Coastal (183)	59	11%
Indian River - Coastal (181)	13	10%
Gulf - Coastal (604)	11	4%
Nassau - Remainder (892)	27	3%
Dade - Hialeah (33)	3,425	3%
Escambia - Coastal (602)	7	(0%)
Walton - Coastal (609)	26	(1%)
Dade - Miami Beach (30)	242	(1%)
Wakulla - Coastal (608)	13	(3%)
Wakulla - Remainder (725)	35	(4%)
Sumter (921)	51	(4%)
Broward - Coastal (361)	192	(4%)
Franklin (603)	39	(5%)
Marion (792)	304	(6%)
Collier - Coastal (541)	129	(9%)
Dixie - Remainder (732)	10	(10%)
Flagler - Remainder (701)	71	(10%)
Dade - Coastal (31)	264	(10%)
Walton - Remainder (726)	32	(11%)
Liberty (931)	6	(11%)
Polk (50)	659	(11%)
Santa Rosa - Coastal (607)	3	(12%)
Broward - Hlwd & Ft Laud (35)	7,732	(12%)
Lafayette (893)	3	(12%)
Alachua (192)	147	(12%)
Columbia (293)	29	(12%)
Broward - Remainder (37)	32,520	(13%)
Lee - Remainder (554)	1,159	(13%)
Baker (292)	14	(14%)
Dade - Remainder (34)	53,504	(14%)
Hardee (713)	13	(15%)
Hamilton (493)	5	(15%)
Bradford (392)	14	(16%)

Territory	Policy Count	% Difference to Competitors
Desoto (712)	36	(16%)
Hendry (553)	84	(17%)
Orange - Orlando (49)	226	(17%)
Palm Beach - Remainder (38)	16,141	(18%)
Flagler - Coastal (531)	32	(19%)
Duval - Jacksonville (39)	698	(19%)
Taylor - Remainder (737)	4	(20%)
Putnam (992)	63	(20%)
Jefferson - Remainder (793)	16	(20%)
Orange - Remainder (90)	1,748	(20%)
Martin - Coastal (182)	3	(20%)
Madison (932)	6	(21%)
Gilchrist (923)	24	(21%)
Pasco - Coastal (595)	1,004	(21%)
Highlands (714)	111	(21%)
Lee - Coastal (542)	196	(21%)
Pinellas - Coastal (42)	709	(21%)
Palm Beach - Coastal (362)	389	(22%)
Volusia - Coastal (62)	252	(22%)
Manatee - Coastal (582)	121	(22%)
Duval - Remainder (40)	1	(22%)
Washington (934)	30	(23%)
Bay - Coastal (601)	81	(24%)
Taylor - Coastal (596)	79	(25%)
Citrus - Coastal (591)	137	(25%)
Escambia - Remainder (43)	413	(25%)
Collier - Remainder (551)	599	(25%)
Hillsborough - Excl Tampa (80)	8,457	(26%)
Clay (492)	183	(26%)
Okaloosa - Coastal (606)	19	(26%)
Charlotte - Remainder (711)	658	(26%)
Citrus - Remainder (731)	538	(27%)
Union (922)	4	(27%)
Calhoun (193)	5	(27%)
Nassau - Coastal (532)	72	(27%)
Osceola (511)	813	(27%)

Territory	Policy Count	% Difference to Competitors
Lake (692)	391	(27%)
Monroe - Remainder (5)	724	(27%)
Indian River - Remainder (561)	426	(28%)
St. Lucie - Remainder (562)	1,059	(28%)
Seminole (512)	740	(29%)
Sarasota - Remainder (715)	1,322	(29%)
Sarasota - Coastal (583)	803	(29%)
Levy - Coastal (594)	64	(30%)
Bay - Remainder (721)	212	(30%)
Hernando - Coastal (159)	1,162	(30%)
Duval - Coastal (41)	110	(30%)
Dade - Miami (32)	5,846	(30%)
Dixie - Coastal (592)	24	(30%)
Volusia - Remainder (63)	1,200	(30%)
St Johns - Remainder (702)	197	(32%)
Martin - Remainder (10)	422	(33%)
St Johns - Coastal (533)	153	(34%)
Santa Rosa - Remainder (724)	174	(34%)
Okeechobee (555)	61	(35%)
Monroe - Key West (7)	64	(36%)
Leon (993)	229	(36%)
Glades (552)	21	(36%)
Pasco - Remainder (736)	7,802	(36%)
Hillsborough - Tampa (47)	4,759	(36%)
Manatee - Remainder (735)	1,278	(37%)
Hernando - Remainder (733)	8,878	(38%)
Jackson (693)	85	(39%)
Okaloosa - Remainder (723)	221	(39%)
Brevard - Remainder (64)	1,662	(40%)
Holmes (593)	30	(42%)
Brevard - Coastal (57)	1,357	(42%)
Charlotte - Coastal (581)	558	(42%)
Gadsden (393)	142	(43%)
Pinellas - Remainder (81)	19,350	(45%)
Pinellas - St Petersburg (46)	11,001	(51%)

Source Data: Rate comparison using competitors approved rates as of 10/1/20 using Citizens' data as of 9/30/20

Industry Homeowner Rate Filings

Company Name	Direct Written Premium in millions	Approved Rate Change %		Cumulative Rate Change %
	2020	2020	2021	2020-2021
Universal Property & Casualty Insurance	\$ 1,159.4	13%	16%	31%
State Farm Florida Insurance Company	\$ 671.0	0%	5%	5%
Heritage Property & Casualty Insurance Company	\$ 409.4	15%	8%	24%
First Protective Insurance Company	\$ 357.8	5%	10%	16%
FedNat Ins Co	\$ 356.0	8%	16%	25%
ASI Preferred Insurance Corporation	\$ 353.7	35%	0%	35%
Homeowners Choice Property & Casualty Insurance Company	\$ 316.7	11%	3%	15%
Tower Hill Signature Ins Company	\$ 305.3	14%	0%	14%
Federal Insurance Company	\$ 260.8	9%	4%	12%
United Services Automobile Association (USAA)	\$ 249.1	0%	0%	0%
Family Security Insurance Company	\$ 242.5	65%	0%	65%
United Property & Casualty Insurance Company Inc.	\$ 189.5	12%	0%	12%
Tower Hill Prime Insurance Company	\$ 165.2	26%	0%	26%
Tower Hill Preferred Insurance Company	\$ 135.9	14%	0%	14%
USAA Casualty Insurance Company	\$ 129.0	0%	0%	0%
Castle Key Indemnity Company	\$ 102.3	0%	15%	15%
Castle Key Insurance Company	\$ 91.0	0%	13%	13%
TypTap Insurance Company	\$ 90.2	14%	0%	14%
American Strategic Insurance Corporation	\$ 71.1	28%	0%	28%

Source Data: S&P Global Market Intelligence using homeowner rate filings reported through 9/6/2021

Citizens' Homeowner Rate Filings

Year	Actuarially Sound Rate Change	Approved Rate Change	Difference
2019	24.7%	5.2%	(19.5%)
2020	10.5%	3.1%	(7.4%)
2021	21.9%	6.2%	(15.7%)

Includes HO-3 multi peril and HW-2 wind-only policies

Citizens' Senate Bill 76 Homeowner Rate Change

Year	Initial Rate Change		Indicated Additional Rate Due to SB 76	Approved Total Rate Change
	Indicated	Approved		
2021	21.9%	3.2%	2.9%	6.2%

Includes HO-3 multi peril and HW-2 wind-only policies
Indicated additional rate due to SB 76 is effective 2/1/2022

- SB 76 requires that Citizens price for the cost of reinsurance to cover the projected 100-year PML and include in its rate calculations even when it is not purchased.
- SB 76 amended Citizens' rate glidepath from 10% per year as follows:
 - 11% for 2022.
 - 12% for 2023.
 - 13% for 2024.
 - 14% for 2025.
 - 15% for 2026 and thereafter.

Existing Carrier Participation

Company	Policy Type	Homeowners (Multiperil)	Homeowners (Wind-Only)	Dwelling	Condo	Mobile Home
American Traditions		X				
Safe Harbor / Cabrillo		X		X	X	X
Edison		X			X	
FedNat		X		X	X	
Florida Peninsula		X			X	
Heritage		X				
Monarch		X				
Southern Oak		X	X	X	X	
UPC		X				
Weston			X			

SB 76 – 20% Eligibility Change

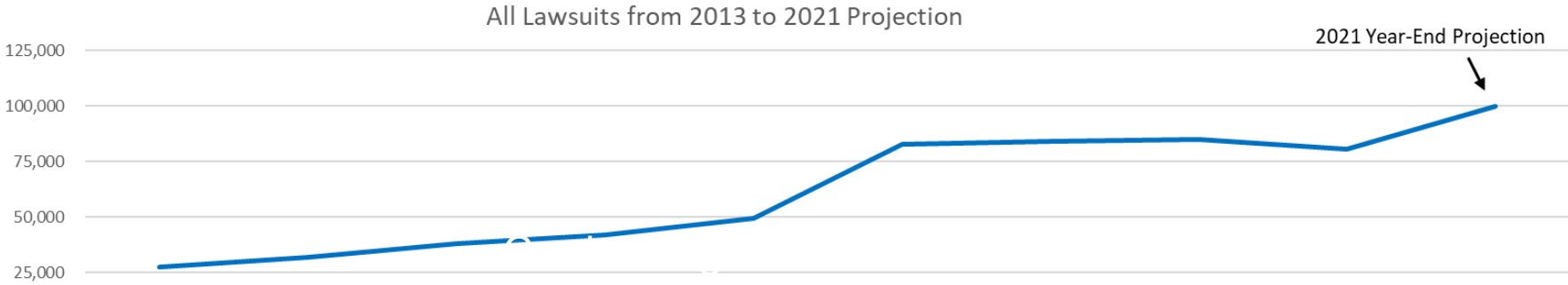
Total New Business Policies Receiving Offers of Coverage New 120% Threshold Results Compared to Prior 115% Threshold

Results within 120% of Citizens' premium				Results within 115% of Citizens' premium			
	Eligible	Ineligible	Grand Total		Eligible	Ineligible	Grand Total
New Business	23,736	11,838	35,574	New Business	24,664	10,910	35,574

Data from 7/1/21 – 9/30/21

Net impact: An additional 928 New Business risks deemed ineligible to be written by Citizens (that would not have been rendered ineligible under the old 115% rule).

Carrier Litigation Experience 2013 – September 2021



	2013	2014	2015	2016	2017	2018	2019	2020	Sep-21	Dec-21
Total Lawsuits	27,416	31,647	37,820	41,851	49,146	82,663	84,087	85,007	80,315	100,000

Jan – Sep 2020 vs Jan – Sep 2021 Notes:

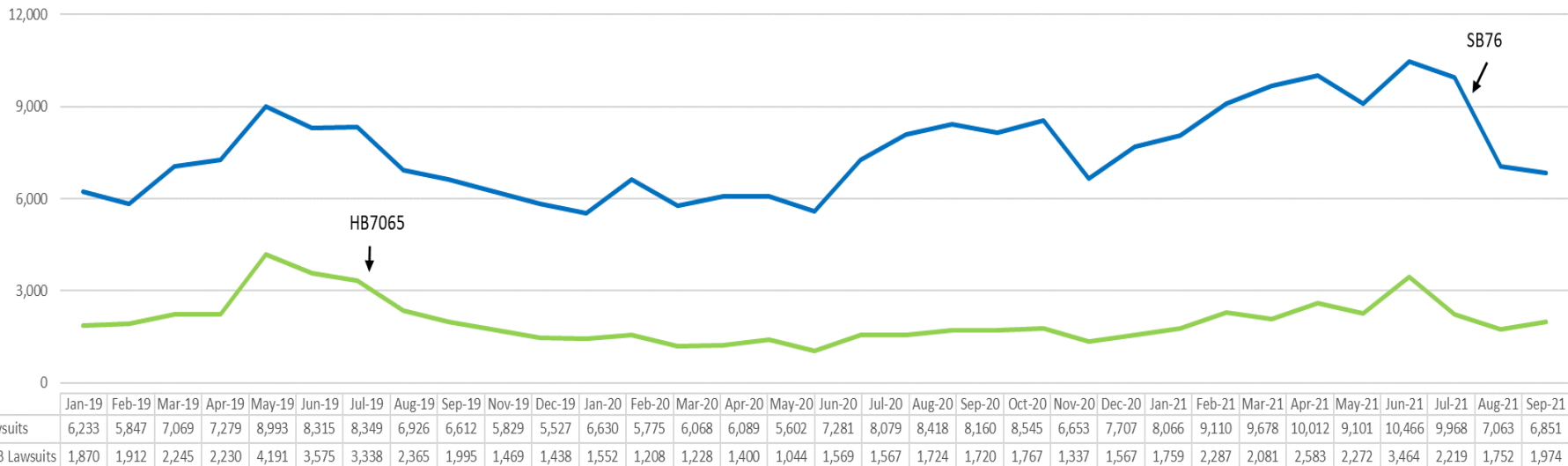
- 1. Total Lawsuits Overall Litigation increased by 29% (62,102 to 80,315)
- 2. Projected 2021 Year-End Litigation (100,000) would reflect a 25% increase from 2020.

Data source – DFS LSOP 2013 – September 2021



Carrier Litigation Experience 2019 – September 2021

All Lawsuits from 2019 to 2021



2019 vs Sep 2021 Notes:

1. HB7065 was enacted July 1, 2019, to address rising AOB litigation.
2. SB76 was enacted July 1, 2021, to address overall litigation.
3. The majority of Citizens AOB litigation is from pre-HB 7065

Carrier Litigation Experience 2013 – September 2021

Year	Citizens Lawsuits	Citizens AOB Lawsuits	Citizens AOB %	Lawsuits All Others	AOB All Others	All Other AOB %	Total Lawsuits	Total AOB	Total AOB %
2013	9,146	860	9.4%	18,270	4,613	25.2%	27,416	5,473	20.0%
2014	9,525	1,062	11.1%	22,122	4,820	21.8%	31,647	5,882	18.6%
2015	7,653	1,250	16.3%	30,167	6,645	22.0%	37,820	7,895	20.9%
2016	10,061	3,242	32.2%	31,790	5,968	18.8%	41,851	9,210	22.0%
2017	7,624	2,718	35.7%	41,524	9,772	23.5%	49,148	12,490	25.4%
2018	13,363	3,631	27.2%	69,300	17,421	25.1%	82,663	21,052	25.5%
2019	9,877	3,886	39.3%	74,210	24,694	33.3%	84,087	28,580	34.0%
2020	7,853	2,007	25.6%	77,154	15,676	20.3%	85,007	17,683	20.8%
2021	8,098	2,202	27.2%	72,217	18,189	25.2%	80,315	20,391	25.4%
Total	83,200	20,858	25.1%	436,754	107,798	24.7%	519,954	128,656	24.7%

Jan – Sep 2020 vs Jan – Sep 2021 Notes:

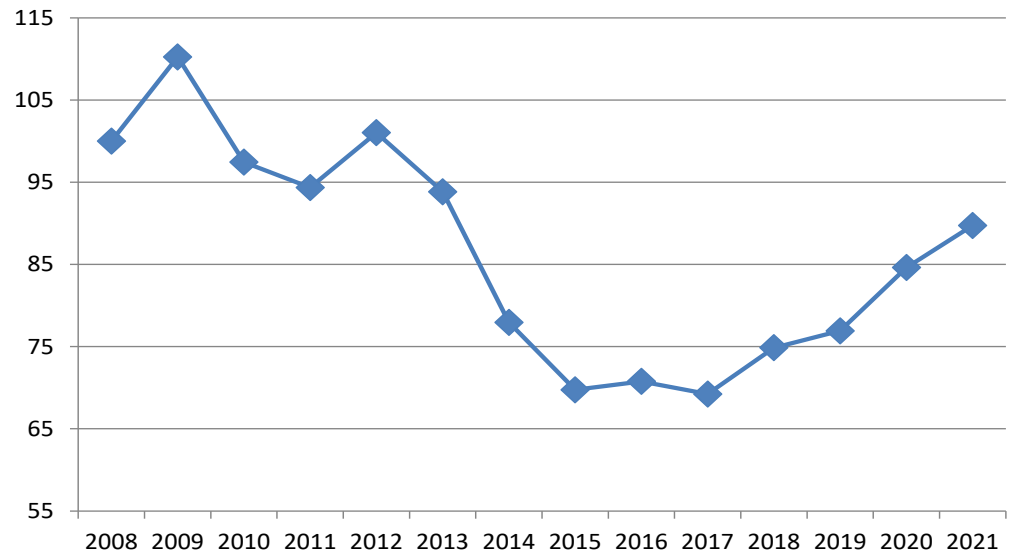
1. Total Lawsuits AOB Litigation increased by 57% (13,012 to 20,391)
2. Total Lawsuits Overall Litigation increased by 29% (62,102 to 80,315)
3. The majority of Citizens AOB litigation is from pre-HB 7065

Data source – DFS LSOP 2013 – September 2021

Risk Transfer Market Pricing

- While the global markets are improving, the Florida market is still experiencing dislocation due to litigation and social inflation as well as continued adverse loss development
- There was increased capacity in the risk transfer markets in 2021 versus 2020
- In 2021, the traditional reinsurance market did not experience as great of a rebound as the capital markets, capital market pricing was lower in 2021 than in 2020 and traditional reinsurance pricing was either unchanged or experiencing minimal increases in the non-loss layers
- The overall pricing for U.S. Property Catastrophe risks in 2021 is near the risk transfer pricing levels in 2013
- U.S. property catastrophe rates were on the decline from 2012 to 2015 and remained relatively flat until global events including Hurricane Irma led to significant losses from 2017 to 2019, which combined with adverse loss development and COVID-19 have contributed to continued price increases each year from 2017 through 2021
- For 2022, rate increases of up to 10% with most insurers in the 5%-10% range is expected while Citizens' rates are expected to be unchanged to up to 5% higher

U.S. Property Catastrophe ROL Index - 2008 to 2021



Source: Guy Carpenter

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