

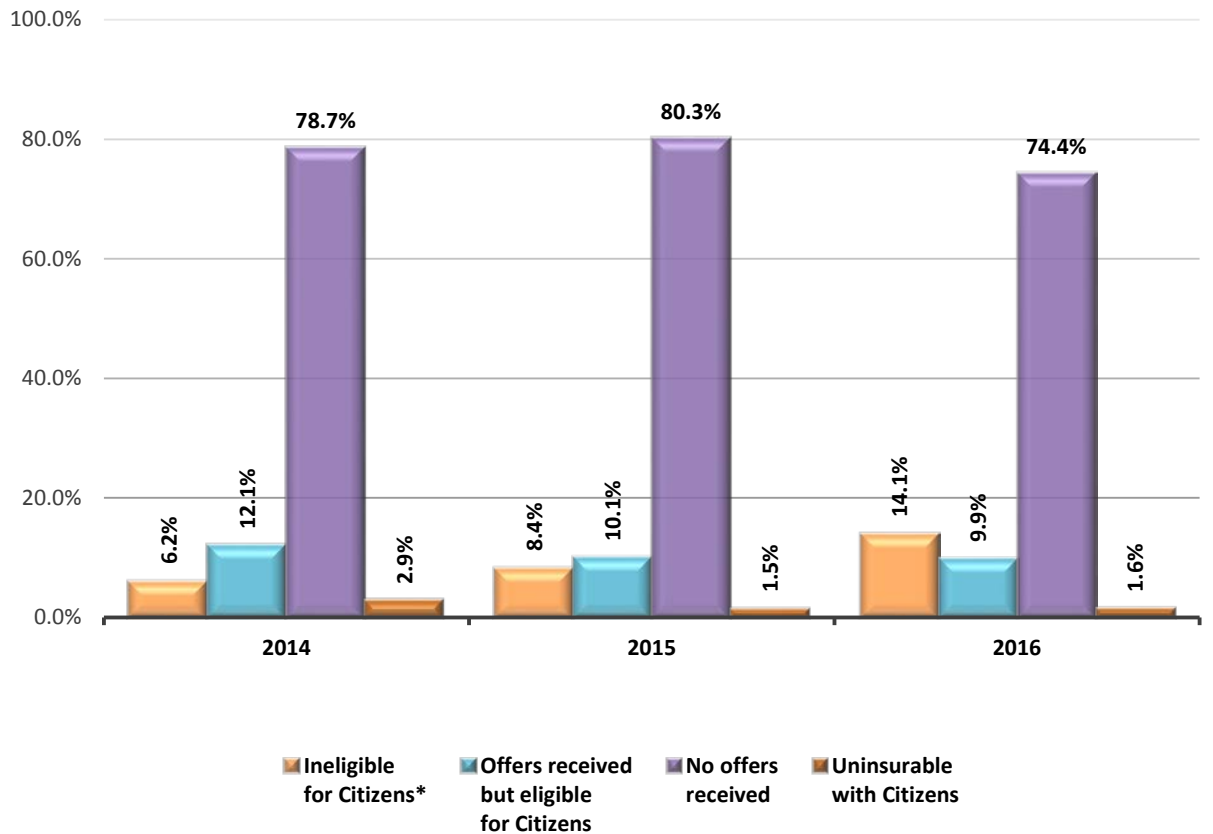
# Citizens Property Insurance Clearinghouse Update

Board of Governors

June 22, 2016

# Clearinghouse New Business Update

## New Business Results – HO-3



\*Ineligible means a comparable offer of coverage was received through the Clearinghouse that had a premium that was no more than 115% of the Citizens premium.

## Total Risk Averted (All Lines)

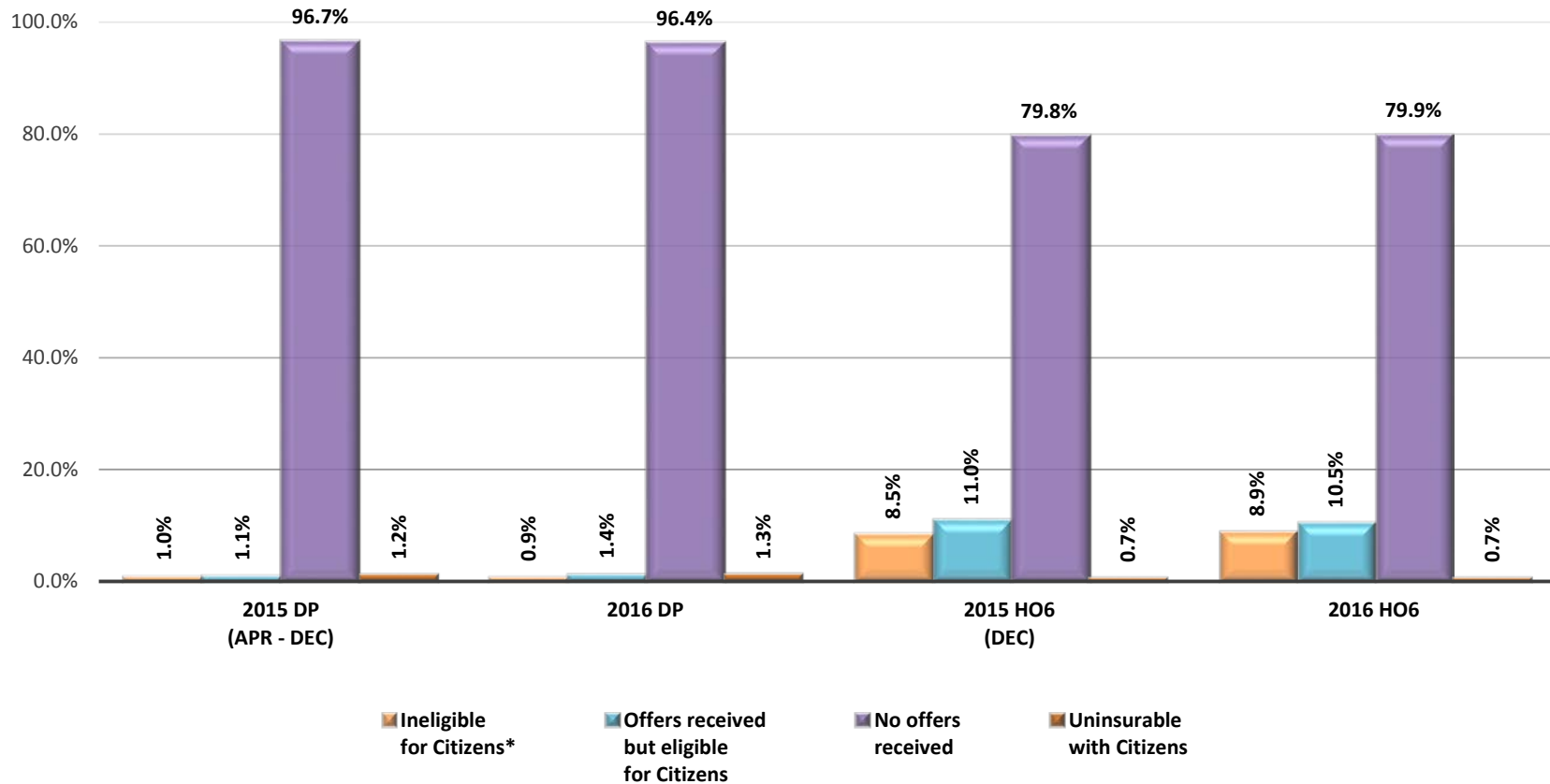
- Amount of Coverage A averted:
  - 2014 – \$2.3B
  - 2015 – \$3.1B
  - 2016 YTD – \$2.2B

## Offers Made on New Business

The percentage of HO-3 offers that rendered a risk ineligible for Citizens has risen by 68% in 2016.

# Clearinghouse New Business Update

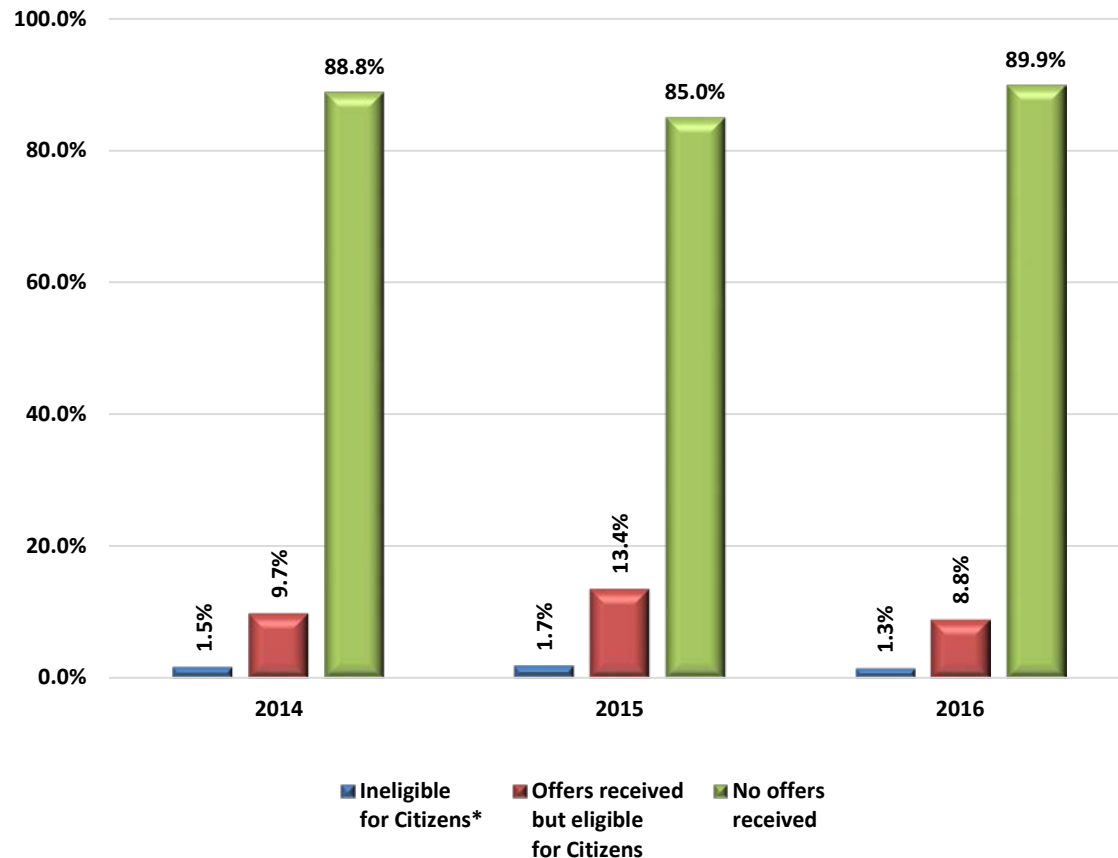
## New Business Results – DP and HO-6



\*Ineligible means a comparable offer of coverage was received through the Clearinghouse that had a premium that was no more than 115% of the Citizens premium.

# Clearinghouse Renewal Update

## Renewal Results – HO-3



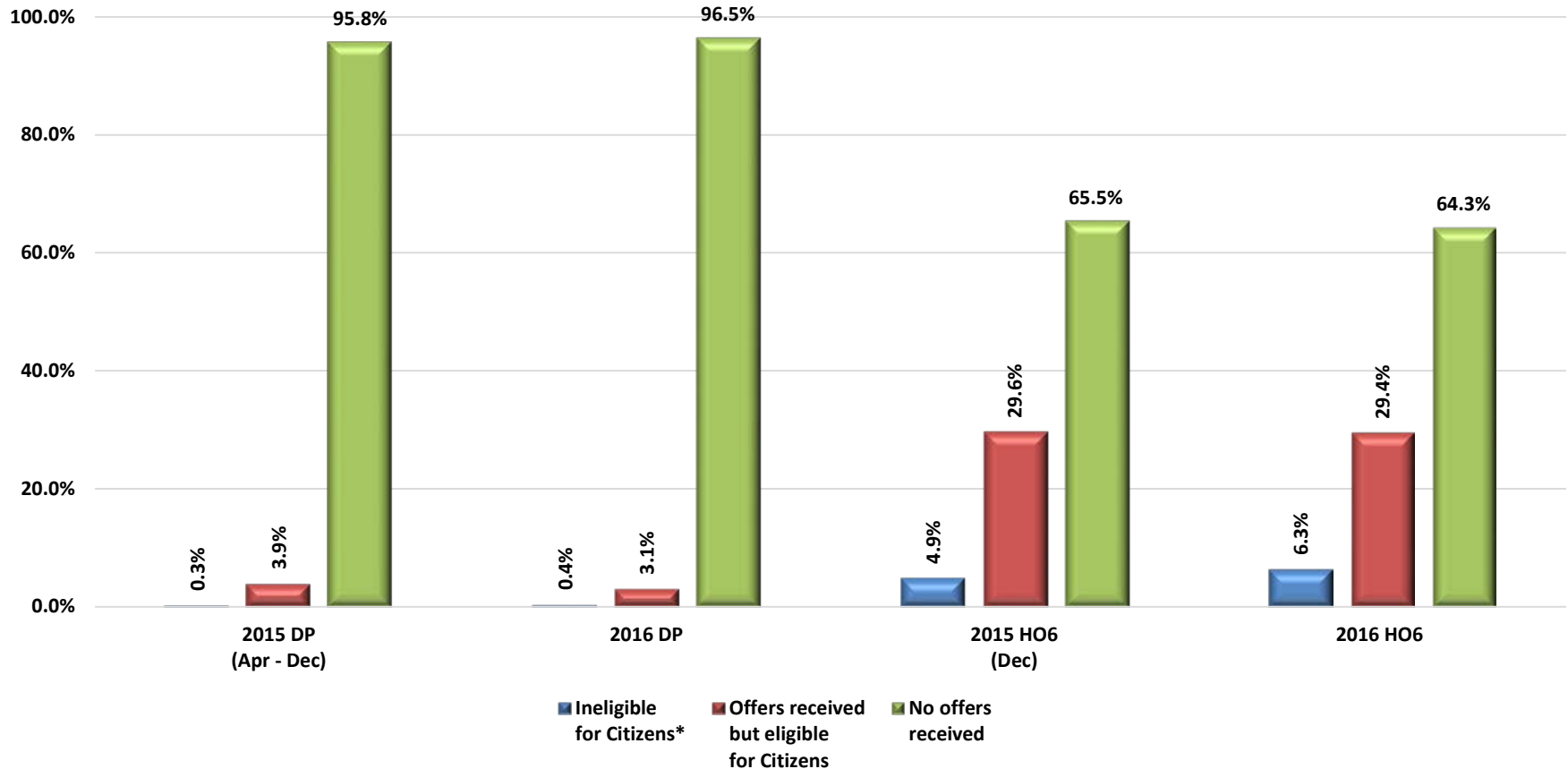
## Risk Removed (All Lines)

- Amount of Coverage A removed:
  - 2014 – \$194M
  - 2015 – \$637M
  - 2016 YTD – \$231M
- 4,902 policies have been non-renewed by Citizens as a result of offers made at renewal through the Clearinghouse.

\*Ineligible means a comparable offer of coverage was received through the Clearinghouse that had a premium that was equal to or less than the Citizens renewal premium.

# Clearinghouse Renewal Update

## Renewal Results – HO-6 and DP



\*Ineligible means a comparable offer of coverage was received through the Clearinghouse that had a premium that was equal to or less than the Citizens renewal premium.

# Clearinghouse Operational Objectives

- Continue to add products for participating insurers.
  - Monarch National and Federated National: Will add HO-6 products in Q3 and Q4 of 2016.
  - Safe Harbor:
    - Will add DP-3 product in Q3 2016.
    - Will begin processing Citizens renewals (HO-3, HO-6 and DP-3) in Q3 2016
- No additional Citizens products are slated to be added in 2016 unless market conditions change.
  - 59% of all Personal Lines PIF are running through the Clearinghouse.

# Clearinghouse Operational Objectives

- Working closely with participating insurers to maximize offer rates via the Clearinghouse by:
  - Providing enhanced operational reporting.
  - In-person visits to discuss operational objectives and opportunities to increase offer rate.
  - Persuading participating insurers to increase Limited Service Agreement offers to Citizens appointed agents.
  - Fine tuning eligibility guidelines in the platform.
  - Leveraging platform capabilities to encourage insurers to open up in counties where there is capacity and opportunity to compete.
- Results
  - Despite overall Citizens PIF decreasing by 51% since inception of Clearinghouse, offers from the original 12 participating carriers have increased 56% during that timeframe.










# Clearinghouse Participating Insurer Update

- 16 insurers currently participating:





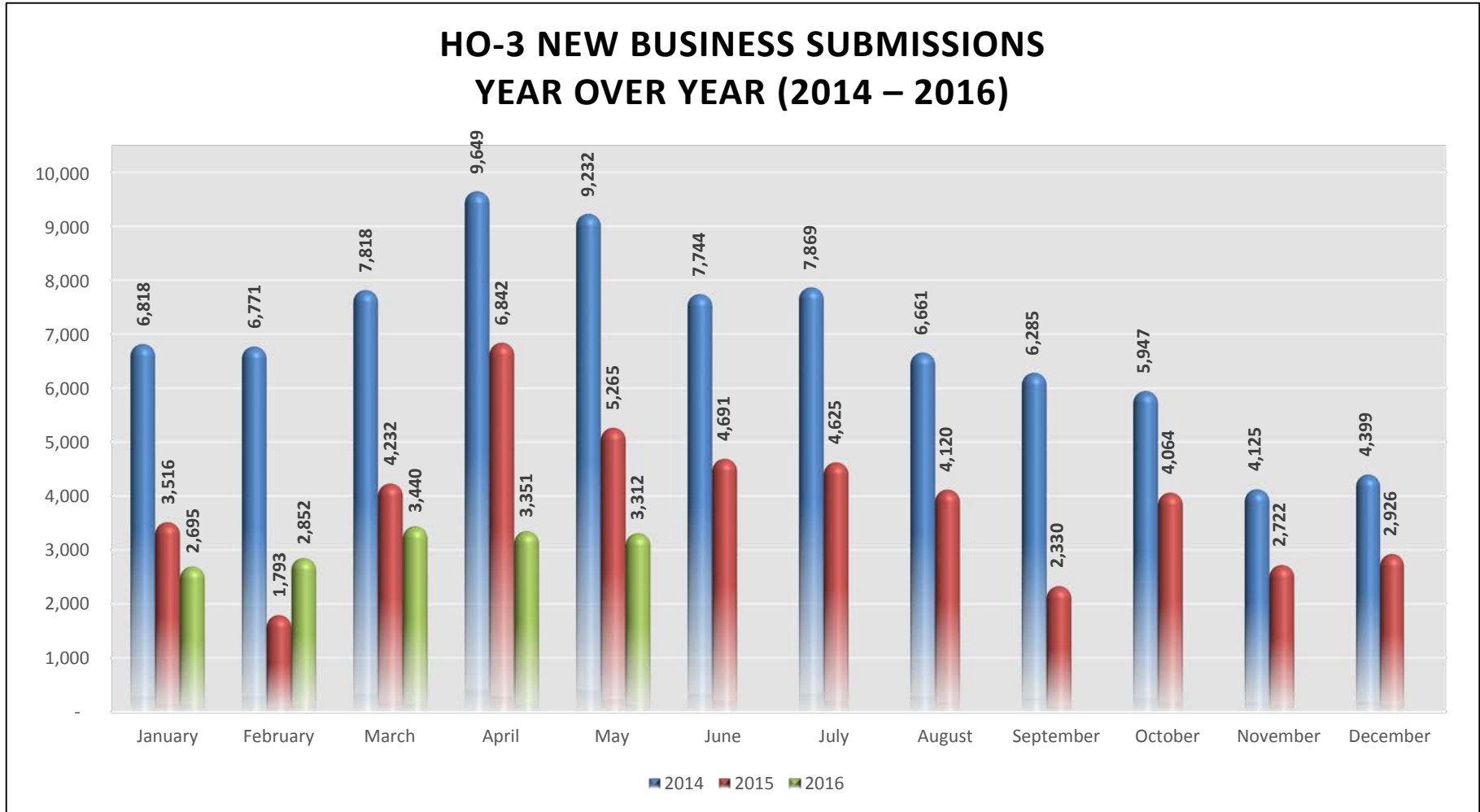
# Clearinghouse Participating Insurer Results

Insurer	Start Date	New Business	Renewals	Offers Made 2014	Offers Made 2015	Offers Made Jan - May 2016	Total
 FLORIDA PENINSULA Insurance Company	1.27.14	Y	Y	16,534	19,986	22,547	59,067
 BANKERS INSURANCE GROUP	3.30.14	Y	Y	7,670	15,902	1,254	24,826
 CAPITOL PREFERRED	9.14.14	Y	Y	5,915	10,352	5,311	21,578
 FEDERATED  NATIONAL	3.30.14	Y	Y	2,041	9,711	4,145	15,897
 SAFE HARBOR INSURANCE COMPANY	1.27.14	Y	N	4,656	5,558	3,242	13,456
 Tower Hill Insurance	3.30.14	Y	Y	2,322	7,653	1,012	10,987
 Southern Oak INSURANCE COMPANY	5.11.14	Y	Y	1,065	5,667	3,652	10,384
 AVATAR PROTECTOR OF YOUR ASSETS	11.16.14	Y	N	372	5,538	2,056	7,966

# Clearinghouse Participating Insurer Results

Insurer	Start Date	New Business	Renewals	Offers Made 2014	Offers Made 2015	Offers Made Jan - May 2016	Total
 EDISON INSURANCE COMPANY	3.06.16	Y	N	0	0	7,518	7,518
 HERITAGE Insurance	3.30.14	Y	Y	1,626	3,600	227	5,453
 ATIC American Traditions Insurance Company	3.30.14	Y	Y	1,199	3,140	395	4,734
 Modern USA	3.30.14	Y	Y	1,159	2,578	288	4,025
 UPC INSURANCE	1.27.14	Y	N	2,190	723	802	3,715
 CYPRESS PROPERTY & CASUALTY INSURANCE COMPANY	8.9.15	Y	Y	0	503	1,196	1,699
 MONARCH  NATIONAL	3.6.16	Y	Y	0	0	1,190	1,190

# Clearinghouse Impact On New Business Submissions



New business HO-3 submissions are down by 28% when compared to the same time frame last year.

# Clearinghouse Contract Spend Summary

	Approved Spend	Actual Spend	Variance
<b>Contract Yr 1: 8.22.13 - 8.21.14</b>	\$3,889,355.67	\$1,397,802.50	<b>\$2,491,553.17</b>
<b>Contract Yr 2: 8.22.14 - 8.21.15</b>	\$4,795,013.88	\$3,243,330.89	<b>\$1,551,682.99</b>
<b>Contract Yr 3: 8.22.15 - 8.21.16</b>	\$4,499,994.00	\$1,790,483.00	<b>\$2,709,511.00</b>
<b>Contract Yr 4: 8.22.16 - 8.21.17</b>	-	-	-
<b>Contract Yr 5: 8.22.17 - 8.21.18</b>	-	-	-
<b>Total:</b>	<b>\$13,184,363.55</b>	<b>\$6,431,616.39</b>	<b>\$6,752,747.16</b>

## Comments:

- Costs incurred since last report
  - Monthly professional services costs - \$120,000
  - Transaction costs - \$453,471
  - Platform enhancements - \$7,500
  
- PL Implementation fees are paid in full.
  - \$178K for provisioning of non-production and production system environments (complete and paid during Contract Yr 1)
  - \$178K after completion of go-live system acceptance testing (complete and paid during Contract Yr 1)
  - \$89K after renewals system acceptance (complete and paid during Contract Yr 3)
  - \$89K after final formal Acceptance (complete and paid during Contract Yr 3)