

Executive Summary

Actuarial & Underwriting Committee Meeting, December 14, 2021
Board of Governors Meeting, December 15, 2021

Recommended Rate Indications Executive Summary

Purpose

As required by statute, Citizens has completed the annual analysis of recommended rates for 2022. The Office of Insurance Regulation uses this information as it establishes Citizens rates to be implemented for policy effective dates beginning August 2022. The analysis developed rate indications that:

- Comply with the requirement in Florida law that Citizens recommend actuarially sound rates. The indications developed are designed to generate the premium needed to cover Citizens' projected losses and expenses during the effective period of the rates.
- Are not excessive, inadequate or unfairly discriminatory, and meet the requirements of U.S. Actuarial Standards of Practice except where Florida law supersedes such standards.
- Comply with the statutory "glide path" that limits Citizens annual rate increases to no more than 11% (in 2022) and 12% (in 2023) for any single policy issued. This is an exception to the requirement for actuarially sound rates. It applies to non-sinkhole perils and excludes coverage changes and surcharges.
- Consider the Florida Public Hurricane Model (FPM) results in wind rate recommendations, as required by law. Law changes in 2016 removed the requirement that the FPM results be the "minimum benchmark" for those rates.
- Include an appropriate charge to pass through the Florida Hurricane Catastrophe Fund (FHCF) Rapid Cash Build-Up Factor, as required by law.
- Comply with Senate Bill 76 (SB 76) by including a provision for reinsurance expenses that reflects coverage for a 1-in-100 year event, even if that level of reinsurance was not actually purchased.

Major cost factors in the rate analysis include:

- i) Non-catastrophic losses and loss adjustment expenses (LAE)
- ii) Modeled catastrophic hurricane losses and estimated LAE
- iii) Administrative expenses
- iv) Risk transfer costs
- v) Additional cost provision that reflects the difference between actual risk transfer costs and a risk transfer costs that reflect full reinsurance coverage up to a 1-in-100 year event
- vi) Pre-event liquidity costs

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The average statewide indicated rate changes across all lines of business is +37.5%. The proposed indicated rates will be for policies written between 8/1/2022 and 7/31/2023. SB 76 requires that no individual policyholder experience a rate increase over 11% in 2022, or 12% in 2023. Technically, this requires two different rate filings. One affects policies written between 8/1/2022 and 12/31/2022 and caps rate increases at 11%; the other affects policies written between 1/1/2023 and 7/31/2023 and caps rate increases at 12%. The overall rate impact is an average of these two filings and is summarized below. See Exhibit 1 for policy form detail.

<u>Product Line</u>	<u>In-Force Premium</u>	<u>Uncapped Indication</u>	<u>Proposed Change Capped @ 11%*</u>	<u>Proposed Change Capped @ 12%**</u>	<u>Total Proposed Change***</u>
Personal	\$1,438,897,739	34.9%	8.0%	8.6%	8.4%
Commercial	\$74,422,508	87.4%	9.7%	10.6%	10.3%
Total	\$1,513,320,247	37.5%	8.1%	8.7%	8.5%

* impact for policies effective 8/1/2022 through 12/31/2022
 ** impact for policies effective 1/1/2023 through 7/31/2023
 *** total combined impact for policies effective 8/1/2022 through 7/31/2023

With this proposal, we are recommending that all indicated rate decreases be capped at 0% change. The above capped impacts reflect capping all rate changes between 0%-11% for policies effective 8/1/2022 through 12/31/2022 and 0% to 12% for policies effective 1/1/2023 through 7/31/2023.

Note that each Citizens policyholder pays a premium for an individual policy line that is based on their risk classification; nobody pays exactly the average. The indications vary by account and by product line. See Exhibit 1 for more detail.

Exhibit 1- Summary of Statewide Rate Indications for each product line. The Uncapped Indication is the selected statewide indication adjusted for the FHCF pass-through. The Proposed Change columns represent the actual premium impact to consumers after the application of the glide path cap to each single policy. At the policy level, all premium changes are limited to 0% to 11%. After the application of the cap, the impact of the FHCF pass-through is added.

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Determination of Overall Rate Indications by Line of Business

Water Peril

As discussed in the past several years, the litigation of non-weather water (NWW) claims has been a prime driver of Citizens' rate indication, specifically for HO3 policies. In 2016, an all-time high of over 50% of all reported NWW claims were litigated. Since then, Citizens has taken several steps internally to lower costs. These include:

1. Citizens' increase use of appraisal to avoid litigation (2016)
2. Citizens' outreach program to its policyholders (Call Citizens First) (2016)
3. Introduction of a Managed Repair Program (2019)

The Florida Legislatures also passed HB 7065 in 2019, and SB 76 in 2021 (although it is too early to have any measurable impact from SB 76 at this point in time).

As a result of these measures, Citizens' litigation rate for NWW claims has steadily decreased from 2016 through 2020. As of 2021, which is the latest year considered by this rate indication, the litigation rate is relatively flat compared to 2020. The net effect of all these initiatives is summarized in the below table.

End of Accident	HO3 Water Litigation Rates		
<u>Year</u>	<u>Statewide</u>	<u>South East</u>	<u>Rest of State</u>
6/30/2013	21.7%	27.5%	3.1%
6/30/2014	31.1%	38.5%	4.6%
6/30/2015	42.3%	49.9%	8.0%
6/30/2016	52.0%	61.5%	14.2%
6/30/2017	43.9%	51.7%	13.5%
6/30/2018	33.7%	39.9%	12.4%
6/30/2019	29.9%	37.2%	12.4%
6/30/2020	23.4%	27.2%	14.9%
6/30/2021	22.9%	28.0%	11.2%

This improvement in the NWW litigation rate results in an overall statewide indication of -0.3% for the HO3 peril of water.

Hurricane Peril

Hurricane peril rates drive the overall Citizens premium for many policyholders, particularly in coastal territories. As Florida law requires, projected hurricane losses from accepted scientific simulation models were considered. Citizens used four models accepted by the Florida

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Commission on Hurricane Loss Projection Methodology: AIR (v1.0.0, Touchstone 2021), RMS (Risklink v21.0 (Build 2050)), CoreLogic RQE (Florida Hurricane Model v2021a), and the FPM (v8.1). No model results were modified or adjusted. The four distinct models underpinned a range of rate indications for each line of business. These ranges varied by line of business, as models may disagree widely in some territories and products.

As discussed in previous board meetings, in determining the overall wind indication based on the four modeled results, Citizens sets the statewide wind indication in between the two highest modeled results for each line of business. This is to reflect two new realities. The first is that Citizens continues to grow, and that this growth potentially brings adverse selection that is not reflected in current data but will worsen the hurricane indication during the effective period of the rates. The second is that increased litigation will tend to make hurricane losses significantly more severe than is expected in the models; this is what happened with Hurricane Irma.

As discussed with the last indication brought to the board, RMS modeled results will be presented differently in the rate filings. RMS is requiring Citizens to designate their model results as trade secret. This has no bearing on how the RMS results are incorporated into the rate indication. But in the rate filing itself the RMS results will be viewable to the OIR but will not be available to the public.

Impact of Private Reinsurance Costs

There are two components that comprise the Private Reinsurance cost provision of Citizens' wind indication. First is the actual net cost of private reinsurance Citizens purchased for the 2021-2022 season (officially hurricane season ends on 11/30/2021 but the reinsurance contracts technically don't expire until 5/31/2022). The second component is included to comply with SB 76, which requires Citizens to include a reinsurance provision that reflects the cost of reinsurance coverage for up to a 1-in-100 year event, even if Citizens did not purchase this level of reinsurance. For HO3/HW2, the first component, the actual private reinsurance cost provision is 9.9% of total premium. That is, if Citizens' rates were uncapped, 9.9 cents of every dollar collected would go to paying for reinsurance purchased. The second component, the additional provision for 1-in-100 coverage, is 8.2%. This is the estimated cost of reinsurance for all of the surplus that is not protected by the purchased reinsurance and would be diminished by a 1-in-100 year storm. So, the total private reinsurance provision included in the indication is $9.9\% + 8.2\% = 18.1\%$. This provision puts Citizens on a more comparable level to private insurers in this regard.

Impact of Pre-Event Liquidity

Pre-event liquidity (debt financing) provides a funding bridge to the point in time and loss levels at which the FHCF begins to pay hurricane reimbursements. It also ensures quick claims-paying capacity for subsequent storms in a season and augments other Citizens claims-paying

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resources that are not readily available in cash after a storm. This allows for timely payment of claims as well as flexibility in the timing and cost of issuance of post-event debt.

Pre-event debt does impact the cost structure of Citizens, and therefore the rate indications. Due to the current size of Citizens' surplus, as these longer termed bonds supporting the pre-event liquidity expire, they are not being renewed. This results in the overall costs declining. Last year the impact of pre-event liquidity in Homeowners statewide uncapped rate indication was 1.8%. This year it is .6%, which has only a small impact on Citizens' overall rate need.

Impact of Policy Level Capping

Due to the interaction of all actuarial considerations, rate indications vary greatly from policy to policy within Citizens. Large increases as well as large decreases are indicated for various consumers. The glide path established in 2010 requires Citizens to ensure no single policyholder shall be subject to a (non-sinkhole) rate increase greater than 11% in 2022 and 12% in 2023.

Typically, in the past, to balance the statutory requirements of actuarial soundness and the glide path, we had recommended that all rate increases be capped at +10%, and all rate decreases at -10%, except for HO-4 forms, which had decreases capped at -15%. This proposal recommends all rate decreases be capped at 0%. In other words, any policy that has an indicated decrease will experience no premium change (except for sinkhole coverage and FHCF premium). This gives greater weight to Citizens' overall actuarial soundness by closing the gap between the uncapped indication and after capping rate increase. This helps mitigate the increased risk to Citizens' surplus due to growth.

In addition to recommending capping decreases at 0%, this recommendation must also comply with SB 76, which requires that no individual policyholder experience a rate increase over 11% in 2022, or 12% in 2023. Technically, this requires two different rate filings. One affects policies written between 8/1/2022 and 12/31/2022 and caps rate increases at 11%; the other affects policies written between 1/1/2023 and 7/31/2023 and caps rate increases at 12%. This complies with statute by limiting any policyholder's rate change to 11% or 12% (excluding FHCF BU and sinkhole), and also considers the requirement for Citizens' overall actuarial soundness.

Impact of FHCF Buildup Premium

The FHCF is required by law to include a "rapid cash buildup factor" of 25% in its premium. Citizens, in turn, is required by law to pass this cost to the policyholder, outside the 11%/12% glide path cap. This results in higher rate indications and affects the statewide premium impacts as well, raising some lines slightly below 0% and above 11%/12%.

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Sinkhole Indications

Last year, for the first time in Citizens' history, sinkhole rates for HO3 were lowered (by 12%). Sinkhole losses continued to show signs of trending downward in 2021. However, given the long-tailed nature of this peril, and the very low frequency and potentially very high severity, the recommendation is to leave sinkhole rates unchanged with this rate filing and allow time to pass to test the adequacy of the current sinkhole rates.

All Rating Factors for DP3-D/DP1-D/DW2

Similar to what was done for HO3/HW2 last year, in addition to updating the territorial base rate changes, with this rate filing we are also recommending an update to all rating factors for the DP3-Dwelling (DP3-D), DP1-Dwelling (DP1-D), and DW2 lines of business. This includes rating factors related to wind mitigation credits, coverage amounts, year built, age of home, protection class, etc. While all rating factors are being updated, the change in wind mitigation credits and year built have, by far, the largest impact. The wind mitigation credits for DP3-D/DP1-D/DW2 will be identical to the wind mitigation credits filed for HO3/HW2 last year.

The current mitigation credits are based on a 2002 study by Applied Research Associate that was commissioned by the OIR. These credits have become outdated for Citizens' policies as they do not recognize 2010 building code changes. OIR allows Citizens to file a detailed study of updated wind mitigation credits tailored to Citizens' policies using the FCHLM approved AIR hurricane loss model.

Rate Analysis Exhibits

Several Exhibits are included with this item. Note that scale differs on some maps, so review the legends carefully when comparing maps. Also, all premium totals are based on policies in-force as of 6/30/2021.

Exhibit 1: Summary of Statewide Indications

- Columns (1) through (3) display the statewide uncapped indication and the proposed capped rate impact for multi-peril lines of business in the Personal Lines Account.
- Columns (4) through (6) display the statewide uncapped indication and the proposed capped rate impact for multi-peril lines of business in the Coastal Account.
- Columns (7) through (9) display the statewide uncapped indication and the proposed capped rate impact for wind-only lines of business (written only in the Coastal Account).
- Columns (10) through (12) display the statewide uncapped indication and the proposed capped rate impact for combined multi-peril and wind-only lines of business.

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- The proposed rate change in column (12) is based on capping all individual rate changes between 0% and 11%.

Exhibit 2 – Multi-Peril HO-3 (Homeowners) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between 0% and +11% for individual policyholders within each county

Exhibit 3 – Wind-Only HW-2 (Homeowners) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between 0% and +11% for individual policyholders within each county

Exhibit 4 – Multi-Peril HO-6 (Condo Unit-Owners) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between 0% and +11% for individual policyholders within each county

Exhibit 5 – Wind-Only HW-6 (Condo Unit-Owners) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between 0% and +11% for individual policyholders within each county

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Exhibit 6 – Multi-Peril DP-1 and DP-3 (Dwelling Fire) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between 0% and +11% for individual policyholders within each county

Exhibit 7 – Wind-Only DW-2 (Dwelling Fire) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between 0% and +11% for individual policyholders within each county

Exhibit 8 – Multi-Peril MHO-3 and MDP-1 (Mobile Homeowners and Dwelling Fire) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between 0% and +11% for individual policyholders within each county

Exhibit 9 – Wind-Only MW-2 and MD-1 (Mobile Homeowners and Dwelling Fire) County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county
- Note that the numbers in this exhibit show the average premium impact for the county
- The actual premium impact can vary between 0% and +11% for individual policyholders within each county

Exhibit 10 - Multi-Peril Commercial Residential County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each of the “Group 2” perils territories (some of which cross several counties)

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- Note that the numbers in this exhibit show the average premium impact for the territory.
- The actual premium impact can vary between 0% and +11% for individual policyholders within each county

Exhibit 11 - Wind-Only Commercial Residential County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county

Exhibit 12 - Multi-Peril Commercial Non-Residential County Average Premium Impacts Map

- Displays the proposed premium impact after capping for each Group 2 territory
- The numbers display the expected premium impact for each policyholder within a territory.

Exhibit 13 - Wind-Only Commercial Non-Residential County Average Premium Impacts Map

- Displays the average proposed premium impact after capping for each county

Exhibit 14 - Distribution of Recommended Rate Impacts by Policy in PLA

- Tabulates the proposed capped premium impacts for personal lines into a histogram showing number and proportion of policyholders in each impact range
- Includes all personal lines combined
- Range maybe slightly less than 0% and slightly higher than 11%, due to the impact of the FHCF pass through and sinkhole premium which is not subject to capping

Exhibit 15 - Distribution of Recommended Rate Impacts by Policy in Coastal Account

- Tabulates the proposed capped premium impact for personal lines into a histogram showing number and proportion of policyholders in each impact range
- Includes all personal lines combined
- Range maybe slightly less than 0% and slightly higher than 11%, due to the impact of the FHCF pass through and sinkhole premium which is not subject to capping

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Exhibit 15A - Distribution of Recommended Rate Changes by Policy for HO3 Multi-Peril

- Current and proposed average premium for multi-peril Homeowners policies by southeast counties and rest of state
- Tabulates the proposed capped premium impact for Homeowners multi-peril into a histogram showing number and proportion of policyholders in each impact range by southeast counties and rest of state
- Range maybe slightly less than 0% and slightly higher than 11%, due to the impact of the FHCF pass through and sinkhole premium which is not subject to capping

Exhibit 16 – Average Premium by County – HO-3

- Current and proposed average premium by county for multi-peril Homeowners policies
- Based on in-force policies as of 6/30/2021

Exhibit 17 – Average Premium by County – HW-2

- Current and proposed average premium by county for wind-only Homeowners policies
- Based on in-force policies as of 6/30/2021

Exhibit 18 – Average Premium by County – HO-6

- Current and proposed average premium by county for multi-peril Condo Unit policies
- Based on in-force policies as of 6/30/2021

Exhibit 19 – Average Premium by County – HW-6

- Current and proposed average premium by county for multi-peril Condo Unit policies
- Based on in-force policies as of 6/30/2021

Exhibit 1 - Summary of Statewide Indications

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Personal Lines Multi-Peril			Coastal Multiperil			Wind-Only			Total		
<u>Product Line - Personal</u>	<u>In-Force Premium</u>	<u>Uncapped Indication</u>	<u>Proposed Change</u>	<u>In-Force Premium</u>	<u>Uncapped Indication</u>	<u>Proposed Change</u>	<u>In-Force Premium</u>	<u>Uncapped Indication</u>	<u>Proposed Change</u>	<u>In-Force Premium</u>	<u>Uncapped Indication</u>	<u>Proposed Change</u>
Homeowners	748,619,057	23.5%	6.9%	146,968,082	19.8%	7.4%	123,927,986	76.8%	9.7%	1,019,515,125	29.5%	7.3%
Renters	778,313	14.7%	7.7%	928,653	26.2%	9.8%	105,817	48.6%	10.7%	1,812,784	22.6%	9.0%
Condo Units	26,653,165	53.8%	10.9%	24,113,552	52.8%	10.8%	10,531,520	100.2%	10.7%	61,298,237	61.4%	10.8%
Dwelling -DP3	154,907,538	28.6%	8.7%	52,674,826	42.9%	9.7%	27,116,090	83.0%	10.2%	234,698,453	38.1%	9.1%
Dwelling - DP1	36,165,636	29.6%	9.0%	12,277,863	40.6%	10.2%	n/a	n/a	n/a	48,443,498	32.4%	9.3%
Mobile Homeowners	48,815,597	88.3%	10.7%	4,655,670	63.2%	10.6%	3,515,079	83.0%	10.6%	56,986,346	85.9%	10.7%
Dwelling Mobile Home	14,384,393	58.7%	10.8%	1,357,820	68.6%	10.5%	401,083	74.9%	10.7%	16,143,296	60.0%	10.8%
Total Personal Lines	1,030,323,698	28.8%	7.6%	242,976,465	30.2%	8.5%	165,597,576	79.4%	9.9%	1,438,897,739	34.9%	8.0%

	(1)	(2)	(3)				(7)	(8)	(9)	(10)	(11)	(12)
	Multi-Peril						Wind-Only			Total		
<u>Product Line - Commercial</u>	<u>In-Force Premium</u>	<u>Uncapped Indication</u>	<u>Proposed Change</u>				<u>In-Force Premium</u>	<u>Uncapped Indication</u>	<u>Proposed Change</u>	<u>In-Force Premium</u>	<u>Uncapped Indication</u>	<u>Proposed Change</u>
Commercial Residential	17,682,867	120.3%	8.3%				29,986,576	123.3%	9.8%	47,669,443	122.2%	9.3%
<u>Commercial Non-Residential</u>	<u>1,162,376</u>	<u>0.7%</u>	<u>0.7%</u>				<u>25,590,689</u>	<u>26.4%</u>	<u>11.0%</u>	<u>26,753,064</u>	<u>25.3%</u>	<u>10.6%</u>
Total Commercial Lines	18,845,243	113.0%	7.9%				55,577,265	78.7%	10.4%	74,422,508	87.4%	9.7%

	(1)	(2)	(3)				(7)	(8)	(9)	(10)	(11)	(12)
	Multi-Peril						Wind-Only			Total		
<u>Product Line</u>	<u>In-Force Premium</u>	<u>Uncapped Indication</u>	<u>Proposed Change</u>				<u>In-Force Premium</u>	<u>Uncapped Indication</u>	<u>Proposed Change</u>	<u>In-Force Premium</u>	<u>Uncapped Indication</u>	<u>Proposed Change</u>
Personal	1,273,300,163	29.1%	7.8%				165,597,576	79.4%	9.9%	1,438,897,739	34.9%	8.0%
<u>Commercial</u>	<u>18,845,243</u>	<u>113.0%</u>	<u>7.9%</u>				<u>55,577,265</u>	<u>78.7%</u>	<u>10.4%</u>	<u>74,422,508</u>	<u>87.4%</u>	<u>9.7%</u>
Total	1,292,145,406	30.3%	7.8%				221,174,841	79.2%	10.0%	1,513,320,247	37.5%	8.1%

Notes:

(1), (4), (7) In-Force Premium at Current Rate Level (includes FHCF Build Up Premium).

(2), (5), (8) Uncapped Rate Indications (includes FHCF Build Up Premium).

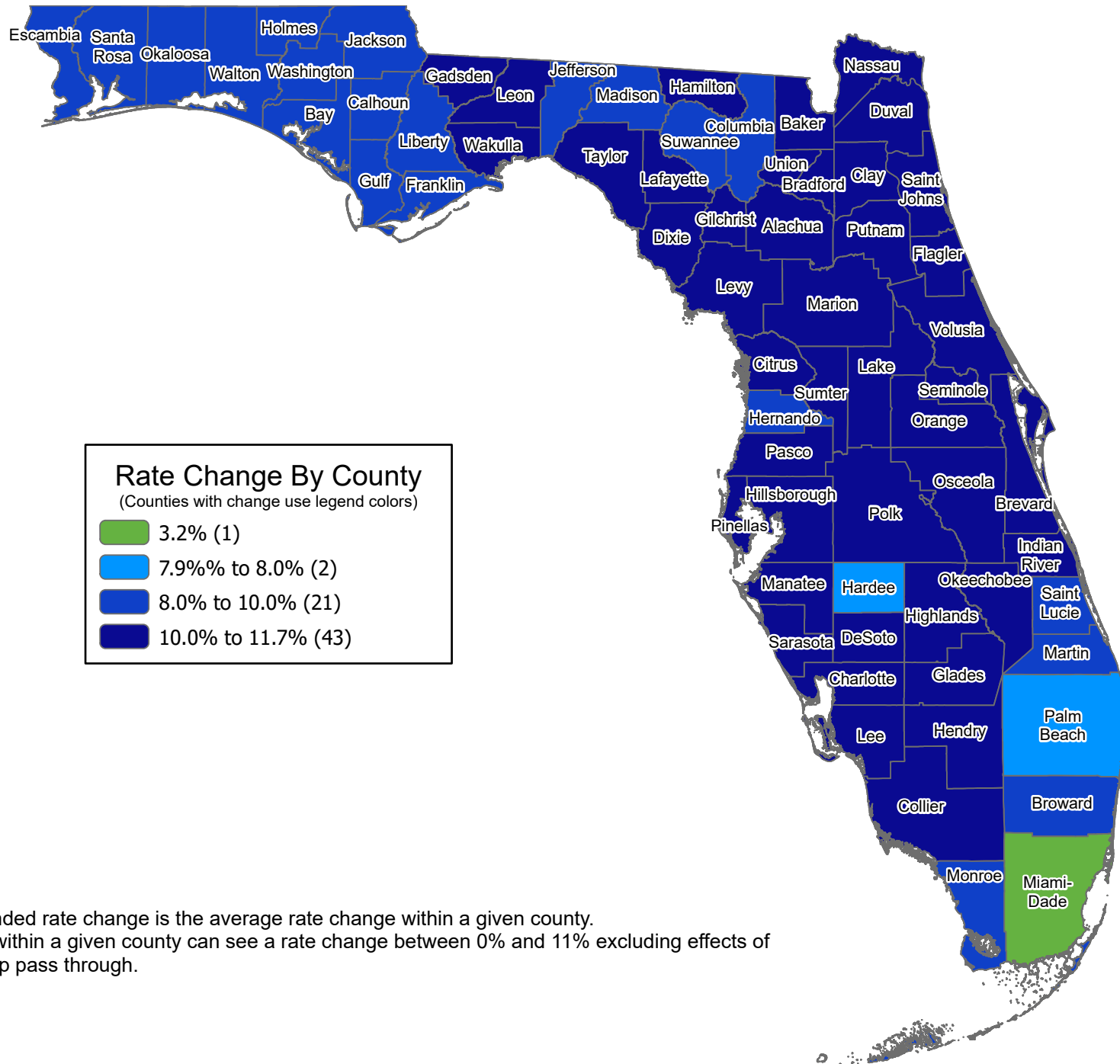
(3), (6), (9) Premium Impact Based on Capping Policy Level Changes between 0% and 11% and the Changes in FHCF Build Up Premium.

(10) = (1) + (4) + (7)

(11) = [(1)*(2) + (4)*(5) + (7)*(8)] / (10)

(12) = [(1)*(3) + (4)*(6) + (7)*(9)] / (10)

Multi-Peril HO-3 Policies

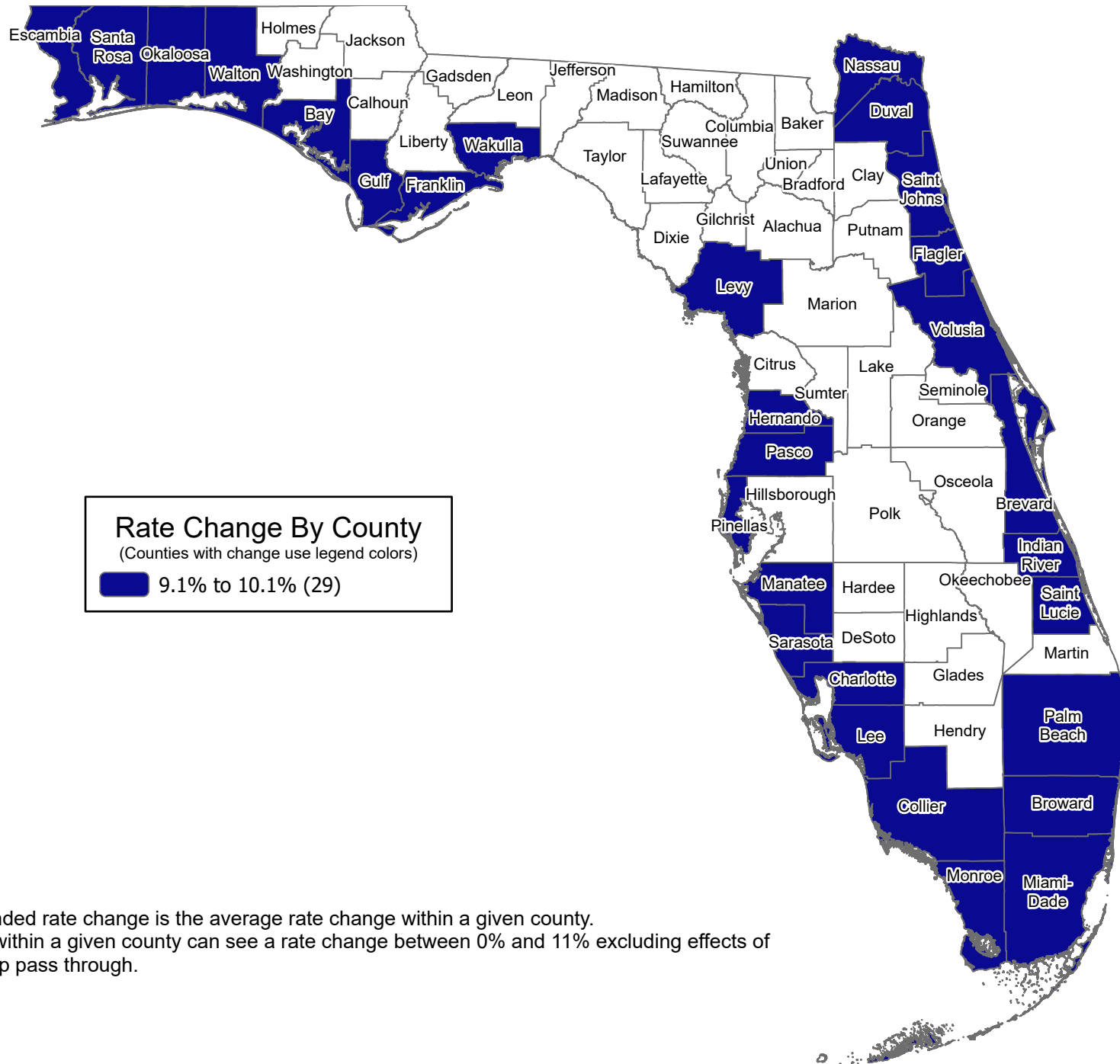


Notes:

1. The recommended rate change is the average rate change within a given county.
2. Policyholders within a given county can see a rate change between 0% and 11% excluding effects of the FHCF build-up pass through.

Exhibit 3 - 2022 Recommended Rate Change By County

Wind-Only HW-2 Policies

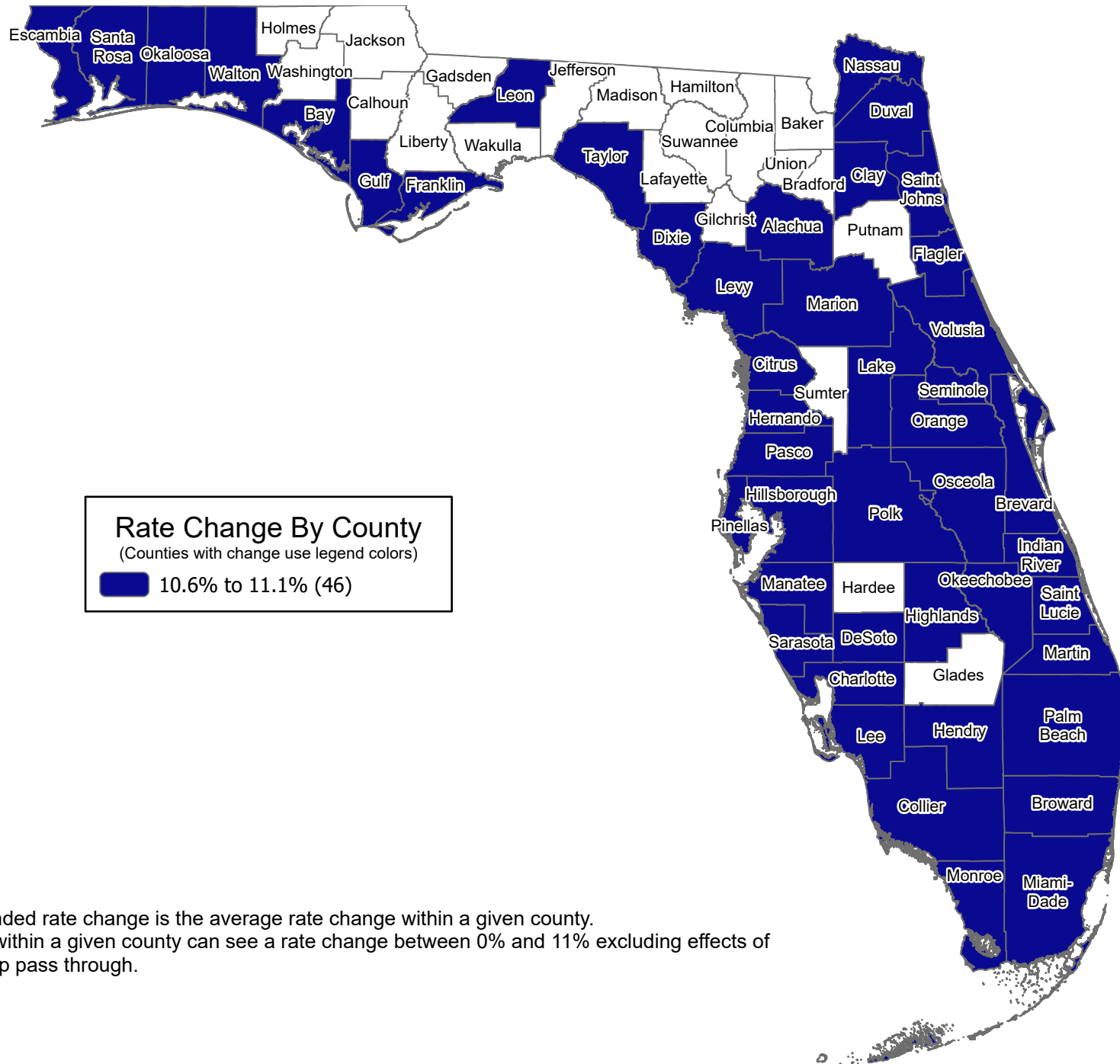


Notes:

1. The recommended rate change is the average rate change within a given county.
2. Policyholders within a given county can see a rate change between 0% and 11% excluding effects of the FHCf build-up pass through.

Exhibit 4 - 2022 Recommended Rate Change By County

Multi-Peril HO-6 Policies

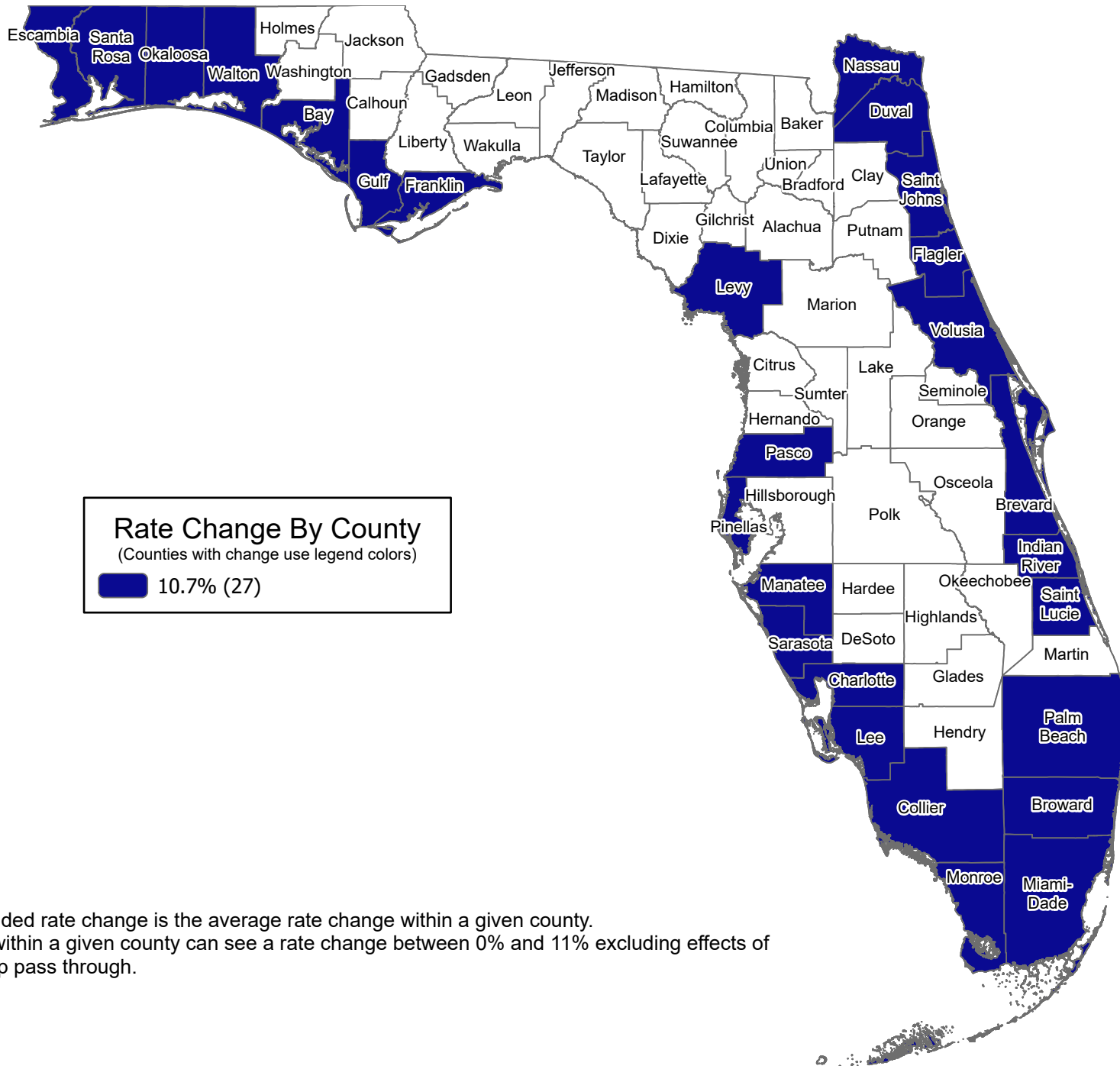


Notes:

1. The recommended rate change is the average rate change within a given county.
2. Policyholders within a given county can see a rate change between 0% and 11% excluding effects of the FHCF build-up pass through.

Exhibit 5 - 2022 Recommended Rate Change By County

Wind-Only HW-6 Policies

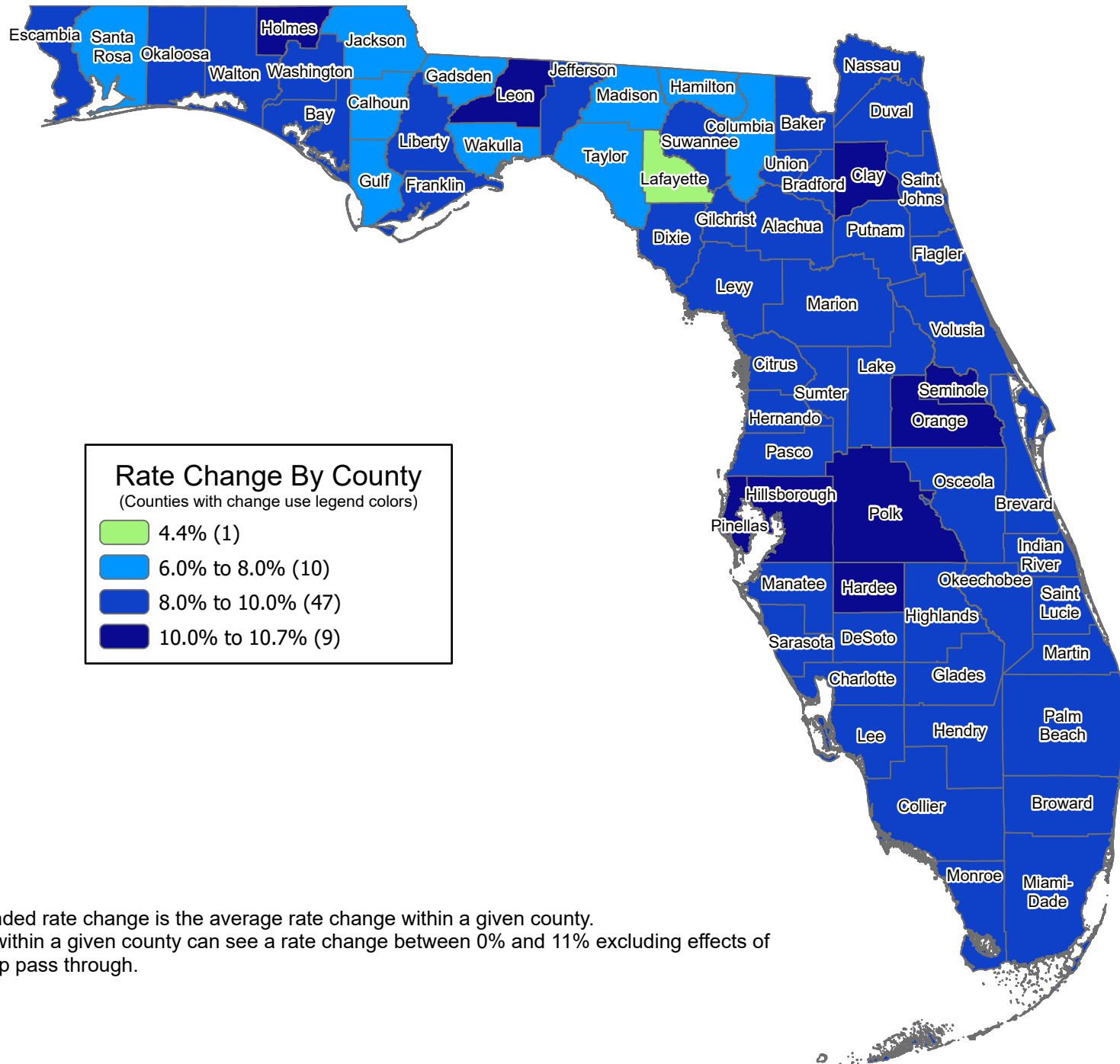


Notes:

1. The recommended rate change is the average rate change within a given county.
2. Policyholders within a given county can see a rate change between 0% and 11% excluding effects of the FHCf build-up pass through.

Exhibit 6 - 2022 Recommended Rate Change By County

Multi-Peril DP-1 and DP-3 Policies



Notes:

1. The recommended rate change is the average rate change within a given county.
2. Policyholders within a given county can see a rate change between 0% and 11% excluding effects of the FHCf build-up pass through.

Exhibit 7 - 2022 Recommended Rate Change By County

Wind-Only DW-2 Policies

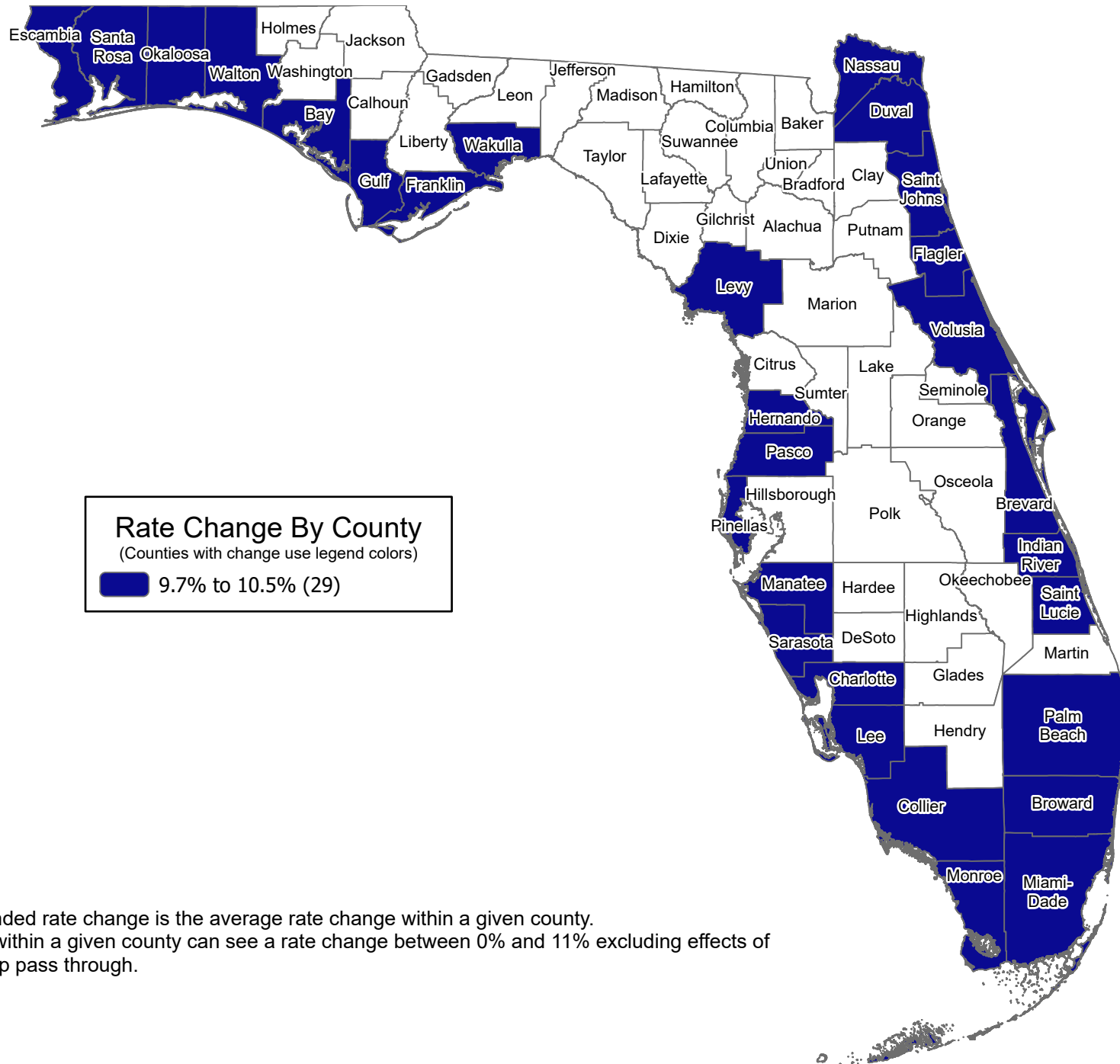
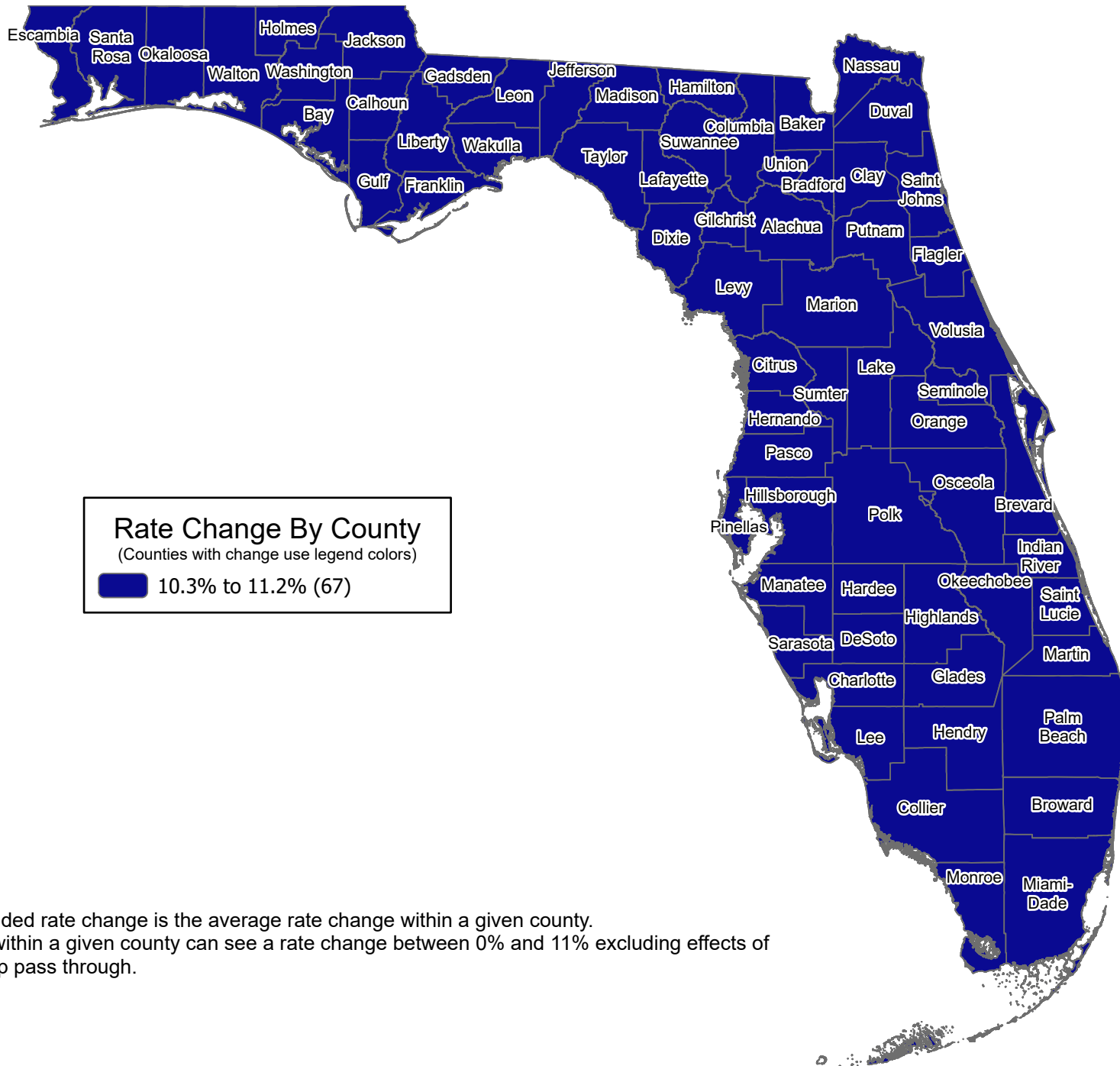


Exhibit 8 - 2022 Recommended Rate Change By County

Multi-Peril MHO-3 and MDP-1 Policies

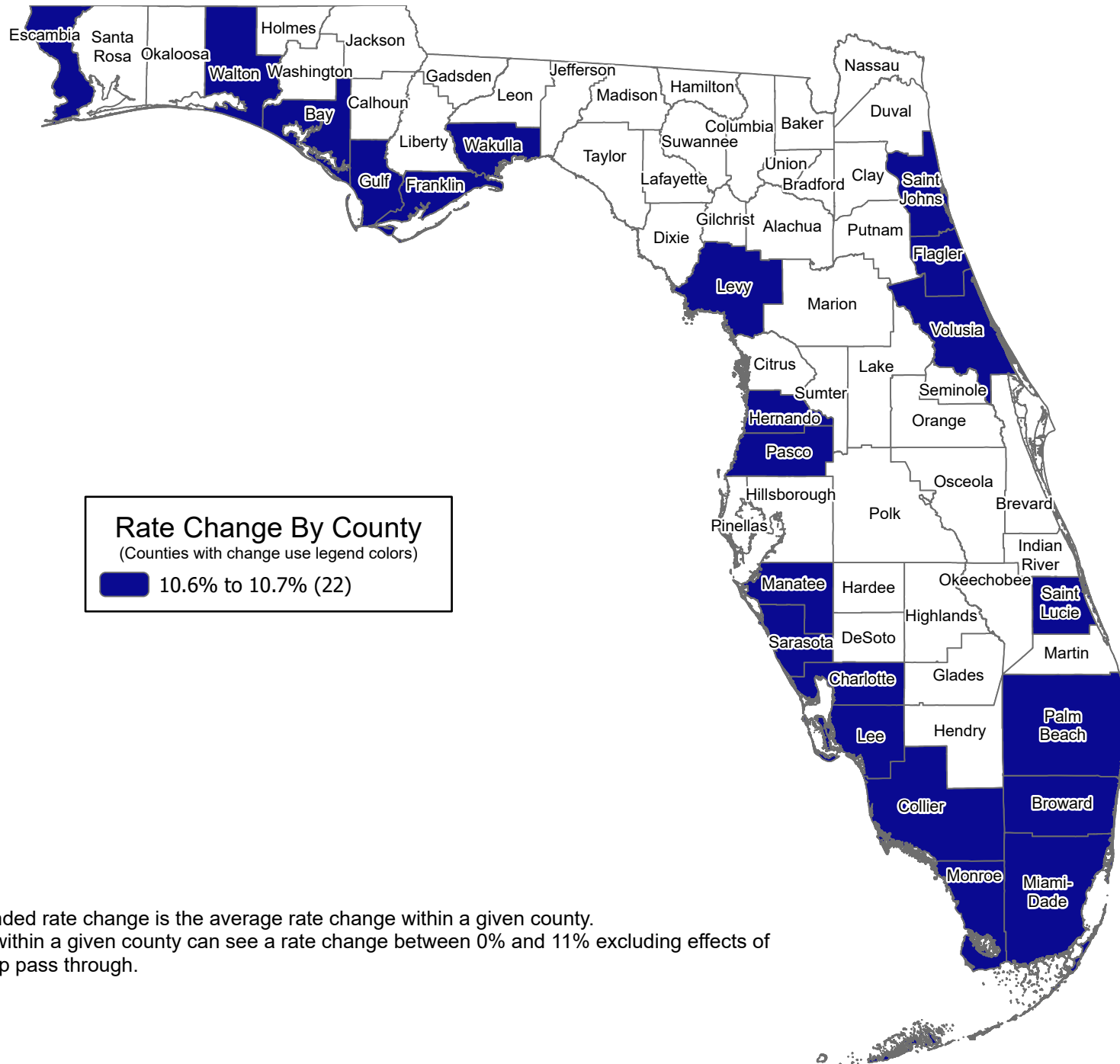


Notes:

1. The recommended rate change is the average rate change within a given county.
2. Policyholders within a given county can see a rate change between 0% and 11% excluding effects of the FHCf build-up pass through.

Exhibit 9 - 2022 Recommended Rate Change By County

Wind-Only MW-2 and MD-1 Policies



Notes:

1. The recommended rate change is the average rate change within a given county.
2. Policyholders within a given county can see a rate change between 0% and 11% excluding effects of the FHCf build-up pass through.

Exhibit 10 - 2022 Recommended Rate Change By Territory

Multi-Peril Commercial Residential Policies

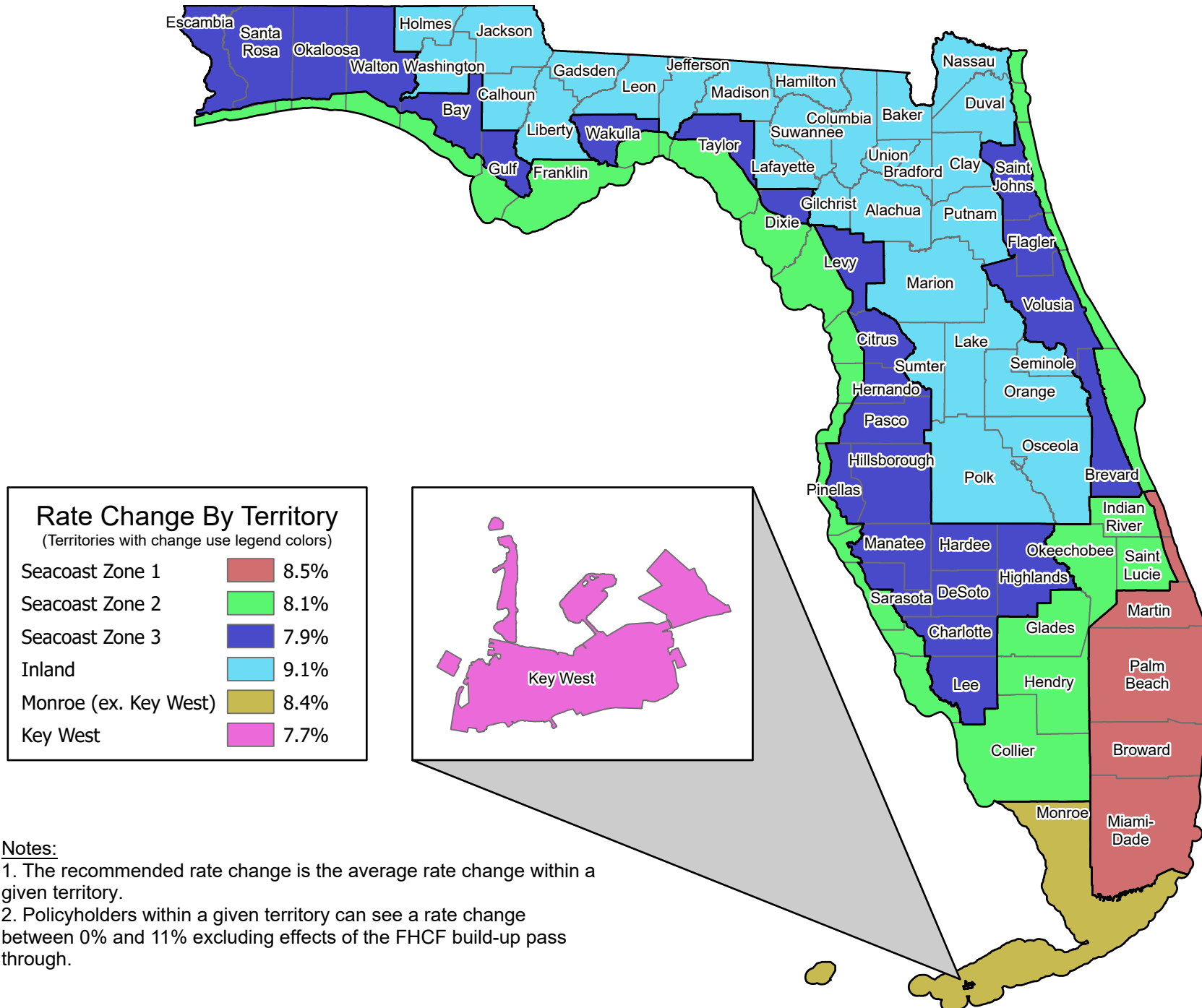


Exhibit 11 - 2022 Recommended Rate Change By County

Wind-Only Commercial Residential Policies

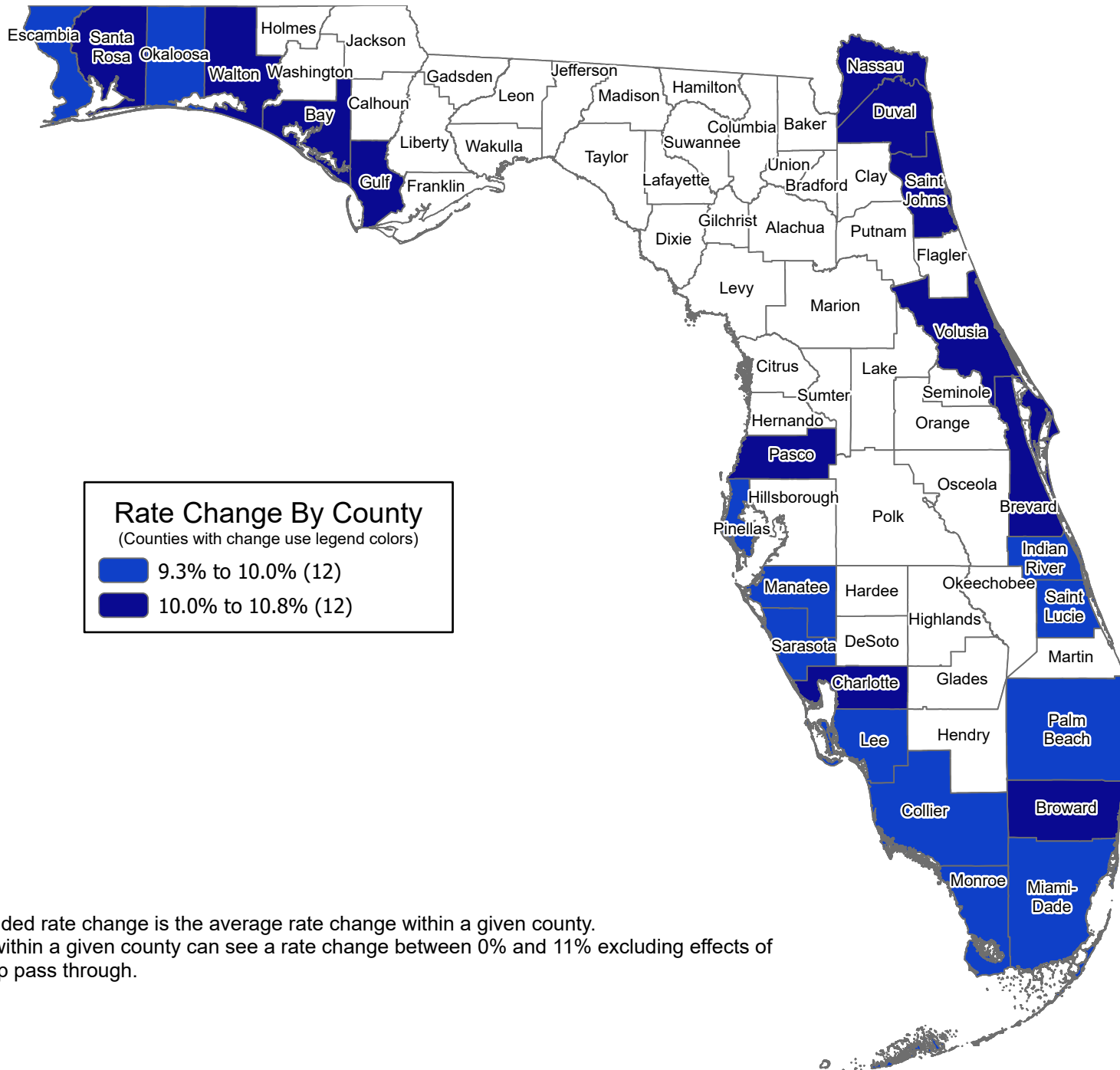


Exhibit 12 - 2022 Recommended Rate Change By Territory

Multi-Peril Commercial Non-Residential Policies

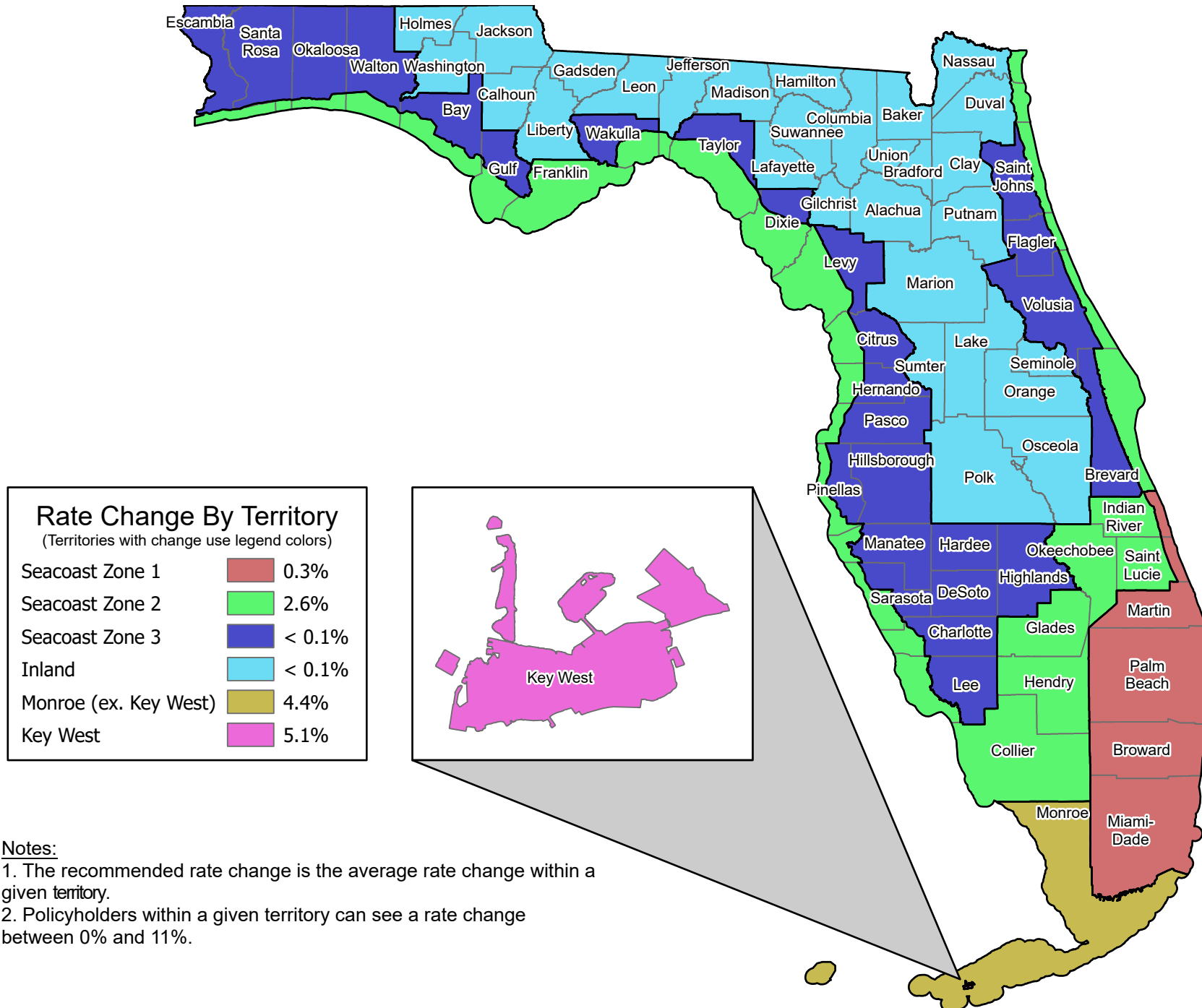
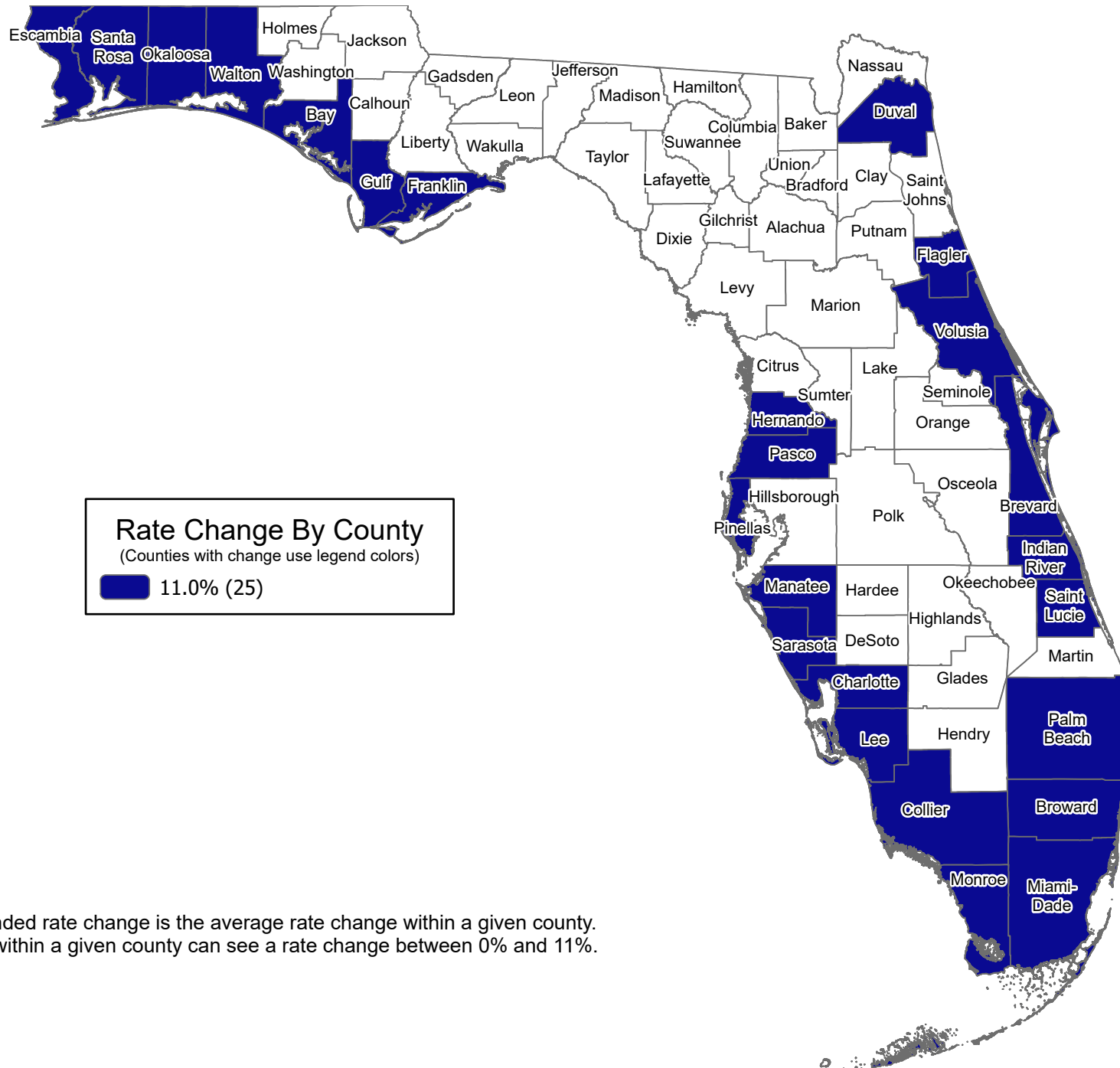


Exhibit 13 - 2022 Recommended Rate Change By County

Wind-Only Commercial Non-Residential Policies



Notes:

1. The recommended rate change is the average rate change within a given county.
2. Policyholders within a given county can see a rate change between 0% and 11%.

Exhibit 14
Distribution of Recommended Rate Changes by Policy
for the Personal Lines Account

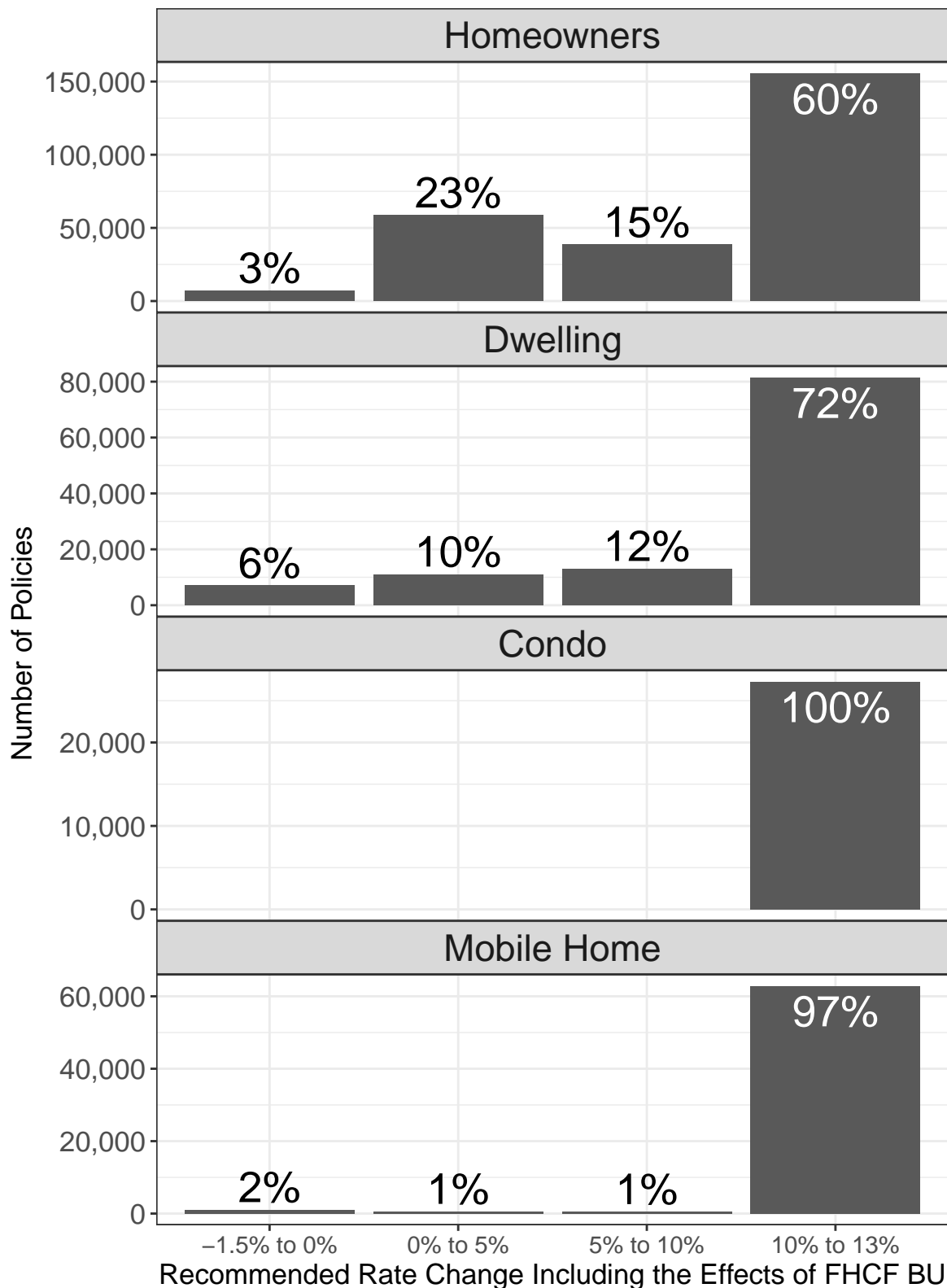


Exhibit 15
Distribution of Recommended Rate Changes by Policy
for the Coastal Account

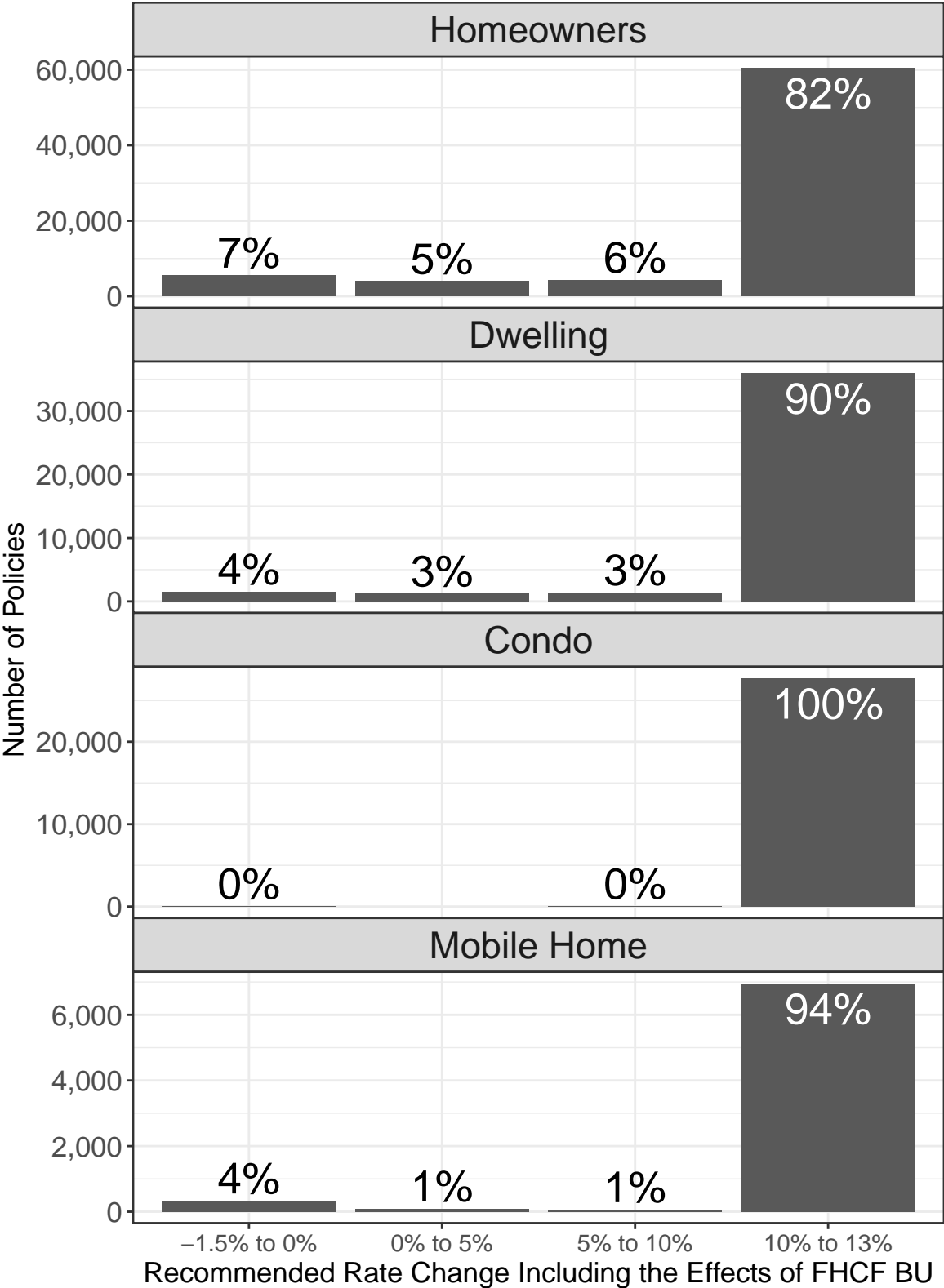
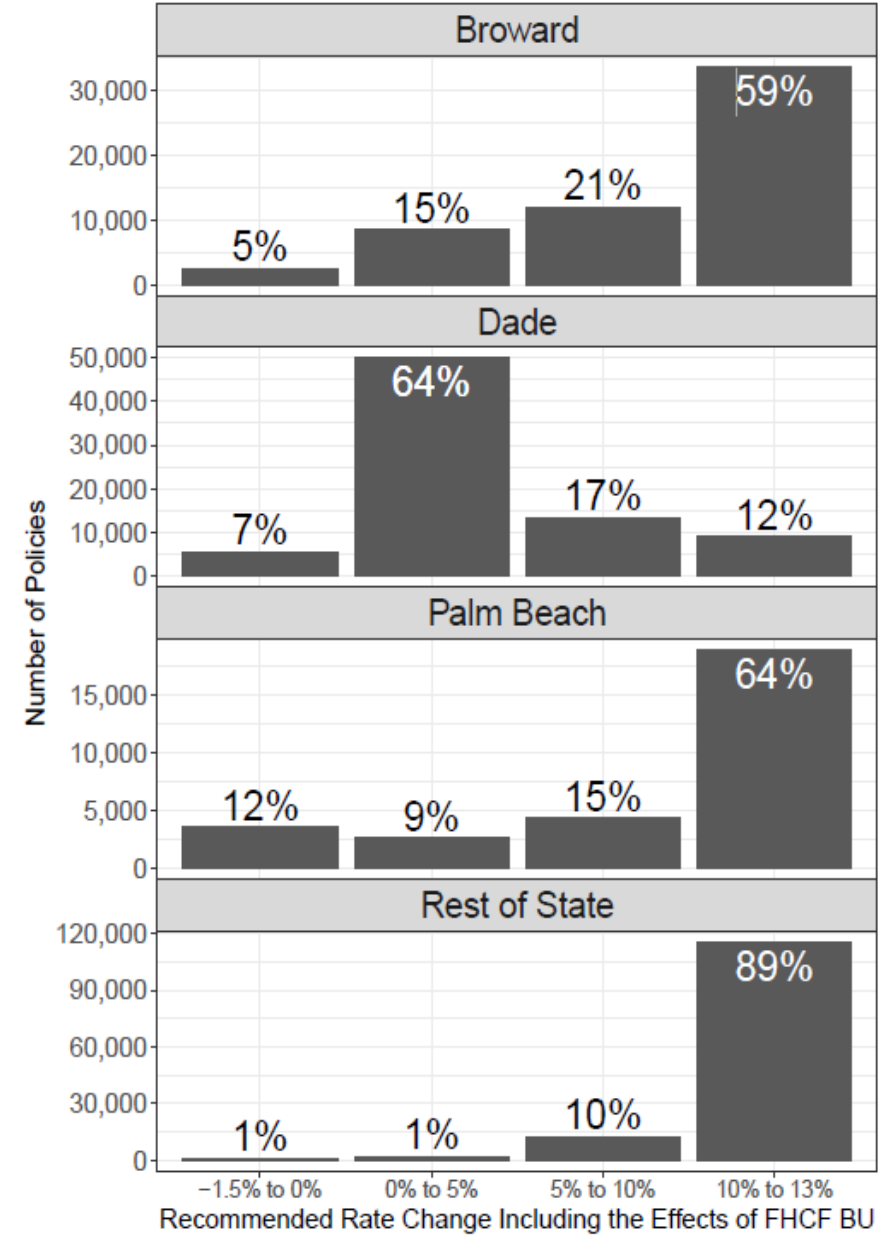


Exhibit 15A
Distribution of Recommended Rate Changes by Policy for Homeowners Multi-Peril



County	Current Average Premium	Recommended Average Premium
Broward	3,910	4,233
Dade	4,083	4,212
Palm Beach	3,526	3,806
Rest of State	1,940	2,142
Statewide	3,044	3,257

Exhibit 16 - MULTIPERIL HO3
Recommended Change by County

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Alachua	225	0	1,498	11.4%	1,669
Baker	18	0	1,879	10.6%	2,079
Bay	819	2	2,319	9.9%	2,549
Bradford	20	0	1,757	10.4%	1,939
Brevard	6,344	26	2,216	10.3%	2,445
Broward	56,653	1,869	3,910	8.3%	4,233
Calhoun	17	0	1,781	10.0%	1,959
Charlotte	2,177	4	1,933	10.8%	2,141
Citrus	907	4	1,548	10.9%	1,717
Clay	301	0	1,325	11.3%	1,475
Collier	1,573	11	2,676	10.4%	2,955
Columbia	43	0	1,864	9.4%	2,039
DeSoto	80	0	2,173	10.7%	2,404
Dixie	64	0	1,865	10.9%	2,069
Duval	1,542	0	1,555	11.4%	1,732
Escambia	1,002	39	2,650	9.2%	2,895
Flagler	242	1	1,926	10.8%	2,134
Franklin	57	0	3,125	10.0%	3,438
Gadsden	170	0	1,390	10.8%	1,540
Gilchrist	28	0	1,573	10.6%	1,740
Glades	37	0	1,685	10.7%	1,865
Gulf	24	0	3,192	10.0%	3,510
Hamilton	6	0	1,909	11.0%	2,119
Hardee	29	1	1,714	7.9%	1,850
Hendry	162	0	2,394	10.9%	2,655
Hernando	11,141	5	1,406	10.0%	1,547
Highlands	709	0	1,444	11.3%	1,607
Hillsborough	17,270	0	1,832	10.7%	2,028
Holmes	42	2	1,613	8.8%	1,755
Indian River	1,304	16	2,422	10.2%	2,670
Jackson	127	0	1,658	9.7%	1,820
Jefferson	20	0	1,897	9.3%	2,073
Lafayette	3	0	2,143	11.1%	2,381
Lake	897	0	1,363	11.1%	1,515
Total	294,212	9,714	3,044	7.0%	3,257

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lee	3,348	11	2,170	10.8%	2,405
Leon	344	0	1,212	11.0%	1,345
Levy	118	0	2,106	10.6%	2,329
Liberty	9	0	2,098	8.1%	2,267
Madison	8	0	1,675	8.9%	1,824
Manatee	2,197	4	1,972	10.5%	2,180
Marion	516	0	1,368	11.2%	1,520
Martin	1,402	28	3,731	10.0%	4,103
Miami-Dade	77,738	4,597	4,083	3.2%	4,212
Monroe	1,069	34	4,397	9.5%	4,813
Nassau	139	0	2,333	10.0%	2,567
Okaloosa	1,207	8	2,577	10.0%	2,834
Okeechobee	134	0	1,849	10.7%	2,046
Orange	5,190	0	1,786	11.6%	1,993
Osceola	2,401	0	1,653	11.2%	1,837
Palm Beach	29,346	2,886	3,526	7.9%	3,806
Pasco	10,819	2	1,550	10.1%	1,707
Pinellas	40,175	2	2,024	10.2%	2,231
Polk	1,301	0	1,794	11.2%	1,995
Putnam	90	0	1,513	10.5%	1,671
Saint Johns	557	1	2,004	10.8%	2,221
Saint Lucie	3,594	136	2,352	9.9%	2,585
Santa Rosa	645	10	2,573	10.0%	2,830
Sarasota	3,285	7	2,121	10.2%	2,337
Seminole	1,515	0	1,723	11.6%	1,924
Sumter	95	0	1,486	10.4%	1,640
Suwannee	14	0	2,539	9.1%	2,771
Taylor	125	0	1,955	10.7%	2,165
Union	7	0	1,640	10.9%	1,818
Volusia	2,540	4	1,680	10.5%	1,856
Wakulla	65	1	2,201	10.4%	2,429
Walton	125	2	3,521	9.7%	3,864
Washington	41	1	1,955	9.6%	2,144

Exhibit 17 - WIND-ONLY HW2
Recommended Change by County

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Alachua	0	0	0	N/A	N/A
Baker	0	0	0	N/A	N/A
Bay	208	0	2,227	9.8%	2,445
Bradford	0	0	0	N/A	N/A
Brevard	161	0	2,420	9.9%	2,660
Broward	7,653	108	3,025	9.5%	3,313
Calhoun	0	0	0	N/A	N/A
Charlotte	97	2	2,791	9.6%	3,058
Citrus	0	0	0	N/A	N/A
Clay	0	0	0	N/A	N/A
Collier	338	0	3,165	9.8%	3,475
Columbia	0	0	0	N/A	N/A
DeSoto	0	0	0	N/A	N/A
Dixie	0	0	0	N/A	N/A
Duval	119	0	1,390	10.0%	1,529
Escambia	1,019	21	2,193	9.5%	2,403
Flagler	194	0	1,407	10.0%	1,548
Franklin	98	0	2,823	10.0%	3,107
Gadsden	0	0	0	N/A	N/A
Gilchrist	0	0	0	N/A	N/A
Glades	0	0	0	N/A	N/A
Gulf	43	0	2,672	10.0%	2,940
Hamilton	0	0	0	N/A	N/A
Hardee	0	0	0	N/A	N/A
Hendry	0	0	0	N/A	N/A
Hernando	39	0	1,333	9.9%	1,465
Highlands	0	0	0	N/A	N/A
Hillsborough	0	0	0	N/A	N/A
Holmes	0	0	0	N/A	N/A
Indian River	73	1	4,066	9.6%	4,457
Jackson	0	0	0	N/A	N/A
Jefferson	0	0	0	N/A	N/A
Lafayette	0	0	0	N/A	N/A
Lake	0	0	0	N/A	N/A
Total	40,013	378	3,097	9.7%	3,398

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lee	861	4	2,829	9.9%	3,109
Leon	0	0	0	N/A	N/A
Levy	64	0	1,506	10.0%	1,657
Liberty	0	0	0	N/A	N/A
Madison	0	0	0	N/A	N/A
Manatee	78	0	2,558	10.0%	2,815
Marion	0	0	0	N/A	N/A
Martin	0	0	0	N/A	N/A
Miami-Dade	10,828	56	3,207	9.8%	3,521
Monroe	8,415	83	4,088	9.8%	4,490
Nassau	55	0	1,107	10.0%	1,218
Okaloosa	37	0	4,108	10.0%	4,520
Okeechobee	0	0	0	N/A	N/A
Orange	0	0	0	N/A	N/A
Osceola	0	0	0	N/A	N/A
Palm Beach	4,168	94	3,260	9.3%	3,565
Pasco	109	0	1,355	9.9%	1,489
Pinellas	849	1	2,682	10.0%	2,950
Polk	0	0	0	N/A	N/A
Putnam	0	0	0	N/A	N/A
Saint Johns	121	0	1,408	10.0%	1,549
Saint Lucie	35	0	2,323	9.1%	2,535
Santa Rosa	215	0	3,418	10.0%	3,761
Sarasota	3,195	6	1,432	9.8%	1,573
Seminole	0	0	0	N/A	N/A
Sumter	0	0	0	N/A	N/A
Suwannee	0	0	0	N/A	N/A
Taylor	0	0	0	N/A	N/A
Union	0	0	0	N/A	N/A
Volusia	575	0	1,180	10.0%	1,299
Wakulla	44	0	1,706	10.0%	1,877
Walton	322	2	2,425	9.5%	2,655
Washington	0	0	0	N/A	N/A

Exhibit 18 - MULTIPERIL HO6
Recommended Change by County

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Alachua	71	0	461	11.0%	512
Baker	0	0	0	N/A	N/A
Bay	55	0	1,087	10.7%	1,203
Bradford	0	0	0	N/A	N/A
Brevard	714	0	1,086	10.8%	1,203
Broward	14,734	0	1,088	10.9%	1,206
Calhoun	0	0	0	N/A	N/A
Charlotte	202	0	944	10.9%	1,048
Citrus	15	0	1,216	10.9%	1,348
Clay	5	0	432	11.0%	480
Collier	590	0	1,457	10.8%	1,614
Columbia	0	0	0	N/A	N/A
DeSoto	5	0	460	10.9%	510
Dixie	1	0	589	11.0%	653
Duval	75	0	967	10.9%	1,072
Escambia	85	0	1,391	10.8%	1,541
Flagler	17	0	1,213	10.9%	1,346
Franklin	3	0	988	10.9%	1,095
Gadsden	0	0	0	N/A	N/A
Gilchrist	0	0	0	N/A	N/A
Glades	0	0	0	N/A	N/A
Gulf	1	0	1,226	11.0%	1,361
Hamilton	0	0	0	N/A	N/A
Hardee	0	0	0	N/A	N/A
Hendry	2	0	605	10.8%	670
Hernando	36	0	997	11.0%	1,106
Highlands	4	0	824	10.9%	914
Hillsborough	494	0	867	10.9%	961
Holmes	0	0	0	N/A	N/A
Indian River	138	0	1,384	10.7%	1,532
Jackson	0	0	0	N/A	N/A
Jefferson	0	0	0	N/A	N/A
Lafayette	0	0	0	N/A	N/A
Lake	7	0	924	11.0%	1,027
Total	44,933	0	1,130	10.9%	1,253

County	Number of Policies		Current	Recommended	
	Total	Rate Decreases	Average Premium	Rate Change	Average Premium
Lee	771	0	1,007	10.9%	1,117
Leon	56	0	347	11.0%	385
Levy	4	0	1,131	10.9%	1,255
Liberty	0	0	0	N/A	N/A
Madison	0	0	0	N/A	N/A
Manatee	279	0	1,164	10.9%	1,290
Marion	12	0	868	11.0%	964
Martin	195	0	1,283	10.6%	1,419
Miami-Dade	11,744	0	1,214	10.9%	1,346
Monroe	170	0	1,900	10.7%	2,102
Nassau	8	0	2,254	11.0%	2,502
Okaloosa	52	0	1,254	10.7%	1,389
Okeechobee	1	0	1,204	10.9%	1,336
Orange	256	0	767	11.0%	851
Osceola	85	0	704	11.0%	782
Palm Beach	8,079	0	1,261	10.8%	1,398
Pasco	440	0	670	11.0%	744
Pinellas	4,441	0	867	10.8%	961
Polk	23	0	908	10.9%	1,007
Putnam	0	0	0	N/A	N/A
Saint Johns	69	0	1,213	10.9%	1,345
Saint Lucie	208	0	1,325	10.8%	1,469
Santa Rosa	13	0	1,111	10.8%	1,232
Sarasota	308	0	1,451	10.8%	1,608
Seminole	70	0	845	11.1%	939
Sumter	0	0	0	N/A	N/A
Suwannee	0	0	0	N/A	N/A
Taylor	1	0	1,055	10.9%	1,171
Union	0	0	0	N/A	N/A
Volusia	373	0	900	10.9%	998
Wakulla	0	0	0	N/A	N/A
Walton	21	0	1,639	10.7%	1,815
Washington	0	0	0	N/A	N/A

Exhibit 19 - WIND-ONLY HW6
Recommended Change by County

County	Number of Policies		Current Average Premium	Recommended	
	Total	Rate Decreases		Rate Change	Average Premium
Alachua	0	0	0	N/A	N/A
Baker	0	0	0	N/A	N/A
Bay	128	0	677	10.7%	750
Bradford	0	0	0	N/A	N/A
Brevard	130	0	681	10.7%	754
Broward	2,085	0	710	10.7%	786
Calhoun	0	0	0	N/A	N/A
Charlotte	58	0	832	10.7%	921
Citrus	0	0	0	N/A	N/A
Clay	0	0	0	N/A	N/A
Collier	388	0	1,016	10.7%	1,125
Columbia	0	0	0	N/A	N/A
DeSoto	0	0	0	N/A	N/A
Dixie	0	0	0	N/A	N/A
Duval	27	0	461	10.7%	511
Escambia	195	0	919	10.7%	1,017
Flagler	19	0	473	10.7%	523
Franklin	2	0	575	10.7%	637
Gadsden	0	0	0	N/A	N/A
Gilchrist	0	0	0	N/A	N/A
Glades	0	0	0	N/A	N/A
Gulf	3	0	860	10.7%	952
Hamilton	0	0	0	N/A	N/A
Hardee	0	0	0	N/A	N/A
Hendry	0	0	0	N/A	N/A
Hernando	0	0	0	N/A	N/A
Highlands	0	0	0	N/A	N/A
Hillsborough	0	0	0	N/A	N/A
Holmes	0	0	0	N/A	N/A
Indian River	85	0	1,702	10.7%	1,884
Jackson	0	0	0	N/A	N/A
Jefferson	0	0	0	N/A	N/A
Lafayette	0	0	0	N/A	N/A
Lake	0	0	0	N/A	N/A
Total	10,092	1	1,044	10.7%	1,155

County	Number of Policies		Current Average Premium	Recommended	
	Total	Rate Decreases		Rate Change	Average Premium
Lee	555	0	1,249	10.7%	1,382
Leon	0	0	0	N/A	N/A
Levy	2	0	529	10.7%	586
Liberty	0	0	0	N/A	N/A
Madison	0	0	0	N/A	N/A
Manatee	106	0	1,089	10.7%	1,205
Marion	0	0	0	N/A	N/A
Martin	0	0	0	N/A	N/A
Miami-Dade	1,559	0	1,345	10.7%	1,489
Monroe	1,346	0	1,476	10.7%	1,634
Nassau	14	0	464	10.7%	513
Okaloosa	114	0	813	10.7%	900
Okeechobee	0	0	0	N/A	N/A
Orange	0	0	0	N/A	N/A
Osceola	0	0	0	N/A	N/A
Palm Beach	1,694	0	1,083	10.7%	1,199
Pasco	25	0	407	10.7%	451
Pinellas	373	1	798	10.7%	883
Polk	0	0	0	N/A	N/A
Putnam	0	0	0	N/A	N/A
Saint Johns	44	0	921	10.7%	1,020
Saint Lucie	76	0	559	10.7%	619
Santa Rosa	50	0	879	10.7%	973
Sarasota	650	0	870	10.7%	963
Seminole	0	0	0	N/A	N/A
Sumter	0	0	0	N/A	N/A
Suwannee	0	0	0	N/A	N/A
Taylor	0	0	0	N/A	N/A
Union	0	0	0	N/A	N/A
Volusia	202	0	524	10.7%	580
Wakulla	0	0	0	N/A	N/A
Walton	162	0	925	10.7%	1,024
Washington	0	0	0	N/A	N/A

2022 RATE INDICATIONS

☒ ACTION ITEM

☐ New Contract

☐ Contract Amendment

☐ Other _____

☐ CONSENT ITEM

☐ Contract Amendment

☐ Existing Contract Extension

☐ Existing Contract Additional Spend

☐ Previous Board Approval _____

☐ Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

☐ **Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	Annual proposed rate changes – effective August 8, 2022, through July 31, 2023
Purpose/Scope	<p>Purpose:</p> <p>As required by statute, Citizens has completed the annual analysis of recommended rates for 8/1/2022 – 7/31/2023. The purpose of this item is to receive approval from the Board to file these recommended rates with the Florida Office of Insurance Regulation.</p> <p>Scope:</p> <p>The presented recommended rate changes include all policy types for manually rated personal and commercial lines of business. These recommended rate changes:</p> <ul style="list-style-type: none"> • Comply with the requirement in Florida law that Citizens recommend actuarially sound rates • Are not excessive, inadequate, or unfairly discriminatory, and meet the requirements of U.S. Actuarial Standards of Practice except where Florida law supersedes such standards • Comply with the statutory “glide path”, by applying an 11% policy level cap for policies effective 8/1/2022 through 12/31/2022 and an 12% policy level cap for policies effective 1/1/2023 through 7/31/2023. • Include a cap of 0% for policies with indicated decreases. • Consider the Florida Public Hurricane Model, as required by law

2022 RATE INDICATIONS

	<ul style="list-style-type: none">• Include an appropriate charge to pass through the Florida Hurricane Catastrophe Fund Rapid Cash build-up <p>For personal lines, the overall statewide indicated rate change is 34.9%. After the application of the glide-path capping, the recommended annual rate impact is 8.4%. This includes an 8.0% rate impact for policies effective between 8/1/2022 through 12/31/2022 and an 8.7% rate impact for policies effective between 1/1/2023 through 7/31/2023.</p> <p>For commercial lines, the overall statewide indicated rate change is 87.4%. After the application of the glide-path capping, the recommended annual rate impact is 10.3%. This includes an 9.7% rate impact for policies effective between 8/1/2022 through 12/31/2022 and 10.6% rate impact for policies effective between 1/1/2023 through 7/31/2023.</p>
Contract ID	Title Contract number, if applicable Recommended vendor, if applicable
Budgeted Item	<input type="checkbox"/> Yes <input type="checkbox"/> No Text
Procurement Method	Text
Contract Amount	Text
Contract Terms	Text

2022 RATE INDICATIONS

Committee Recommendation	<p>Staff proposes that the A&U Committee review, and if approved, recommend to the Board of Governors:</p> <ul style="list-style-type: none">a) Approve the above proposals to Citizens' rates, effective 8/1/2022; andb) Authorize staff to take any appropriate or necessary action consistent with the filing of the proposed rates which includes filing with the Office of Insurance Regulation, system change implementations, and other relevant activities.
Board Recommendation from Committee	<p>If approved at its December 14, 2021, meeting, the A&U Committee recommends that the Board of Governors:</p> <ul style="list-style-type: none">a) Approve the above proposals to Citizens' rates, effective 8/1/2022; andb) Authorize staff to take any appropriate or necessary action consistent with the filing of the proposed rates which includes filing with the Office of Insurance Regulation, system change implementations, and other relevant activities.
CONTACTS	Brian Donovan, FCAS, MAAA – Chief Actuary