

Executive Summary

Actuarial & Underwriting Committee Meeting, July 12, 2022

Board of Governors Meeting, July 13, 2022

2022 Rate Filing Update

Citizens received the rate orders for Personal and Commercial Lines from the Office of Insurance Regulation (OIR) on June 24, 2022. Below is a summary of the results.

<u>Product Line</u>	<u>Filed Rate</u>	<u>Established Rate</u>
Personal	10.7%	7.4%
Commercial	10.0%	10.0%
Total	10.6%	7.5%

Summary of Recommended Rates

As discussed at last December's Board of Governors meeting, the filed rates included the following provisions:

1. Hurricane Model Provision – Citizens considers four different hurricane models when determining the rate indication. In the past, Citizens relied on the median result of the four models to determine the rate need for the peril of hurricane. With this filing, for the personal lines, Citizens selected a provision for hurricane loss that was based on the two highest hurricane model results.
2. Inclusion of the Cost of Reinsurance for a 1-in-100 Year Event – Per Senate Bill 76, Citizens included a provision for reinsurance to cover a 1-in-100 year event, even though it did not purchase that level of reinsurance.
3. Recommend 11% Rate Increases – Based on the large, uncapped indications, Citizens' unmitigated growth, and the relative low price of Citizens' policies, the recommendation with this rate filing was to (with a few exceptions), raise individual policyholders' rates by 11%.

Results of the Rate Orders

1. The OIR approved the hurricane model provision selection based on the higher of the two models.
2. Approved the use of a 1-in-100 year event reinsurance provision.
3. Disapproved an across the board 11% rate increase for all policyholders. The Order directed Citizens to give premium reductions up to -10% for individual policyholders where indicated. This only had an impact on Personal Lines as there were no indicated decreases for Commercial Lines.

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Policy Form Detail of Filed Versus Approved Rates

Personal Lines		
Line of Business	Rate Requested	Established Rate
Homeowners Multi-Peril (HO3, HO4, HO6)	10.7%	6.4%
Homeowners Wind-Only (HW2, HW4, HW6)	10.0%	9.8%
Dwelling Fire Multi-Peril (DP3 & DP1)	10.8%	8.4%
Dwelling Fire Wind Only (DW2)	10.4%	10.1%
Mobile Homeowners Multi-Peril (MHO)	10.7%	10.6%
Mobile Homeowners Wind Only (MHW)	10.6%	10.6%
Mobile Homeowners Physical Damage Multi-Peril (MDP)	10.8%	10.7%
Mobile Homeowners Physical Damage Wind Only (MDW)	10.7%	10.7%
Total Personal Lines	10.7%	7.4%

Commercial Lines		
Line of Business	Rate Requested	Established Rate
Commercial Residential Multi-Peril Condominium (CRM - Condo)	8.7%	8.7%
Commercial Residential Multi-Peril Excluding Condo (CRM - Non-Condo)	10.2%	10.2%
Commercial Non-Residential Multi-Peril (CNRM)	0.7%	0.0%
Commercial Residential Wind Only Condo (CRW - Condo)	9.9%	9.9%
Commercial Residential Wind Only Excluding Condo (CRW - Non-Condo)	10.6%	10.6%
Commercial Non-Residential Wind Only (CNRW)	11.0%	11.0%
Total Commercial Lines	10.0%	10.0%

Personal Lines rate changes will be effective November 1, 2022

Commercial Lines rate changes will be effective October 1, 2022