

ACTION ITEM

Actuarial & Underwriting Committee Meeting, September 27, 2016
Board of Governors Meeting, September 28, 2016

CONTRACT ID:	2017 Rates for Individually Rated Risks
BUDGETED ITEM	N/A
CONTRACT AMOUNT	N/A
PURPOSE / SCOPE	<p>Background Citizens and private insurers in Florida may designate buildings that will be individually rated, subject to the approval of rules by the Office of Insurance Regulation (OIR). Individually rated buildings (also known as Advisory or A-rated risks) are not subject to the insurer's filed rates, rating schedules, rating manuals or underwriting rules. Citizens has designated buildings with a Building Coverage Limit of \$10 million or greater as A-rated. These A-rated buildings are not subject to the 10% glide path cap on annual rate increases, nor are the rates for these risks subject to approval by OIR.</p> <p>Summary of Results</p> <p><u>Commercial Residential Multi-Peril (CRM)</u></p> <ul style="list-style-type: none">• Indicated Rate Change: 6.5%• Proposed Rate Change: 5.0%• In-force Premium: \$10,445,455 <p><u>Commercial Residential Wind-Only (CRW)</u></p> <ul style="list-style-type: none">• Indicated Statewide Rate Change: 11.6%• Proposed Statewide Rate Change: 7.0%• In-force Premium: \$3,332,319 <p>Even though the A-rates are not subject to the glide-path, staff's recommendation is following the spirit of this law. All rate increases are capped above at 10% and all rate decreases are capped below at -5%. As a result, the proposed rate change is less than the indicated rate change.</p> <p>These changes are expected to impact policies effective 2/1/2017 for both new and renewal business.</p>
CONTRACT TERM(S)	N/A
PROCUREMENT METHOD	N/A
RECOMMENDATION	<p>Citizens Staff recommends the Actuarial & Underwriting Committee:</p> <ol style="list-style-type: none">Approve the recommended proposal to change A-rates as shown in the Summary of Results andAuthorize staff to take any appropriate or necessary action consistent with this Action Item. <p>Upon Board approval, appropriate changes will be applied to CRM rates for A-rated buildings and to CRW rates for A-rated buildings.</p>
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