

Executive Summary

Actuarial & Underwriting Committee Meeting, September 27, 2016

Board of Governors Meeting, September 28, 2016

2017 Recommended Rates Update

Rate Filing Update

History

On September 16, 2016, Citizens received an Order from the Office of Insurance Regulation (Office) establishing Personal Lines rates. In general, the rates were approved as filed. In aggregate for Personal Lines, the recommended rate changes averaged +6.9% statewide. The overall Personal Lines established rate changes average +6.7% statewide.

The following lines were approved exactly as filed:

1. Renters (HO-4 & HW-4)
2. Condo (HO-6 & HW6)
3. Dwelling (DP1)
4. Mobile Homeowners (MHO3 & MW2)
5. Mobile Home Dwelling (MDP & MDW)

For the lines of Multi-Peril Homeowners (HO-3) and Multi-Peril Dwelling (DP3), there was a slight adjustment to the filed rates. For Multi-Peril Homeowners, the filed rate change was 6.9%. The approved rate change was 6.3%. In case of DP3, on a statewide basis, the filed and approved rate was 5.3%. However, there was a modification that resulted in some very slight differences for a few of the territories.

Notes:

The difference between the filed and approved rates for HO-3 and DP-3 are due to the Office modifying the prospective water loss trend. The Office selected slightly lower water loss trends.

Concerning Monroe County, the approved HW-2 rates included a 9.0% rate increase. The Order did acknowledge that FIRM (Fair Insurance Rates for Monroe), the Board of Commissioners for the County of Monroe, and Holly Raschein, State Representative for the Florida House District 120, each wrote to the Office seeking a review by the Florida Commission on Hurricane Loss Projection Methodology to explain the divergence of modeling results in Monroe County and requesting a moratorium on any rate increases until the completion of the review. The Office will request the Florida Commission on Hurricane Loss Projection

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Methodology to perform such a review. The Office will then require an additional rate filing by Citizens if the review supports such a filing.

Also referenced in the Order was the detailed study that Citizens funded to evaluate the higher building code standards in Monroe County and to review the treatment of wind versus flood related losses in the model. Once this study is completed, the Office will require an additional rate filing by Citizens if the study supports such a filing.

Below are the results by policy form.

| RECOMMENDED AND ESTABLISHED RATE CHANGES | | | | |
|---|----------------------|--------------------------------|--------------------------------|--------------------------------|
| PERSONAL LINES | | | | |
| <u>Account</u> | <u>Filing Number</u> | <u>In-Force Premium (000s)</u> | <u>Recommended Rate Change</u> | <u>Established Rate Change</u> |
| Homeowners Multi-Peril | 16-16024 | 375,201 | 6.9% | 6.4% |
| Homeowners Wind-Only | 16-16025 | <u>180,323</u> | <u>8.2%</u> | <u>8.2%</u> |
| Homeowners Combined | | 555,524 | 7.4% | 7.0% |
| Dwelling Fire Multi-Peril | 16-16575 | 165,993 | 5.3% | 5.3% |
| Dwelling Fire Wind-Only | 16-16576 | <u>39,881</u> | <u>9.3%</u> | <u>9.3%</u> |
| Dwelling Fire Combined | | 205,874 | 6.0% | 6.0% |
| Mobile Homeowners Multi-Peril | 16-16785 | 13,506 | 5.7% | 5.7% |
| Mobile Homeowners Wind-Only | 16-16788 | <u>3,415</u> | <u>10.3%</u> | <u>10.3%</u> |
| Mobile Homeowners Combined | | 16,921 | 6.5% | 6.5% |
| Mobile Home Dwelling Multi-Fire | 16-16867 | 13,391 | 3.2% | 3.2% |
| Mobile Home Dwelling Wind-Only | 16-16866 | <u>358</u> | <u>10.5%</u> | <u>10.5%</u> |
| Mobile Home Dwelling Combined | | 13,748 | 3.4% | 3.4% |
| Average Personal Lines | | 792,067 | 6.9% | 6.7% |