

# Senate Banking and Insurance Committee

Tim Cerio - President, CEO and Executive Director

October 10<sup>th</sup>, 2023



# U.S. Residual Markets

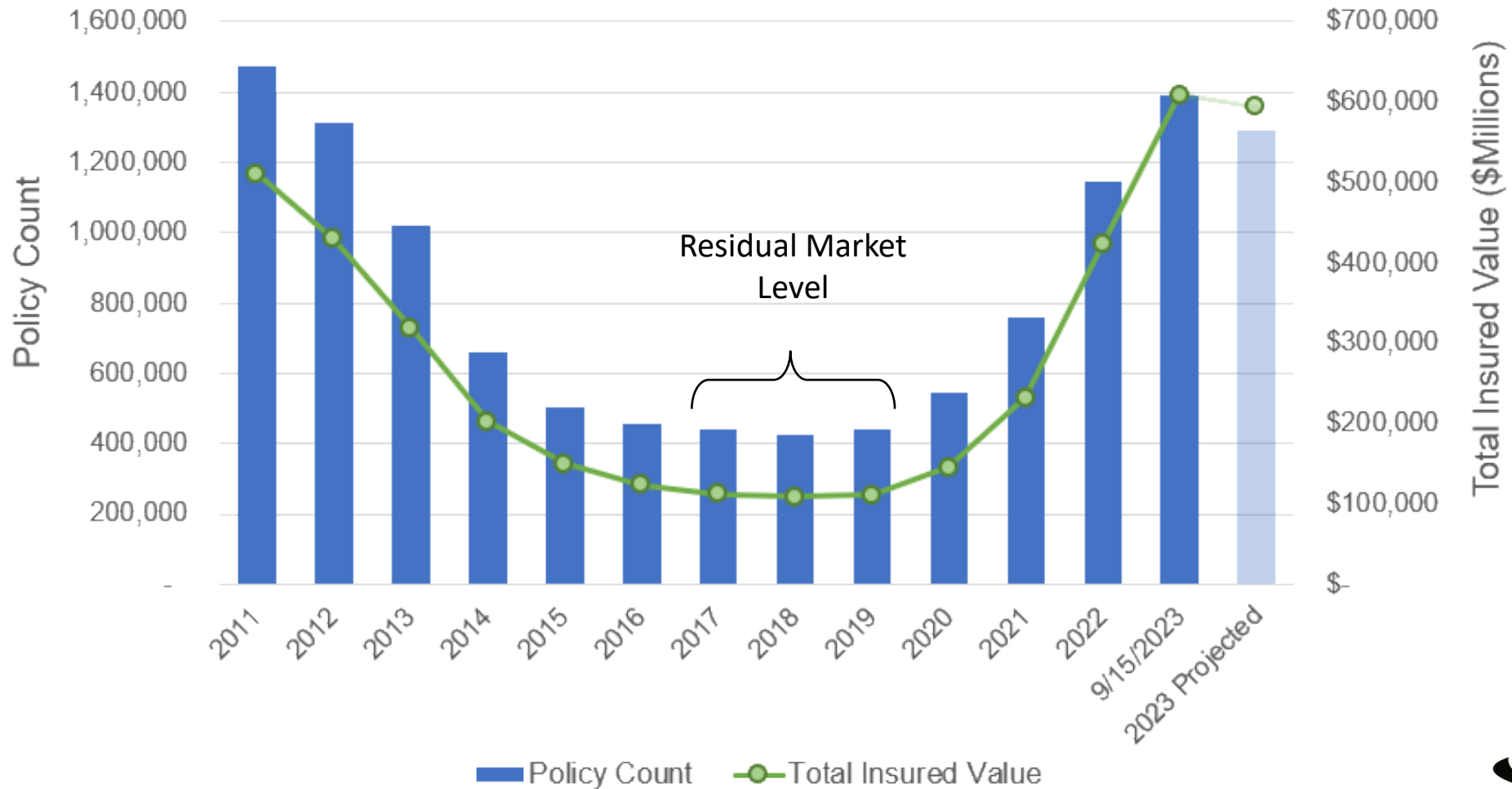
## Fair Access to Insurance Requirements Plan Report

State	Policies in Force	Exposure (\$000)	% of Total Exposure
<b>Florida</b>	<b>1,220,897</b>	<b>\$ 422,953,352</b>	<b>51%</b>
California	261,421	\$ 209,808,071	25%
Massachusetts	197,177	\$ 90,572,584	11%
Louisiana	154,507	\$ 40,935,450	5%
North Carolina	218,506	\$ 33,404,590	4%
Texas	66,488	\$ 11,301,744	1%
New York	23,197	\$ 6,892,000	1%

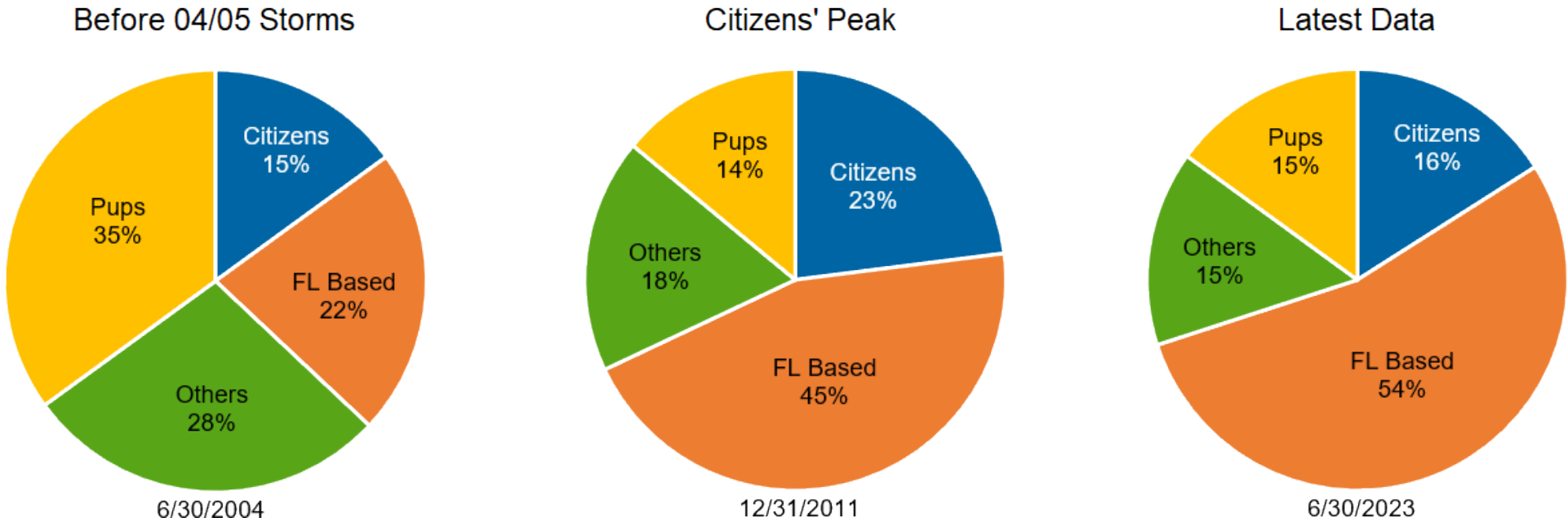
*PIPSO Reports. (2023, June). Property Insurance Plans Service Office, Inc.*

# Policies and Exposure

Estimated 225K policies and \$100M TIV in depopulation factored into 2023 projection



# FL's Residential Market Share



Pups

FL only subsidiaries of major national writers

FL Based

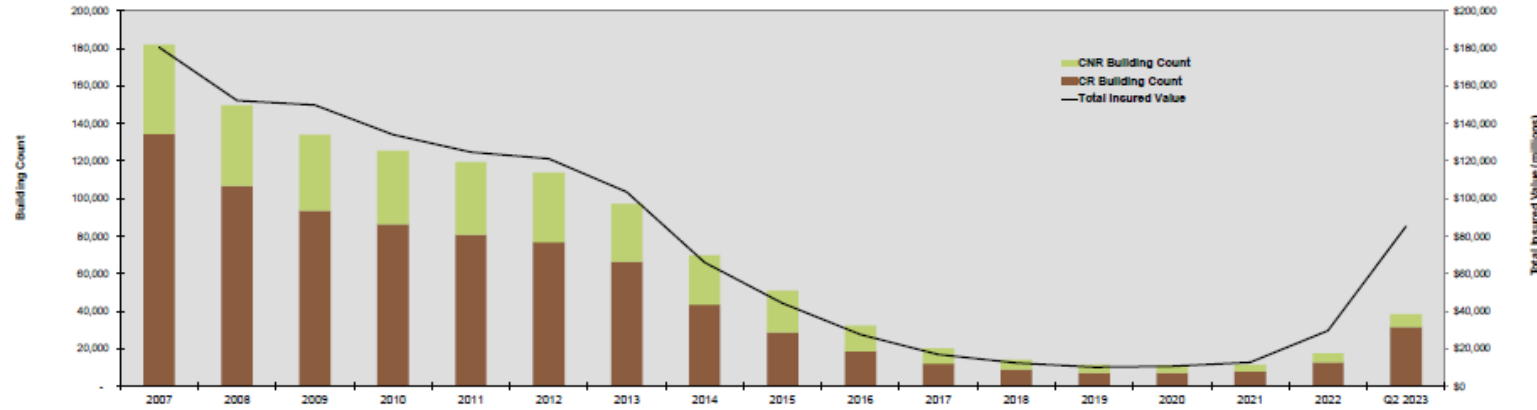
FL domiciled companies where majority only write in state

Others

National writers

# Commercial Lines by Residential and Non-Residential (Data as of June 30, 2023)

## Commercial Lines by Residential and Non-Residential (Data as of June 30, 2023)



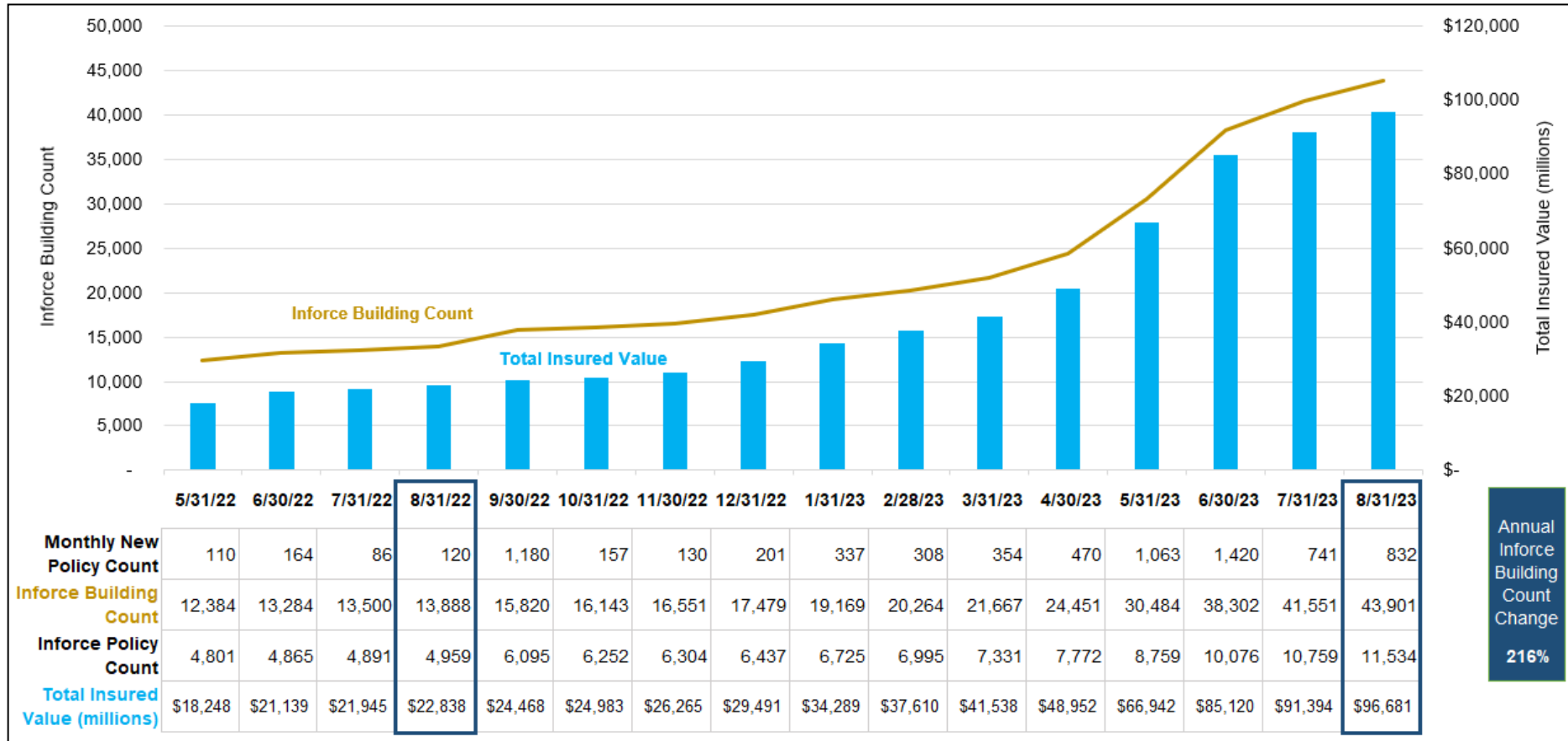
	Commercial Residential				Commercial Non-Residential				Total			
	Policy Count	Building Count	Premium (millions)	TIV (millions)	Policy Count	Building Count	Premium (millions)	TIV (millions)	Policy Count	Building Count	Premium (millions)	TIV (millions)
2007	28,504	134,200	\$890	\$150,885	37,147	47,669	\$104	\$20,683	65,651	181,929	\$974	\$180,569
2008	24,697	106,620	\$684	\$134,130	32,926	42,988	\$87	\$17,998	57,623	149,608	\$771	\$152,129
2009	23,404	93,534	\$561	\$132,325	30,310	40,343	\$82	\$17,473	53,714	133,877	\$643	\$149,797
2010	21,783	86,301	\$542	\$118,885	29,378	39,244	\$89	\$17,105	51,141	125,545	\$631	\$133,990
2011	20,776	80,824	\$508	\$107,853	28,455	38,514	\$94	\$16,885	49,231	119,338	\$603	\$124,738
2012	19,741	76,803	\$517	\$104,764	26,999	36,837	\$97	\$16,327	46,740	113,740	\$615	\$121,091
2013	16,620	66,341	\$464	\$89,346	21,445	30,690	\$93	\$14,135	38,065	97,031	\$557	\$103,482
2014	11,626	43,347	\$282	\$53,508	18,157	26,401	\$88	\$12,325	29,783	69,748	\$350	\$65,833
2015	8,315	28,615	\$153	\$33,723	15,389	22,234	\$79	\$10,359	23,704	50,849	\$231	\$44,082
2016	5,929	18,478	\$95	\$20,946	9,337	13,679	\$56	\$6,532	15,266	32,157	\$150	\$27,478
2017	4,266	11,978	\$58	\$12,700	5,487	8,149	\$38	\$4,049	9,753	20,127	\$96	\$16,749
2018	3,221	8,837	\$45	\$9,627	3,564	5,270	\$28	\$2,730	6,785	14,107	\$72	\$12,357
2019	2,641	7,121	\$37	\$7,927	2,847	4,227	\$24	\$2,228	5,488	11,348	\$61	\$10,155
2020	2,566	7,155	\$41	\$8,457	2,686	4,074	\$25	\$2,151	5,252	11,229	\$66	\$10,608
2021	2,440	7,674	\$53	\$10,564	2,390	3,740	\$25	\$2,021	4,830	11,414	\$78	\$12,586
2022	3,252	12,695	\$183	\$26,949	3,185	4,784	\$35	\$2,542	6,437	17,479	\$218	\$29,491
Q2 2023	5,786	31,480	\$662	\$80,864	4,290	6,822	\$61	\$4,257	10,076	38,302	\$723	\$85,120
% Change from 2022 to Q2 2023	77.9%	148.0%	262.4%	200.1%	34.7%	42.6%	71.6%	67.5%	56.5%	119.1%	231.4%	188.6%

**Notes:**

- Commercial policy forms include building coverage, other structure coverage, and business personal property. Commercial non-residential multi-peril policies no longer include business income/extra expense beginning with June 2012 renewals and May 2012 new business.
- Excludes takeout policies
- Within the commercial data, commercial non-residential wind-only (CIW) counts are policy counts; building counts are unavailable. The product was phased out during 2009, with no policies remaining in force as of 12/31/09. The commercial non-residential multi-peril program was introduced in November 2008.

# Monthly Policy Data

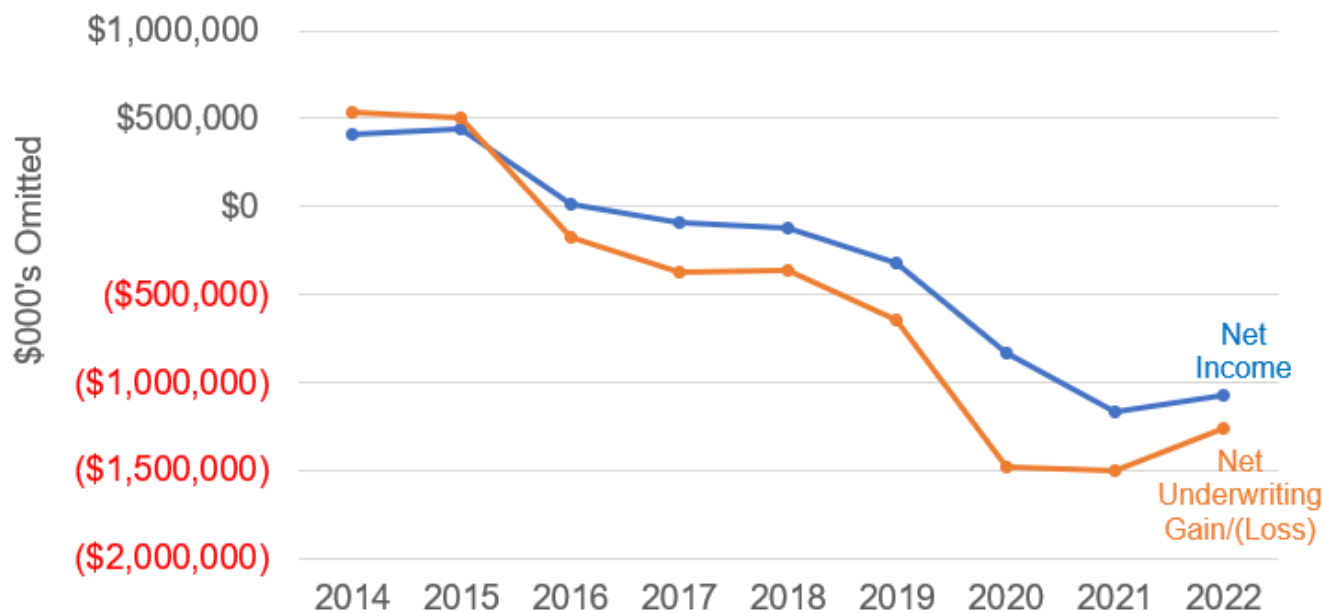
## Monthly Policy Data Commercial Policy Types



# State of the Market

These financial results are from a subset of companies that make up over half of the residential property market. The majority are FL based companies.

### Financial for Selected FL Insurers



2<sup>nd</sup> Quarter 2023  
Net Income **(\$240M)** Net  
U/W Loss **(\$438M)**  
47 companies in subset

2<sup>nd</sup> Quarter 2022  
Net Income **(\$452M)** Net  
U/W Loss **(\$536M)**  
45 companies in subset

Data excludes Citizens, national carriers and Pups.

# Depopulation

2023 Personal Lines Depopulation Results							
Month	Number of Carriers	OIR Approved <sup>1</sup>	Requested by Carriers <sup>2</sup>	Policyholder Choice Letters Mailed <sup>3</sup>	Assumed <sup>4</sup>	Assumption Rate <sup>5</sup>	Exposure Removed <sup>6</sup>
February	0	0	0	0	0	0%	\$0
April	2	20,000	26,335	26,335	4,573	17%	\$2,189,517,038
May	0	0	0	0	0	0%	\$0
June	1	46,218	18,760	18,760	17,239	92%	\$7,399,907,777
August	2	26,000	28,826	27,689	8,836	32%	\$4,265,547,864
October	5	184,000	363,118	311,310			
November	7	202,399	210,001	179,747			
December	7	168,000					
<b>YTD Totals</b>		<b>646,617</b>	<b>647,040</b>	<b>563,841</b>	<b>30,648</b>	<b>42%</b>	<b>\$13,854,972,679</b>

<sup>1</sup>OIR approval is maximum number of policies permitted to be assumed by carriers.

<sup>2</sup>Sum of all policies requested by carriers, including duplicate offers from multiple carriers.

<sup>3</sup>Total letters mailed, one (1) per policy. Multiple offers may be contained in a single mailing.

<sup>4</sup>Policies assumed by carriers on Assumption Date.

<sup>5</sup>Quotient of 'Assumed' divided by 'Policyholder Choice Letters Mailed'.

<sup>6</sup>Exposure Removed as of Assumption Date.

## 2023 Commercial Lines Depopulation Results

There are no OIR approvals for participation in 2023 Commercial Lines assumptions.



# Non-Catastrophe Litigation Rates

For ratemaking and reserving purposes, we measure the amount of litigation with a “litigation rate” by accident year. This rate is the projected ultimate number of claims litigated divided by the total number of claims that occurred for that period. Without a doubt, that rate has been decreasing recently. Directly below are the non-cat results for all personal lines:

Personal Lines (as of 6-30-2023)	
Non-Catastrophe Litigation Rate	
<u>Accident Year</u>	<u>Litigation %</u>
2017	21.3%
2018	18.5%
2019	17.1%
2020	18.0%
2021	17.4%
<u>2022</u>	<u>15.2%</u>

- Citizens has been experiencing a decrease in the non-cat litigation rate for several years.
- While 2023 is still immature, early signs are pointing to a significant reduction in the ultimate litigation rate for claims with a 2023 accident date.
- Through the first six months of 2023, less than 10% of non-cat personal lines were filed with an AOB. In prior years, that percentage was in the 20% to 30% range.