

# Executive Summary

Actuarial & Underwriting Committee Meeting, September 26, 2023

**Board of Governors Meeting, September 27, 2023**

## 2023 Rate Filing Update

Citizens received the rate orders for Personal and Commercial Lines from the Office of Insurance Regulation (OIR) on August 18, 2023. With two exceptions, the OIR approved Citizens recommended rates as filed. Below is a summary of the results.

<u>Product Line</u>	<u>Proposed*</u>	<u>Approved*</u>
Personal	13.1%	12.3%
<u>Commercial</u>	<u>10.2%</u>	<u>10.2%</u>
Total	13.0%	12.2%

\*includes impact of FHCF BU

### Exceptions to Recommended Rates

1. Consideration of Non-Competitiveness – Citizens’ recommendation was to increase all primary policyholder rates the maximum allowable amount (12% in 2023) for lines of business and areas of the state where Citizens’ rates were overly competitive. This recommendation was based on rating examples across the industry that were provided to Citizens by the OIR. In the rate order, the OIR cited “limitations” in the data as the reason they were unable to support the request. As a result, the OIR ordered Citizens to delay any consideration of its competitive position until a more refined approach can be developed. All primary policy level rate changes are capped between 0% to 12%. This resulted in the Personal Lines rate impact decreasing from 13.1% to 12.3%.
2. Unsound or Insolvent Insurer – Per HB 799, Citizens was directed to rate policies coming from an “unsound” or “insolvent” carrier by applying a glide-path cap of 50% instead of 12% (2023). The OIR did not accept this recommendation, citing a lack of data to justify. This has no impact on any current Citizens’ policies.

### Primary Risks versus Non-Primary Risks

Per SB 2A, a Primary Residence is defined as a dwelling that is occupied nine or more months each year. If a dwelling is not a Primary Residence, then it is subject to a 50% glide-path cap instead of 12% (2023). The higher glide-path cap of 50% was approved for non-primary dwellings.

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## Increasing the Glide-Path Cap to 13% in 2024

This rate filing will apply to policies going into effect in 2023 and 2024. Per SB 76, the glide-path cap Citizens shall apply to primary policies in 2023 and 2024 is 12% and 13%, respectively (50% cap on non-primary policies in 2023 & 2024). The 12.2% approved rate increase reflects a 12% cap on primary policies (and 50% on non-primary policies). As discussed at the March Board meeting, we will immediately make a filing such that the glide-path cap is increased to 13% for primary policies in 2024. This would increase the impact from 12.2% to 13.1%. The target effective date of the increased glide-path cap is 2/15/2024.

## Policy Form Detail of Filed Versus Approved Rates

Personal Lines		
Line of Business	Rate Requested	Rate Approved
Homeowners Multi-Peril (HO3, HO4, HO6)	12.6%	11.5%
Homeowners Wind-Only (HW2, HW4, HW6)	14.9%	14.9%
Dwelling Fire Multi-Peril (DP3, DP1)	12.4%	12.2%
Dwelling Fire Wind-Only	17.1%	17.1%
Mobile Homeowners Multi-Peril	22.2%	22.1%
Mobile Homeowners Wind-Only	24.1%	24.1%
Mobile Home Dwelling Multi-Fire	19.0%	19.0%
Mobile Home Dwelling Wind-Only	18.0%	17.9%
<b>Total Personal Lines</b>	<b>13.1%</b>	<b>12.3%</b>

Line of Business	Rate Requested	Rate Approved
Commercial Residential Multi-Peril (Condo Assn.)	9.2%	9.2%
Commercial Residential Multi-Peril (Excl. Condo Assn.)	9.5%	9.5%
Commercial Residential Wind-Peril (Condo Assn.)	9.8%	9.8%
Commercial Residential Wind-Peril (Excl. Condo Assn.)	10.6%	10.6%
Commercial Non-Residential Multi-Peril	7.7%	7.7%
Commercial Non-Residential Wind-Only	12.0%	12.0%
<b>Total Commercial Lines</b>	<b>10.2%</b>	<b>10.2%</b>

Personal Lines rate changes will be effective December 16, 2023

Commercial Lines rate changes will be effective November 20, 2023