



Board of Governors
Citizens Property Insurance Corporation

Re: Qualification documentation required under the 2019 NAIC Instructions for Property & Casualty Statement of Actuarial Opinion

This letter serves as my response to the qualification documentation requirements as Appointed Actuary for Citizens Property Insurance Corporation.

Background

The NAIC Instructions for the Property & Casualty (P&C) Statement of Actuarial Opinion (SAO) have changed in 2019. The most significant change is around the definition of “Qualified Actuary” for purposes of signing the Statement of Actuarial Opinion (SAO). The 2019 Instructions include updated requirements of both the Appointed Actuary and the subject company’s Board of Directors. The 2019 Instructions state:

The Appointed Actuary shall provide to the Board of Directors qualification documentation on occasion of their appointment, and on an annual basis thereafter, directly or through company management. The documentation should include brief biographical information and a description of how the definition of “Qualified Actuary” is met or expected to be met (in the case of continuing education) for that year. The documentation should describe the Appointed Actuary’s responsible experience relevant to the subject of the Actuarial Opinion. The Board of Directors shall document the company’s review of those materials and any other information they may deem relevant, including information that may be requested directly from the Appointed Actuary. The qualification documentation shall be available for inspection upon regulator request or during a financial examination

Definitions

According to the 2019 Instructions:

“Qualified Actuary” is a person who:

- i. meets the basic education, experience, and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (U.S. Qualification Standards), promulgated by the American Academy of Actuaries (Academy), and*
- ii. has obtained and maintains an NAIC-Accepted Actuarial Designation; and*

- iii. *is a member of a professional actuarial association that requires adherence to the same Code of Professional Conduct promulgated by the Academy, requires adherence to the U.S. Qualification Standards, and participates in the Actuarial Board for Counseling and Discipline when practicing in the U.S.*

An exception to parts (i) and (ii) of this definition would be an actuary evaluated by the Academy's Casualty Practice Council and determined to be a Qualified Actuary for particular lines of business and business activities.

"NAIC-Accepted Actuarial Designation," strictly for purposes of defining a Qualified Actuary, is an actuarial designation accepted by the NAIC as meeting or exceeding the NAIC's Minimum Property/Casualty (P/C) Actuarial Educational Standards for a P/C Appointed Actuary (published on the NAIC website). The following actuarial designations, with any noted conditions, are accepted by the NAIC as meeting or exceeding basic education minimum standards on or after Jan. 1, 2021:

- (i) Fellow of the CAS (FCAS) – basic education must include Exam 6 – Regulation and Financial Reporting (United States);*
- (ii) Associate of the CAS (ACAS) – basic education must include Exam 6 – Regulation and Financial Reporting United States) and Exam 7 – Estimation of Policy Liabilities, Insurance Company Valuation, and Enterprise Risk Management;*
- (iii) Fellow of the SOA (FSA) – basic education must include completion of the general insurance track, including the following optional exams: the United States' version of the Financial and Regulatory Environment Exam and the Advanced Topics in General Insurance Exam.*

Required qualification documentation

I, Brian Donovan, have met the definition of "Qualified Actuary" for purposes of signing the 2023 Statement of Actuarial Opinion for the Company.

1. I meet the basic education, experience, and continuing education requirements of the Specific Qualification Standards for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (U.S. Qualification Standards), promulgated by the American Academy of Actuaries (Academy). The following describes how I meet these requirements:
 - a. Basic education has been met through relevant examinations administered by the Casualty Actuarial Society.
 - b. In accordance with section 3.2 Experience Requirement of the Specific Qualification Standards within the U.S. Qualification Standards. I have

obtained at least three years of responsible experience relevant to the subject of the Statement of Actuarial Opinion for the Company, on topics including (but not limited to) P&C personal lines and commercial lines property insurance.

I have obtained specific knowledge of CPIC's operations and businesses through my work over the past 17 years. Within the P&C industry, close to 30 years of experience has allowed me to gain comprehensive knowledge of other topics identified in section 3.1.1.2 of the U.S Qualification Standards (namely items (a) policy forms and coverages, underwriting and marketing; (b) principles of ratemaking; (c) statutory insurance accounting and expense analysis; (d) premium, loss, and expense reserves; and (e) reinsurance), prior to issuing my first P&C Statement of Actuarial Opinion, and to further expand knowledge of these items throughout my career.

- c. Continuing education requirements were met by December 31, 2023, through a combination of industry conferences, seminars, committee work, self-study, and other coursework. A detailed log of my continuing education credit hours is available upon request.
2. I have obtained and maintain an Accepted Actuarial Designation. I am a Fellow of the CAS (FCAS) and my basic education includes credit for Exam 6 – Regulation and Financial Reporting (U.S.).
3. I am a member of the Casualty Actuarial Society and the American Academy of Actuaries. These associations require adherence to the Code of Professional Conduct promulgated by the Academy, require adherence to the U.S. Qualification Standards, and participate in the Actuarial Board for Counseling and Discipline when its members are practicing in the U.S.

Included is a brief history of my work experience.

Brian Donovan, FCAS, MAAA

Brian Donovan, FCAS, MAAA
Vice President, Chief Actuary

Brian Donovan, FCAS, MAAA – Vice President, Chief Actuary

Fellowship in the Casualty Actuarial Society (2004)

Member of American Academy of Actuaries (2002)

Master of Science, Mathematics, *North Carolina State University, NC*

Bachelor of Arts, Mathematics, *Rowan University, NJ*

Relevant Work Experience

Have worked in the Property and Casualty actuarial field for close to 30 years. For the last 17 years I have worked at CPIC, where my primary functions have been overseeing the loss reserving process and insurance product pricing functions of the company.

Loss Reserving

I have been the Appointed Actuary since 2010. This entails overseeing and approving of the loss and loss expenses for the following segments of business:

Personal Lines Account (PLA) - Homeowners and Fire/Allied lines of business

Commercial Lines Account (CLA) – Commercial Residential and Commercial Non-Residential lines of business

Coastal Lines Account – Homeowners, Fire/Allied, Commercial Residential, Commercial Non-Residential, and Wind-only policies (both commercial and personal) lines of business.

The above segments are further refined into catastrophe and non-catastrophe separately. Non-catastrophe is further refined into sinkhole and non-sinkhole losses. Non-sinkhole losses are further refined into litigated and non-litigated losses.

As part of the loss reserving process, I work closely with the Claims Department to understand and quantify trends and changes in the claim settlement process. Additionally, work very closely with the Accounting Department in ensuring that the proper loss reserves are booked to account for payments that will be made in the future for events that have already happened. This is completed on a quarterly basis. And work with the external auditors to ensure all results are properly documented.

Pricing

Responsible for determining the overall rate need (Actuarial Sound Premium) and recommended rate changes after the application of the glide-path cap for the following 17 segments of business:

- HO3/HW2 – Homeowners multiperil and wind-only policies in the PLA and Coastal Account
- HO4/HW4 – Renters multiperil and wind-only policies in the PLA and Coastal Account
- HO6/HW6 – Condo multiperil and wind-only policies in the PLA and Coastal Account

- DP1/DP3/DW2 – Dwelling multiperil and wind-only policies in the PLA and Coastal Account
- MHO3/MW2 – Mobile homeowners multiperil and wind-only policies in the PLA and Coastal Account
- MDP1/MD1 – Mobile Dwelling multiperil and wind-only policies in the PLA and Coastal Account
- CRM/CRW – Commercial Residential multiperil and wind-only policies in the CLA and Coastal Account
- CNRM/CNRW – Commercial Non-Residential multiperil and wind-only policies in the CLA and Coastal Account

This process includes working closely with Product Development to incorporate any product language changes into the projected rate need as well as to implement the rate changes in the rating manuals and rating system. Once rate recommendations are approved by the Board, I oversee the process of filing and getting approval from the Florida Office of Insurance Regulation.

Prior to CPIC, I worked in the private insurance industry for 13 years. This experience includes but is not limited to work in loss reserve, pricing and data management.

Loss Reserving

For over five years, as first a senior actuarial analysis and later Associate Actuary (ACAS), was responsible for quarterly loss reserving for homeowners, personal auto, commercial auto, and trucking liability. This included supporting the Appointed Actuary responsible for signing the yearend reserving report. Was also personally responsible for producing Schedule P for the Annual Statement.

Pricing

Responsible for pricing for Auto, Homeowners, and BOP products. Also provided more senior actuaries pricing support for General Liability, Commercial Property, Commercial Auto and Workers Compensation. Work with Underwriting and Marketing to implement recommended rate levels. Oversaw the design and implementation of a new multivariate auto rating plan based on predictive modeling in 14 states.

Data Management

As an actuarial analysis, worked a rotation in the IT Department, serving as the liaison between the Commercial Line actuaries and the IT programmers. In addition, provided support for the creation of a new data warehouse and data mart for companywide use.