

Executive Summary

Actuarial & Underwriting Committee Meeting, June 25, 2025

Board of Governors Meeting, June 25, 2025

2026 Policy Level Rate Capping

As discussed at the March A&U Committee meeting, Citizens received the rate order for personal and commercial lines from the Office of Insurance Regulation (OIR) on February 7, 2025. The order directed Citizens to implement an overall rate change of 8.5%, effective June 1, 2025. This rate change was determined by capping indicated policy-level changes as follows: -10% to +14% for primary personal lines, 0% to 50% for non-primary personal lines, and 0% to +14% for class rated commercial lines.

Pursuant to Section 627.351(6)(n)(5), Florida Statutes, the policy-level rate change cap applicable to Citizens primary personal lines and commercial lines increases to 15% in 2026. Effective January 1, 2026, we are recommending that policy-level changes be capped at -10% to +15% for primary personal lines and 0% to +15% for class rated commercial lines. There is no change to non-primary personal lines policies or a-rated commercial lines policies.

Below is a summary of the initial rate filing and this proposed filing.

Product Line	Rate Indication	Rate Change		
		Requested	Approved	15% Glide-Path Cap
Personal	27.8%	14.0%	8.6%	8.8%
Commercial	27.9%	10.3%	7.8%	8.1%
Total	27.8%	13.5%	8.5%	8.7%

The previous rate filing reflected an indicated increase of 27.8%. Citizens recommended a 13.5% overall increase to the Office of Insurance Regulation (OIR), which approved an 8.5% increase in the rate order issued on February 7, 2025.

In this filing, we propose increasing the maximum allowable policy-level cap from 14% to 15% for the primary personal lines and class-rated commercial lines. No other changes are being recommended. The higher cap would apply only to policies with indicated changes above 14% and would take effect on January 1, 2026. This adjustment is expected to increase the overall rate impact of Citizens' annual rate filing from 8.5% to 8.7%.

Below are the impacts by line of business.

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Line of Business Impact

Personal Lines Line of Business	Indicated Rate Change	Rate Requested	Rate Approved	Rate Change Proposed with Glidepath Increase
Homeowners Multi-Peril (HO3, HO4, HO6)	19.1%	13.5%	6.6%	6.8%
Homeowners Wind-Only (HW2, HW4, HW6)	70.2%	14.4%	14.5%	14.9%
Dwelling Fire Multi-Peril (DP3, DP1)	30.2%	13.9%	10.4%	10.7%
Dwelling Fire Wind-Only	86.5%	17.1%	17.2%	17.5%
Mobile Homeowners Multi-Peril	69.0%	22.0%	21.7%	22.0%
Mobile Homeowners Wind-Only	91.3%	26.6%	26.6%	26.9%
Mobile Home Dwelling Multi-Fire	69.4%	18.9%	18.8%	19.1%
Mobile Home Dwelling Wind-Only	87.2%	20.3%	20.3%	20.7%
Total Personal Lines	27.8%	14.0%	8.6%	8.8%

Commercial Lines Line of Business	Indicated Rate Change	Rate Requested	Rate Approved	Rate Change Proposed with Glidepath Increase
Commercial Residential Multi-Peril (Condo Assn.)	26.6%	12.0%	7.1%	7.3%
Commercial Residential Multi-Peril (Excl. Condo Assn.)	46.6%	11.5%	6.7%	6.9%
Commercial Residential Wind-Peril (Condo Assn.)	39.6%	12.4%	12.1%	12.5%
Commercial Residential Wind-Peril (Excl. Condo Assn.)	29.2%	12.2%	11.0%	11.5%
Commercial Non-Residential Multi-Peril	-7.0%	0.0%	0.0%	0.0%
Commercial Non-Residential Wind-Only	-6.0%	0.4%	0.4%	0.4%
Total Commercial Lines	27.9%	10.3%	7.8%	8.1%

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ACTION ITEM

New Contract

Contract Amendment

Other _____

CONSENT ITEM

Contract Amendment

Existing Contract Extension

Existing Contract Additional Spend

Previous Board Approval _____

Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

Move forward as Consent: This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	Increase the policy-level rate cap for primary personal lines and commercial lines from 14% to 15%, effective January 1, 2026.
Purpose/Scope	<p>Purpose:</p> <p>Pursuant to Section 627.351(6)(n)(5), Florida Statutes, the policy-level rate change cap applicable to Citizens increases to 15% in 2026. Effective January 1, 2026, we are recommending that policy-level changes be capped at -10% to +15% for primary personal lines and 0% to +15% for commercial lines.</p> <p>Scope:</p> <p>The presented recommended cap changes include all policy types for primary personal lines and class rated commercial lines of business. This change does not affect non-primary personal lines policies or commercial a-rated policies. This has the impact of increasing the recently approved annual rate change of 8.6% to 8.8% for personal lines and 7.8% to 8.1% for commercial lines.</p>
Contract ID	N/A

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<p>Budgeted Item</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No N/A</p>
<p>Procurement Method</p>	<p>N/A</p>
<p>Contract Amount</p>	<p>N/A</p>
<p>Contract Terms</p>	<p>N/A</p>
<p>Committee Recommendation</p>	<p>Staff propose that the A&U Committee review, and if approved, recommend to the Board of Governors:</p> <ul style="list-style-type: none"> a) Increase the 2026 Policy Level Capping for primary personal lines policies and class rated commercial lines policies from 14% to 15%, effective 1/1/2026 b) Authorize staff to take any appropriate or necessary action consistent with the filing of the proposed rates which includes filing with the Office of Insurance Regulation, system change implementations, and other relevant activities.
<p>Board Recommendation from Committee</p>	<p>If approved at its June 25, 2025, meeting, the A&U Committee recommends that the Board of Governors:</p> <ul style="list-style-type: none"> a) Approve the above proposals to the 2026 Policy Level Capping, effective 1/1/2026; and b) Authorize staff to take any appropriate or necessary action consistent with the filing of the proposed rates which includes filing with the Office of Insurance Regulation, system change implementations, and other relevant activities.
<p>Contacts</p>	<p>Brian Donovan, FCAS, MAAA – Chief Actuary</p>