Approval of Prior Actuarial & Underwriting Committee Meeting Minutes

Summary	Review of March 4, 2026, Actuarial and Underwriting Committee Meeting Minutes to provide opportunity for corrections and historical accuracy.			
Approval Type	☐	**New Initiative**	☐	**Amending Ongoing Contract**
	☐	**Replacing Expiring Contract**	☒	**Other (Explain in Summary)**
Awarded Vendor(s)	N/A			
Contract Term Length	N/A			
Contract Estimated Spend	N/A			
Procurement Method	☐	**Competitive Solicitation**	☐	**Single Source**
	☐	**DMS Approved Contract**	☐	**Emergency Procurement**
	☐	**Statutory Exemption**	☒	**Other (Explain in Summary)**
Committee Consent	Staff recommends that the Committee approve the March 4, 2026 Actuarial and Underwriting Committee minutes.			
Board Consent	N/A			
Executive Sponsor(s)	Jennifer Montero, Chief Financial Officer Jay Adams, Chief Insurance Officer			

Citizens Property Insurance Corporation

Minutes of the Actuarial and Underwriting Committee Meeting
Wednesday, March 4, 2026

The Actuarial and Underwriting Committee (A&U) of Citizens Property Insurance Corporation (Citizens) convened on Wednesday, March 4, 2026.

The following members of the A&U were present:

Carlos Beruff, Chair
Josh Becksmith
Robert Spottswood
Frank White

1. Approval of Prior Meeting's Minutes

A motion was made and seconded to approve the December 10, 2025 minutes. All were in favor. Motion carried.

2. Chief Financial Officer Report & 2026 Rate Filing Update

Brian Donovan: Good morning, Chairman, Committee members. I'm Brian Donovan, Chief Actuary at Citizens, and I'll give an update on the 2026 rate filing. Citizens did receive a rate order this past Monday, March 2, from the Office of Insurance Regulation (OIR). I want to go through what we filed, what was approved, and some of the details of that.

You may recall back in December, the overall indication for Citizens across all lines of business was 2.3%. We recommended a rate change of minus 0.8%, and OIR approved a rate change of minus 4%. This does vary by line of business. For personal lines, the indication was minus 0.3%. Our recommendation was minus 2.6%, and the Office approved minus 5.9%. The difference between what we recommended and what was approved has to do with how the glide path capping was applied. When we made our recommendation, we recommended that for all personal lines policies, all indicated rate changes be capped between minus 15 and plus 15. The office agreed with this, except for two lines of business. For homeowners and condos, both multi-peril and wind-only, for primary business, they ordered a rate cap of minus 15 to minus 2. And for non-primary, from minus 15 to zero. So, for those lines of business, which are our biggest personal lines — homeowners especially — if you're primary, you'll get at least a 2% decrease, and it could be as much as a 15% decrease. Non-primary, we'll see no rate increases, and would see some decreases up to minus 15. All the other lines of business for personal lines were approved as filed, with a minus 15 to plus 15.

One important thing in the order that needs to be highlighted is that OIR declared these lines of business — the homeowners condo, personal lines condo — as actuarially sound, meaning that the glide path will no longer apply to these lines of business going forward. That restriction of the glide path capping does not automatically apply to these lines of business.

For commercial lines, the indication was 18.8%. We recommended 10.4%, and the office approved 8.3%. Once again, the difference between the recommended and approved had to do with how the capping was applied. For commercial, we recommended no decreases — keep everything between 0 and 15%. The office modified that to allow decreases up to minus 5%. So

for commercial lines, the rate increases are capped between minus 5 and 15%. That is the crux of it — those are the highlights of what was in the order and the difference between what we filed and what was approved. I'm happy to answer any questions.

Chair Beruff: Any questions from the Board?

Chair Beruff: I do have a couple of questions, or comments. With the new rate filings that we're allowed to charge, how does that operate? How does that affect operations? Can we underwrite profitably with 336,000 policies? Or do we start dipping into returns coming from Mr. Kapil's side of the equation in order to subsidize our operations?

Brian Donovan: We can continue to see improvement in the results, even despite being cherry-picked. We have seen a big reduction in overall frequency, and of the claims being reported, we see a big reduction in litigation. So, I think we are at a point where, now were you referring to the organization as a whole, or just the lines of business where the capping would go?

Chair Beruff: The organization as a whole. Do we break even operationally without taking—

Jennifer Montero: Yes, we will still have a net operating gain.

Chair Beruff: Projected?

Jennifer Montero: Yes.

Chair Beruff: Even at the lower policy count?

Jennifer Montero: Yes, because a lower policy count means lower expenses. Lower rate, lower losses, lower admin, lower everything.

Chair Beruff: So, our reserves, to Mr. Spottswood's comments earlier, should continue to increase?

Jennifer Montero: Correct. That's correct.

Chair Beruff: Okay — that was what I wanted to be very clear for the public to hear. Thank you. Because eventually Mr. Spottswood's comments are very well taken, we increase enough of our own reserves, we don't have to participate in the reinsurance market if we choose not to. Then we could be more effective in who we're covering, which is the people who can't get insurance elsewhere.

Governor Spottswood: So, overall, looking at our portfolio of 326,000 policies, how close to actuarially sound are we today?

Brian Donovan: As we said, we are very close. When we talked about—some lines of business we are—

Chair Beruff: May I interrupt for a second, according to OIR we are actuarially sound, now, whether we agree with that or not is a different ballgame. Mr. Donovan, I think you can go ahead and finish your thought.

Brian Donovan: Since I've been here, it's been over 10 years since we've been in this good of a position financially, rate-wise. Our overall indication was minus 0.3% in December. We're going

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to take a minus 5.9 — how's that going to impact it? But what we're seeing is positive, especially with reports of reinsurance rates coming down, I think we're in a good position, rate-wise, at this point in time.

Chair Beruff: So, you think you're going to be in agreement with OIR's synopsis that says we are actuarially sound, even with the rates that they allow us to charge?

Brian Donovan: That is correct, but I would hold off saying that wholeheartedly until we update the indications and really take into account all the cherry-picking that's going on.

Chair Beruff: But we're close?

Brian Donovan: Yes

Governor Spottswood: Going back to a point I was making earlier — I want to make sure I understand this correctly, and that we're acting going forward accordingly. The two objectives we had years ago from the legislature were to get to a point where we were actuarially sound, and to reduce our overall policy count and exposure. I'd like to say, at least from my perspective, that this organization has done a good job accomplishing those goals. I think we're now at a pivot point where we can start to look at things differently going forward, and figure out what to do to continue to make insurance more affordable and more accessible in those areas where it's really needed. We've been focused on making sure we're actuarially sound and reducing exposure — we've gotten there. Now what do we do? And the order that came out, pointing to reductions going forward — I want to make clear that's not in effect yet. That doesn't occur until June and after. So these reductions we're talking about, don't expect them tomorrow — they're coming next policy year beginning in June. I'd like to really make sure we're doing everything we can to bring as much relief to policyholders as we possibly can. The other thing I would say is we're focused on personal lines, but the commercial sector is suffering as well. I don't know what we do to help there, but commercial properties can't afford the kind of insurance rates they're facing. I don't know where we look to start to improve those rates. Commercial lines of insurance are just unaffordable.

Jennifer Montero: Governor, I would like to clarify — the effective date has been moved, because we didn't get the order until yesterday. The new effective date will be July 1 instead of June 1 for the rates to go in. I also want to point out that even though the office came back and said that we are actuarially sound, it is still only on HO3s, HW2s, HO6s, and HW6s. The rest of them, they said, are not actuarially sound, so we're still working on those — just to clarify that. Thank you.

Chair Beruff: Mr. Shelton.

Governor Shelton: It's good we have a governing board — we all have different views, and mostly we are aligned. I agree with everything Governor Spottswood said, but I also — and I think this was a legislative mandate as well that put us in a bit of a quagmire, correct me if I'm wrong — didn't the legislature also require that we are not to be competitive with the marketplace? We are in such a good position now that, in my opinion, I don't want Citizens to become a competitive insurance marketplace for people to go to. That's just my feeling on that. And on the last point — I understand commercial insurance rates are a problem for developers and others — but I've said it in years past: non-residential commercial, I don't think Citizens should be in that line of business. We're in it, and we can't not be in it, because the legislature would have to dictate that we can't be. But in Northeast Florida — I can't speak for other areas of the state — developers can get commercial insurance, and the rates aren't extraordinary for their positions up there, but they

come to Citizens because all they want is a piece of paper to be bonded out so they can get the project built and flip it. They come to Citizens because the rates are so cheap, or because we are competitive where we shouldn't be competitive. My position is: anything that doesn't have a single-family home, whatever it may be where someone might reside, I don't think we should be in that business, and I don't think we should try to be in a position where we're competitive with the marketplace. We want to be sensitive to that, but I don't want to be competing with the other insurers coming into the state. I think we want to pause on that. Thank you, Mr. Chairman.

Governor Becksmith: And I think, Ms. Montero — you gave this number earlier — but how many new personal lines policies, approximately, did Citizens take in over the last 12 months?

Jennifer Montero: 177,000.

Governor Becksmith: 177,000 — in broad scope, the lowest ever, for the most part. We've still got some takeout companies to go, and I think, to Governor Spottswood's point but also to Governor Shelton's, obviously the marketplace is taking care of itself. There's capacity in there. The one thing we all know that we also need to be considering, which also goes to Governor Shelton's point, is that actuarially sound today can be a lot different tomorrow — if we have storms that blow through and the reinsurance market changes. I bring up the point about personal lines specifically because we were created as the insurer of last resort. We don't want to balloon, but we also want to provide relief in the marketplace where it's needed, within that 20% cap, and we just want to be sensitive to that as we continue to go forward. I think the outlook in the state of Florida, as long as Mother Nature helps out, is very good on the property insurance side right now — there's alternative funding coming out, and things like that. So, a question: you made a comment about OIR saying that they've taken away our ability for the glide path going forward. Is that just this year, or is it now sunset — gone, see you later?

Tim Cerio: Let me jump in on that one, because I don't want to get ahead of OIR. They did state in the order that these business lines were actuarially sound. Our traditional understanding of the glide path statute is that when a business line is actuarially sound, the glide path goes away. But that's all. We have got this in the in the order — I don't think we've talked to them about that, so I don't want to put words in their mouth. That's how we're reading it right now, without discussing it with OIR. Is that a fair way to put it?

Governor Becksmith: And just to reiterate, the glide path says this is the most we could charge in one year up — it's not necessarily going to be approved, and it's not necessarily what's going to be recommended, but it sets a cap on it.

Chair Beruff: Okay, good. Thank you for clarifying that, Tim.

Tim Cerio: Can I make one more point, Mr. Chair? It goes to the comments that were made: how do we stay smaller? How do we not grow? Governor Shelton hit it on the head — we've got to be actuarially sound, but we can't get back in the position of competing with the private market. The reforms are working. The Governor wanted to see rates come down. The legislature wanted to see rates come down. This Board did, this team did, and OIR clearly did, and rates are naturally coming down. The market is working and thriving, and there's downward pressure, but when it all balances out, to be that insurer of last resort, we cannot get back into that position, and we need to keep touting this message — the statute says we also have to charge non-competitive rates. We can't compete with the private market. You can have an honest discussion about what that means in Monroe County, where maybe there is no meaningful market — I think it's getting better, I know of one new insurer down here — but I want to be fair. The overall message has been that

we cannot get back into the position of competing with the private market. That's why we grew more than we probably should have, and why recovery has taken longer than it should have. If we're charging non-competitive rates, you'll see a smaller oscillation up and down, if that makes sense.

3. Chief Insurance Officer Report & Product Updates – March 2026

Jay Adams: Good morning, Chairman and committee members. I have a very quick product update. Our legal counsel gave us some indications that we needed to amend some of the product language. The first item is our home sharing host and short-term liability. What we're trying to do is strengthen our dwelling fire contract language by incorporating home sharing and host activities in the definitions. And what we're trying to do is prevent liability issues, because these are not designed to be rented on a short-term basis. The second item we have is flood coverage, and what we're trying to do here is revise the personal lines-based policy forms — all the letters, the declarations, the things that go out. And what we want to make sure that we are highlighting is that the statutory requirement to policyholders is to secure and maintain flood coverage, and the failure to maintain that flood coverage at the time of a wind loss could result in the denial of the claim. We went back and looked at our statutes around the flood policy and found out that we do have a responsibility to check that at the time of a wind loss. And the last piece is just a clarification around privacy notice. Chairman, I'd be glad to take any questions.

Chair Beruff: Board, I'll entertain a motion to recommend approval of the changes from the committee?

A motion was made and seconded to recommend that the Board approve the proposed Product Updates – March 2026. All were in favor. Motion carried.

4. New Business

Chair Beruff: Any new business?

No new business was raised.

(Whereupon the meeting was adjourned.)

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