

Florida Chamber Insurance Summit

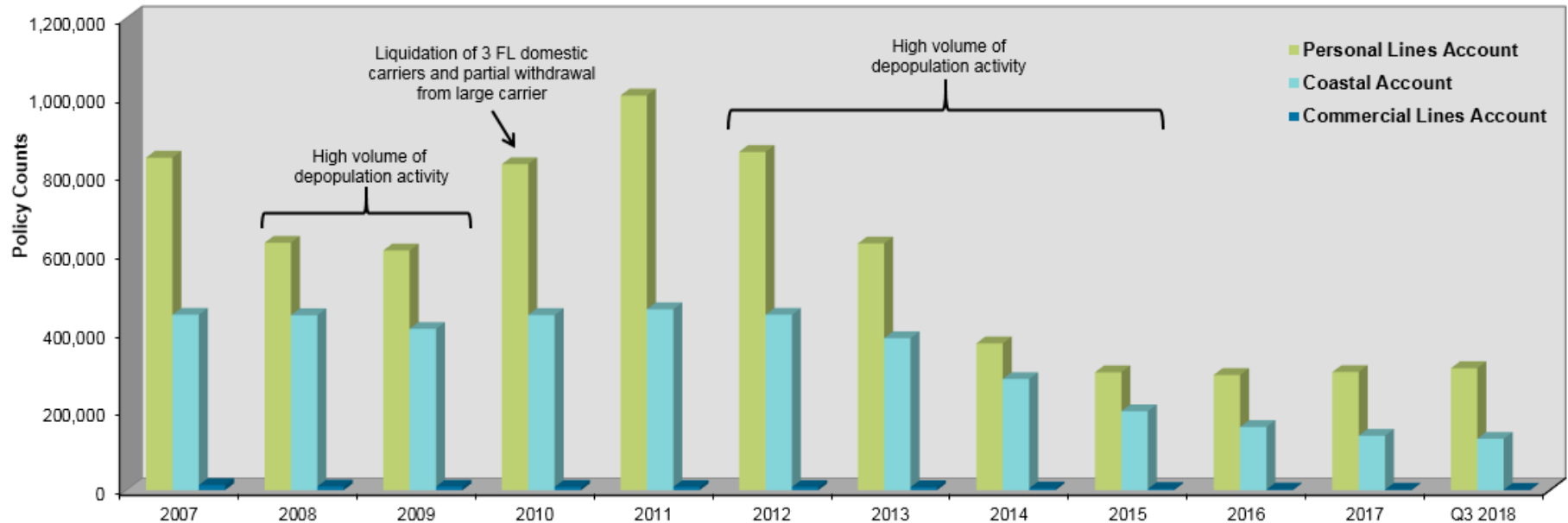
Presented November 2018 by:
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Miami, Florida



Portfolio Update (Policy Counts by Account and Year)

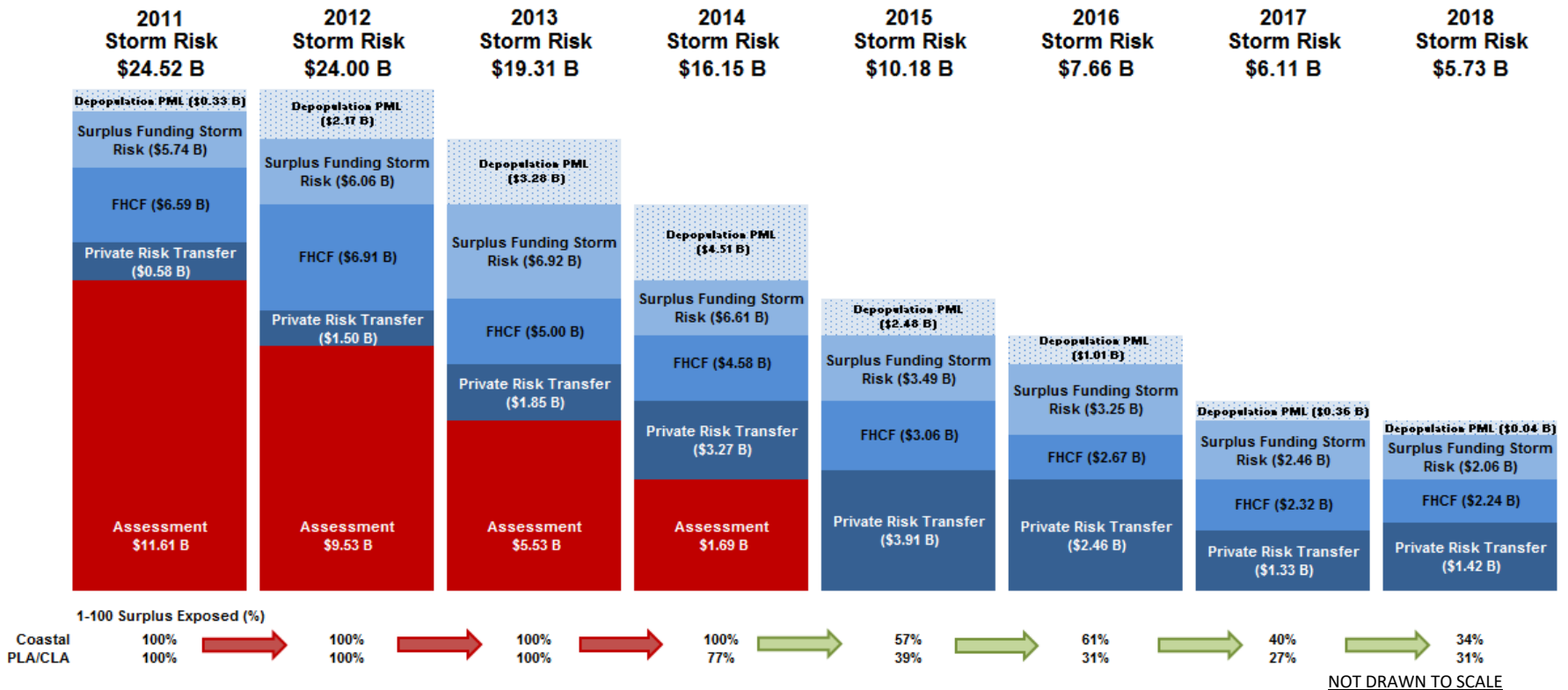
as of December 31 unless otherwise noted



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Q3 2018
Personal Lines Account	845,857	629,467	609,652	829,406	1,003,856	860,502	627,391	373,617	299,902	293,118	300,507	310,354
Coastal Account	446,184	445,200	410,436	445,679	460,161	446,163	386,688	282,863	200,842	160,834	138,591	130,849
Commercial Lines Account	12,908	9,570	9,126	8,453	8,374	8,146	7,615	4,681	3,121	1,891	1,308	1,015
Total	1,304,949	1,084,237	1,029,214	1,283,538	1,472,391	1,314,811	1,021,694	661,161	503,865	455,843	440,406	442,218

Assessment Risk

Public Summary of Citizens Assessment Reduction Efforts Over Time

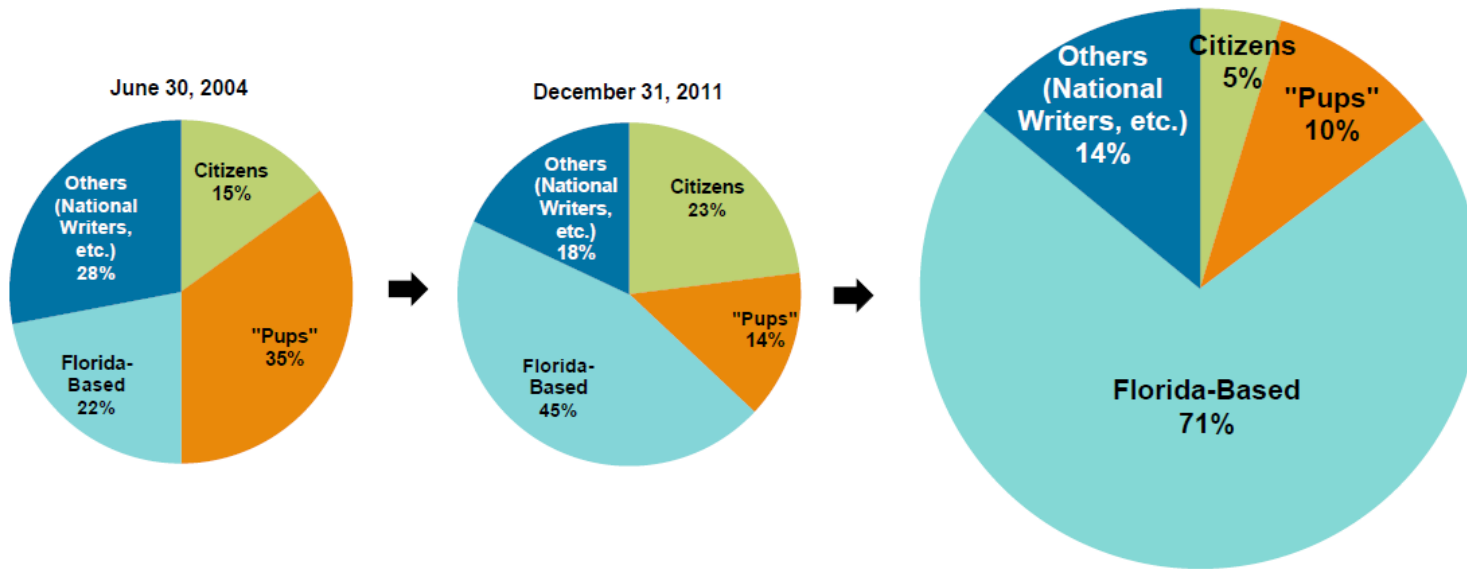


Notes:

- Storm Risk is as measured by 1-in-100 year probable maximum loss (PML) plus estimated loss adjustment expenses using the Florida Hurricane Catastrophe Fund (FHCF) account allocation where PLA and CLA are combined. PLA/CLA combined PMLs are added to the Coastal PMLs to be consistent for surplus distribution. In general, the PMLs presented are as projected at the beginning of storm season; with the exception of 2017 which is as of August 31, 2017.
- Surplus and Assessments are as projected at beginning of storm season. Not all PLA/CLA surplus is needed to fund storm risk in 2014. In 2015 - 2018, not all surplus in PLA/CLA and the Coastal Account is needed to fund storm risk. Remaining surplus is available to fund a second event.
- Florida Hurricane Catastrophe Fund (FHCF) is as projected at beginning of storm season; with the exception of 2017 and 2018 which are Citizens' initial data submission to the FHCF.
- Depopulation PMLs are not included in storm risk totals and are presented as year end totals; with the exception of 2018, which is as of May 31, 2018. PMLs from 2011-2014 use a weighted average of 1/3 Standard Sea Surface Temperature (SSST) and 2/3 Warm Sea Surface Temperature (WSST). 2015 - 2018 PMLs reflect only SSST event catalog.

Market Share Based on Total Insured Value

For Policies that Include Wind Coverage
 Florida Residential Property Insurance Market
 Includes State Farm Florida
 QUASR data as of June 30, 2018



Insurer Category	Total Insured Value
Citizens	\$106,284,553,696
"Pups"	\$233,041,758,285
Florida-Based	\$1,612,889,890,922
Others	\$319,869,629,249
Total	\$2,272,085,832,151

The Florida Residential Property Insurance Admitted Market is divided into 4 major parts: (i) Citizens; (ii) Florida only subsidiaries "pups" of major national writers; (iii) Florida-based domestic companies; and (iv) non-domestic nationwide property writers, such as USAA, etc.

Hurricane Irma

68,789 Claims Received

\$1.84 Billion Booked Loss

Hurricane Michael

3,200 Claims Received

4,000 Forecast Claims

\$142 Million Modeled Loss

Citizens Challenges

- Litigation Increases
- Tri-County Market Share
- Tri-County Increased Litigation Factor
- Rate Differential Between Citizens and Private Market
- Increased Non-Weather Water Claims Due to Fraud and Abuse
- Impact of Shift Away from Commercial and Coastal Wind Only

Carrier Litigation Expense

Litigation has been increasing steadily for all carriers.

	2013	2014	2015	2016	2017	2018 Q3
Citizens Property Insurance Company						
All	9,146	9,525	7,653	10,061	7,624	10,357
AOB	860	1,062	1,250	3,242	2,718	2,617
AOB %	9%	11%	16%	32%	36%	25%
All Other Carriers						
All	18,270	22,122	30,167	31,790	41,524	53,160
AOB	4,613	4,820	6,645	5,968	9,772	12,843
AOB %	25%	22%	22%	19%	24%	24%
Total All	27,416	31,647	37,820	41,851	49,148	63,517
Total AOB	5,473	5,882	7,895	9,210	12,490	15,460
Total AOB %	20%	19%	21%	22%	25%	24%

Data source – DFS LSOP 2013-2018 Q3

Note: 2018 Q3 data includes Hurricane Irma which represents around 60% of all new Litigation for Citizens Property Insurance in 2018.

Citizens has Largest Concentration of Policies in the Tri-County Region

Insurer Name	Concentration of Policies in Tri-County Region for Policy Types Prone to Litigation					
	2Q 2018	2017	2016	2015	2014	Average
Citizens Property Ins Corp.	57%	57%	56%	55%	53%	56%
Allstate (Castle Key Insurance)	14%	14%	14%	14%	14%	14%
American Integrity Ins Co. of FL	4%	5%	6%	7%	8%	6%
American Security Insurance Co.	34%	36%	45%	29%	29%	35%
Anchor Insurance Co.	27%	32%	46%	63%	N/A	42%
Federated National Insurance Co.	26%	26%	27%	27%	26%	26%
Florida Peninsula Insurance Co.	24%	27%	34%	33%	38%	31%
Heritage P&C Insurance Co.	23%	25%	34%	37%	31%	30%
Homeowners Choice P&C Ins Co.	37%	37%	38%	37%	37%	37%
Liberty Mutual Insurance Co.	10%	10%	10%	10%	10%	10%
Olympus Insurance Co.	19%	17%	15%	17%	19%	17%
People's Trust Insurance Co.	45%	45%	46%	42%	46%	45%
Safepoint Insurance Co.	50%	52%	49%	46%	45%	49%
Security First Insurance Co.	3%	4%	4%	5%	7%	5%
Southern Fidelity Insurance Co.	16%	15%	15%	15%	16%	15%
Southern Oak Insurance Co.	36%	34%	30%	31%	34%	33%
St. Johns Insurance Co.	11%	10%	9%	9%	10%	10%
State Farm Florida Ins Co. ⁽³⁾	16%	16%	16%	16%	16%	16%
Tower Hill Insurance Co.	19%	20%	21%	24%	24%	22%
United P&C Insurance Co.	18%	20%	21%	22%	22%	20%
Universal P&C Insurance Co.	47%	46%	43%	39%	35%	42%
USAA Insurance Co.	15%	15%	15%	15%	15%	15%

Notes:

(1) Homeowners insurance companies from LSOP (Lawsuits) list, Florida Office of Insurance Regulation website

(2) Concentration of policies is calculated as the tri county (Miami-Dade, Broward and Palm Beach counties) total insured value relative to statewide total insured value for multi-peril homeowners and dwelling fire policies using QUASR data

(3) State Farm Florida filed QUASR data as "trade secret" with the FL Office of Insurance Regulation beginning first quarter 2014. This exhibit reflects values for State Farm Florida as reported at 12/31/13.

Concentration of Tri-County Policies Increases Litigation on Average 6 Times

Insurer Name	Percent of Business in Tri-County Area		Percent of Policies Litigated		Increased Litigation Factor
	as of 9/30/2015	as of 12/31/2017	Tri-County Area	Rest of State	
Citizens Property Insurance Corporation	59%	61%	1.9%	0.2%	7.9
Florida Family Insurance Company	31%	32%	0.0%	0.0%	2.9
Florida Peninsula Insurance Company	37%	29%	0.8%	0.1%	8.7
Heritage Property & Casualty Insurance Company	35%	27%	0.6%	0.1%	7.9
Homeowners Choice Property & Casualty Insurance Company, Inc	38%	37%	0.6%	0.1%	7.8
People's Trust Insurance Company	39%	38%	0.3%	0.1%	4.3
Tower Hill Insurance Company	24%	18%	0.4%	0.1%	6.5
United Property & Casualty Insurance Company	24%	22%	0.4%	0.1%	4.9
Universal Insurance Company	36%	42%	0.5%	0.1%	5.2

Notes:

- 1) The above data reflects the following multi-peril policies: "Personal Residential - Homeowners (Excl Tenant and Condo) - Owner Occupied" and "Personal Residential - Condominium Unit Owners" (for Citizens data that means HO3/HO8/HO6).
- 2) Litigation data is based on the Florida State Lawsuits Service of Process (LSOP) report which includes all insurance based lawsuits regardless of product type from 2015 Q3 through 2017 Q4. Number of suits from a quarter is divided by the PIF count at the end of that quarter.
- 3) PIF data comes from QUASR. We assumed there is a 6 month delay from LSOP date served and QUASR report quarter. So PIF data ranges from 2015 Q3 through 2017 Q4.
- 4) The percent of policies litigated shown is a weighted average of the percent of policies litigated by PIF over 2015 Q3 through 2017 Q4.
- 5) Increased Litigation Factor is the percent of policies litigated in Tri-County area divided by the percent of policies litigated in the Rest of State.

Citizens Potential Solutions

- Policy Language Changes / Managed Repair Caps
- Requirements Prior to Initiating Litigation
- Alternative Dispute Resolution Options
- One Way Attorney Fee Revisions
- Licensing of All Mitigation Contractors
- Referral Fee Restrictions
- Fraud – Increase Focus on Major Relationships

Questions and Discussion

