

Executive Summary

Board of Governors Meeting, December 13, 2017

Rate Filing Update – 2018 Rates

Typically, Citizens receives the rate order from the OIR in September for rates effective February 1st of the following year. Due to Irma, the issuing of the rate order and subsequent rate changes were delayed by three months. This year, Citizens received both the Personal Lines (PL) and Commercial Lines (CL) rate order on December 6, 2017, for the rate changes to be effective May 1, 2018.

With one notable exception, the OIR did approve the rates as filed.

The overall PL recommended rate statewide change is **+5.3%**. The approved overall statewide change is **+5.0%**. The difference between the recommended and approved rates is due to an adjustment to the HO3 and DP recommended rates (multi-peril and wind-only) in Monroe County.

For homeowners and dwelling wind-only policies, Citizens filed a recommended rate change of 4.0% and 5.8%, respectively in Monroe. The OIR approved an overall base rate change of 0% for both of these lines. Along with this adjustment to the recommended rates, the order included the following four directives concerning future changes to rate levels in Monroe.

1. An evaluation and study of appropriate rating territories for Monroe County for wind-only and multi-peril policies. Currently Citizens has one wind-only rating territory and two multi-peril rating territories. The OIR is asking if these rating territories are refined enough.
2. Review of a study authored by Applied Research Associates, Inc., which evaluated the effectiveness of plywood (Class C shutters), and consideration by Citizens of providing a credit for this wind mitigation feature.
3. Collaboration with Monroe County on the completion of its detailed study to evaluate the effect of building code standards in Monroe County and the impact of those standards on wind mitigation credits.
4. An evaluation and study of the models accepted by the Florida Commission on Hurricane Loss Projection Methodology using the 2017 standards, which includes the requirement that the county codes be reflected in the model results.

Citizens will work with the OIR and Monroe County to address these directives in the coming months.

It is worth noting, that all approved territory rate changes are averages for changes within that territory. Individual policyholder changes may range between -10% and 10% for all territories.

The overall CL recommended rate statewide change is **8.5%**. The approved overall statewide change is **+8.5%**. In the aggregate, there were no significant differences between the recommended and approved rates for CL.

Across all lines of business combined, the recommended rate change was **5.8%** and the approved rate change is **5.6%**.

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RECOMMENDED AND ESTABLISHED RATE CHANGES			
PERSONAL LINES			
		Recommended	Established
	Filing	Rate	Rate
Account	Number	Change	Change
Homeowners Multi-Peril	17-16826	6.7%	6.6%
<u>Homeowners Wind-Only</u>	17-16827	<u>1.7%</u>	<u>0.9%</u>
Homeowners Combined		5.2%	4.9%
Dwelling Fire Multi-Peril	17-16966	5.2%	5.2%
<u>Dwelling Fire Wind-Only</u>	17-16967	<u>6.3%</u>	<u>4.6%</u>
Dwelling Fire Combined		5.4%	5.1%
Mobile Homeowners Multi-Peril	17-17210	3.9%	3.9%
<u>Mobile Homeowners Wind-Only</u>	17-17211	<u>9.8%</u>	<u>9.8%</u>
Mobile Homeowners Combined		5.0%	5.0%
Mobile Home Dwelling Multi-Fire	17-17409	7.1%	7.1%
<u>Mobile Home Dwelling Wind-Only</u>	17-17410	<u>10.0%</u>	<u>10.0%</u>
Mobile Home Dwelling Combined		7.2%	7.2%
Average Personal Lines		5.3%	5.0%
COMMERCIAL LINES			
		Recommended	Established
	Filing	Rate	Rate
Account	Number	Change	Change
Commercial Residential Multi-Peril (Condo Assn.)	17-18043	4.8%	4.8%
<u>Commercial Residential Multi-Peril (Excl. Condo Assn.)</u>	17-18044	<u>4.7%</u>	<u>4.6%</u>
Commercial Residential Multi-Peril Combined		4.8%	4.7%
Commercial Residential Wind-Peril (Condo Assn.)	17-18869	10.3%	10.1%
<u>Commercial Residential Wind-Peril (Excl. Condo Assn.)</u>	17-18870	<u>9.8%</u>	<u>9.8%</u>
Commercial Residential Wind-Peril Combined		10.1%	10.0%
Commercial Non-Residential Multi-Peril	17-18234	8.1%	8.1%
<u>Commercial Non-Residential Wind-Only</u>	17-18965	<u>9.4%</u>	<u>9.4%</u>
Commercial Non-Residential Combined		9.3%	9.3%
Average Commercial Lines		8.5%	8.5%
Average Commercial & Personal Lines Combined		5.8%	5.6%