

Executive Summary

Actuarial & Underwriting Committee Meeting, December 11, 2018
Board of Governors Meeting, December 12, 2018

Citizens' Rates Versus The Industry Summary

As requested by the Board, Citizens' staff performed a rate comparison of industry rates, specifically in South East Florida. This was accomplished in two ways. First, we examined the three required HO-3 rating examples that every company is required to submit to the Office of Insurance Regulation (OIR) with its rate filing. Second, we re-rated Citizens' in-force HO3 policies with the rates from 38 companies that provide homeowners coverage in Florida. To comply with the statutory requirement that Citizens file actuarially sound rates which are subject to the glide path, this industry rate comparison was not considered in the rate indication.

The two conclusions from this analysis are:

75% of Citizens' policies have a rate that is less than the average of the industry rates.

In the tri-county area, Citizens' rates are on average -10% less than the companies identified as writing in the region.

Industry Rating Examples

With each rate filing, every company is required to submit the same three rating examples to the OIR which are then shared on the OIR website. The examples represent lower valued homes (\$150,000) older homes, both with and without mitigation credits. And higher value (\$300,000) new construction home. We ranked Citizens premiums relative to a total of 27 companies in South East Florida.

	Citizens' Rank		
	\$150,000 Value	\$150,000 Value	\$300,000 Value New Construction
	<u>Pre-2001 Construction w/ No Wind Mitigation</u>	<u>Pre-2001 Construction w/ Wind Mitigation</u>	
Broward	10	4	14
Miami-Dade	12	6	13
Palm Beach	18	3	16

Lower the number, the lower the premium relative to the other companies.
That is, 1 would indicate the lowest premium and 27 would represent the highest premium

Not surprising, Citizens is among the cheapest for lower valued homes with wind mitigation credits. Older, lower valued homes with mitigation credit comprise the vast majority of Citizens' HO-3 book of business. Over 90% of Citizens' policies were built before 2002; 88% have wind mitigation credits; and 85% have coverage A values below \$300,000.

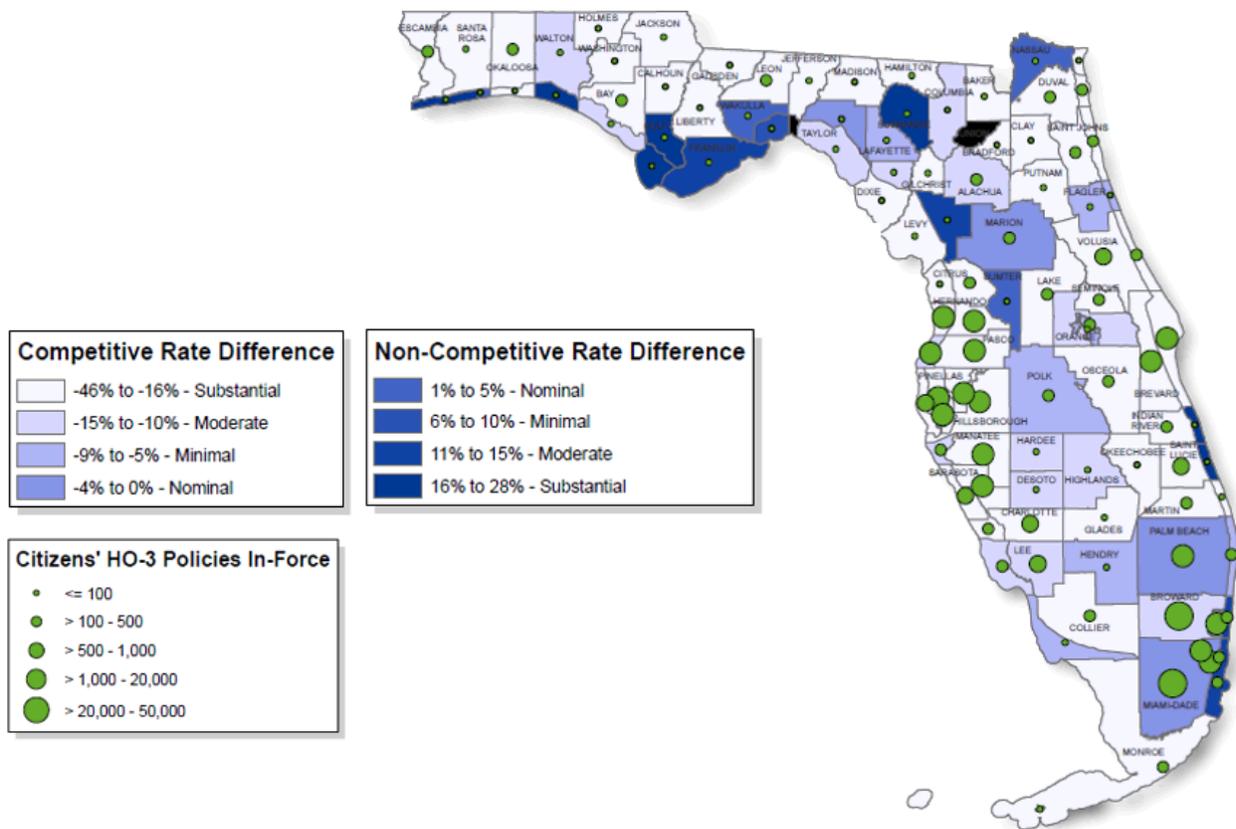
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Re-rated Policies

For this approach, we re-rated Citizens in-force book of business as of August 31, 2018 with the rates of 38 companies. We then compared Citizens' rates to the average of the other companies' rates for each policy. As with any competitor rating analysis, results have to be viewed with the understanding that there is no information regarding any specific companies' underwriting guidelines. As such, we show the results for all companies, statewide. We then also show the results for South East Florida only, limited to companies that are known to be writing in South East Florida. In particular, we limited it to companies where there was a positive policy count change from 3/31/16 to 6/30/18.

Statewide Results



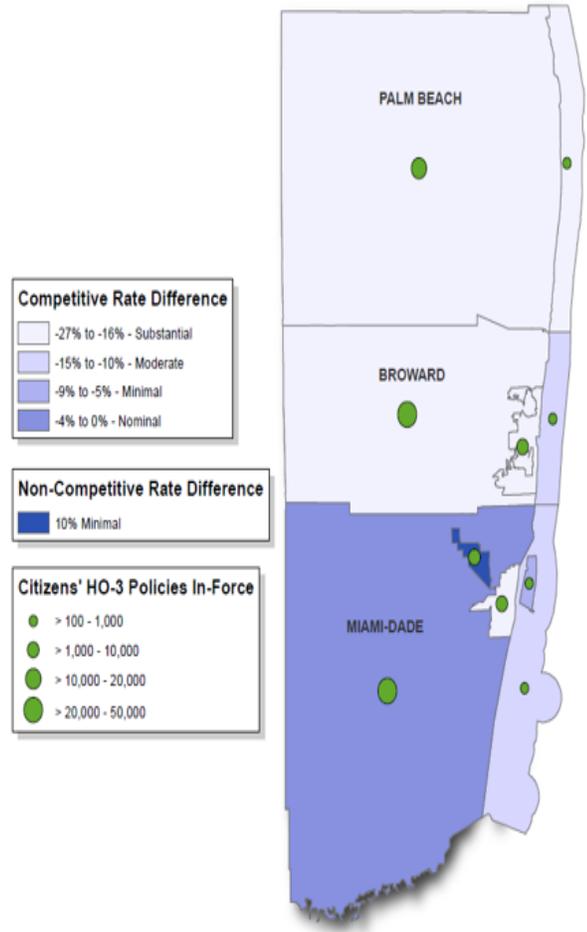
The companies included in the statewide map include all 38 companies. There was no adjustment or consideration given to whether or not a company was writing in a specific area.

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South East Florida Results

County	Broward	Miami-Dade	Palm Beach	South East
Citizens P&C	\$3,808	\$4,841	\$3,581	\$4,372
Company A	\$3,530	\$3,898	\$4,269	\$3,827
Company B	\$3,883	\$4,202	\$3,468	\$4,017
Company C	\$6,702	\$7,085	\$4,434	\$6,655
Company D	\$4,057	\$4,488	\$5,355	\$4,456
Company E	\$6,295	\$6,722	\$6,507	\$6,564
Company F	\$4,031	\$4,949	\$3,544	\$4,499
Company G	\$3,706	\$4,290	\$2,855	\$3,940
Competitor Average	\$4,600	\$5,090	\$4,348	\$4,851
Difference	-17%	-5%	-18%	-10%



The companies compared in this exhibit were limited to those companies actively writing in South East Florida.