

Citizens Property Insurance Corporation Overview

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- A state-created, not-for-profit, tax-exempt government entity whose public purpose is to provide property insurance coverage to those unable to find coverage in the voluntary admitted market or if coverage in the voluntary admitted market is more than 15% higher than coverage with Citizens
- Created from the merger of the Florida Windstorm Underwriting Association (FWUA) and the Florida Residential Property and Casualty Joint Underwriting Association (FRPCJUA)
 - FWUA: created in 1972 as insurer of last resort to provide wind-only coverage in Monroe County. The wind-only territories of the FWUA were expanded over time to include most coastal regions
 - FRPCJUA created in 1992 following Hurricane Andrew as an insurer of last resort for areas of the state not covered by the FWUA
- Governed by a nine member board of Governors, three of whom are appointed by the Governor and two of whom are each appointed by the Chief Financial Officer, Senate President and Speaker of the House
- Operate pursuant to a plan of operation which is reviewed and approved by the Financial Services Commission
- Subject to regulation by the Florida Office of Insurance Regulation (OIR), Operational Reviews by the Auditor General and OIR Market Conduct Examiners, and external audits
- Citizens also has a robust Office of Internal Audit and an Inspector General

When Citizens was created, each of the predecessor organizations had slightly different coverage offerings and outstanding indebtedness, requiring the premium associated with each to remain aligned.

Each of the following three accounts are separate are statutory accounts and have separate calculations of surplus, plan-year deficit and assessment bases. Assets in one account many not be comingled or used to fund losses in another account. The three accounts are listed below with the types of policies written in each.

Personal Lines Account (PLA)

- Personal Residential Multiperil policies, including homeowners, dwelling fire, mobile home, tenants and condominium unit owners, These policies tend to be located further inland or in non-coastal areas of the state

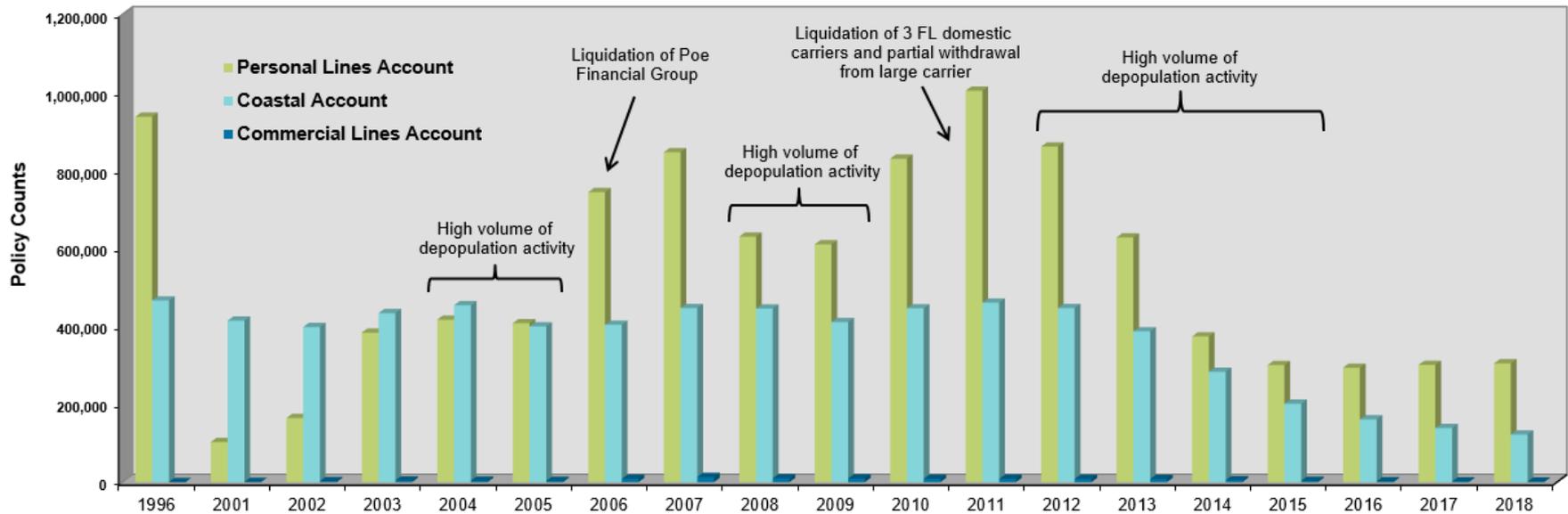
Coastal Account (Formerly High Risk Account)

- Wind-only and multiperil policies for personal residential, commercial residential and commercial nonresidential risks located in eligible coastal high risk areas

Commercial Lines Account (CLA)

- Commercial Residential Multiperil policies, including condominium associations, apartment buildings and homeowners association policies
- Commercial Nonresidential Multiperil policies located outside of the coastal (HRA) eligible areas

- Under Florida law, Citizens may write a new insurance policy only for property that meets one of the following eligibility criteria:
 - Coverage is not available from a Florida-authorized insurance company
 - Premiums for coverage from Florida-authorized insurance companies are more than 15 percent higher than the premiums for comparable coverage from Citizens
- In 2013 the legislature created a Property Insurance Clearinghouse to help identify private-market insurance options for consumers who believe Citizens might be their only choice for property insurance and to ensure that only customers who are eligible obtain coverage from Citizens
- Citizens' Depopulation Program, authorized by Florida law, matches Citizens policyholders with insurance companies interested in removing their policy from Citizens and providing private-market coverage for their policy. All companies assuming policies from Citizens have been approved by the Office of Insurance Regulation (OIR)



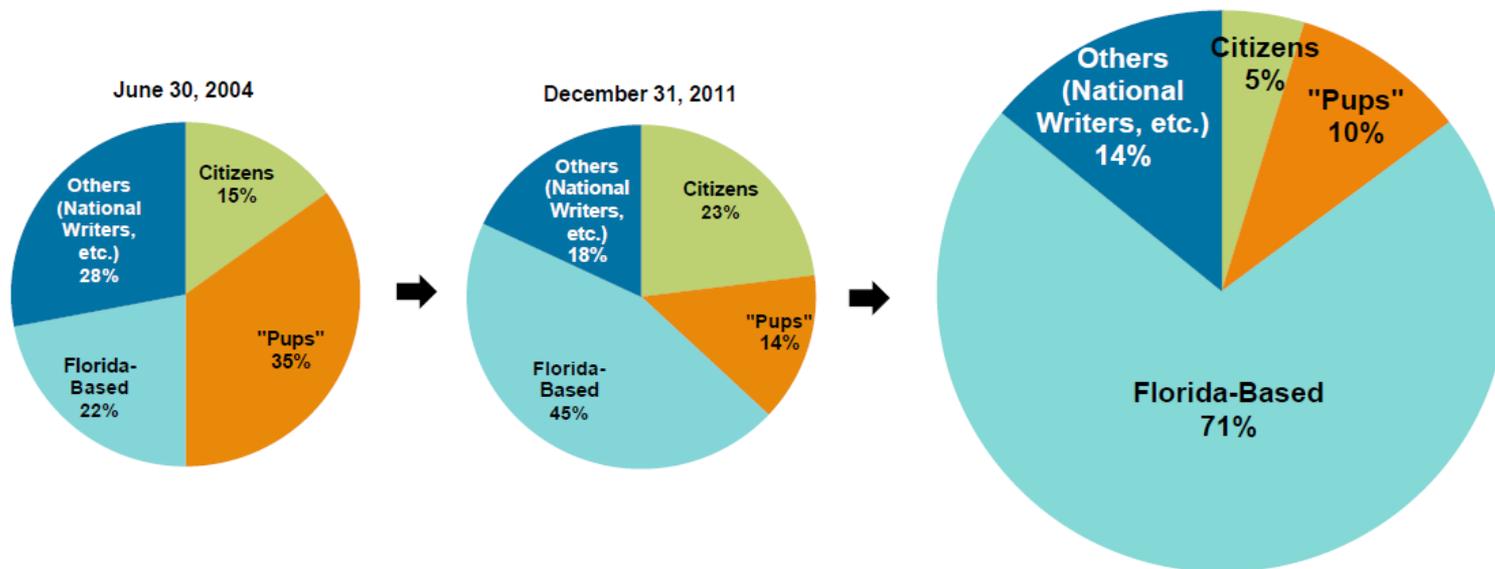
	Personal Lines Account	Coastal Account	Commercial Lines Account	Total
1996	936,837	465,739	0	1,402,576
2001	102,792	414,123	198	517,113
2002	164,274	397,676	2,157	564,107
2003	383,283	433,077	3,863	820,223
2004	416,521	453,765	3,650	873,936
2005	407,387	399,417	3,145	809,949
2006 ⁽²⁾	743,592	403,509	8,347	1,298,428
2007	845,857	446,184	12,908	1,304,949
2008	629,467	445,200	9,570	1,084,237
2009	609,652	410,436	9,126	1,029,214

	Personal Lines Account	Coastal Account	Commercial Lines Account	Total
2010	829,406	445,679	8,453	1,283,538
2011	1,003,856	460,161	8,374	1,472,391
2012	860,502	446,163	8,146	1,314,811
2013	627,391	386,688	7,615	1,021,694
2014	373,617	282,863	4,681	661,161
2015	299,902	200,842	3,121	503,865
2016	293,118	160,834	1,891	455,843
2017	300,507	138,591	1,308	440,406
2018	304,507	121,971	919	427,397

Notes:

- 1) Excludes takeout policies
- 2) In 2006, there were 142,980 policies assumed from the Poe Financial Group included in Citizens' total policy count. As these policies remained on the Poe system at the end of that calendar year, they are not allocated at the account level.

**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.

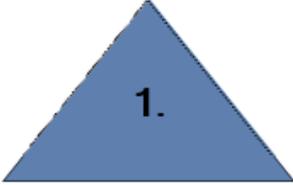
Citizens has at its disposal both the traditional resources available to all property and casualty companies that conduct business in the state as well as assessment powers granted to Citizens by law.

Traditional Financial Resources

- Insurance Premiums
- Investment Income
- Operating Surplus from Prior Years
- Florida Hurricane Catastrophe Fund Reimbursements
- Traditional Reinsurance and Capital Markets Risk Transfer

Unique Financial Resources

- Citizens' Policyholder Surcharges
- Regular Assessments (Coastal only)
- Emergency Assessments
- Pre-event liquidity resources (debt issuances and lines of credit which, if drawn upon, must be repaid)



1.

Citizens Policyholder Surcharge

Up to 15% per account for Coastal Account, PLA, and/or CLA deficits
Applies at new business/renewal for all Citizens' policyholders



2.

Regular Assessment

Up to 2% for Coastal Account deficits
Applies at new business/renewal for all non-Citizens' policyholders



3.

Emergency Assessment

Up to 10% per year per account for Coastal Account, PLA and/or CLA deficits
Applies at new business/renewal for all Citizens' and non-Citizens' policyholders

Year	Account	Principal Storm(s)	Regular Assessment Amount	Emergency Assessment Amount
2005	HRA	Hurricanes Dennis, Katrina, Rita, Wilma	\$163 million*	\$1,384 million
2004	HRA	Hurricanes Charley, Frances, Ivan, Jeanne	515.4 million	
1998	HRA	Hurricane Georges and Tropical Storm Mitch	100.0 million	
1995	PLA	Hurricane Opal	22.8 million	
1995	HRA	Hurricane Opal	84.0 million	
1995	HRA	Hurricane Erin	33.0 million	
1994	PLA	Non-hurricane	17.7 million	
1993	HRA	Winter Storm	3.2 million	
1992	HRA	Hurricane Andrew	16.2 million	
1985	HRA	Hurricane Elena	3.2 million	
1975	HRA	Hurricane Eloise	5.0 million	

- The 2005 Emergency Assessment was terminated for policies issued or renewed beginning on July 1, 2015
- Currently, no assessments are being levied by Citizens

* 2005 Regular Assessments were eliminated in the PLA/CLA and reduced in the HRA due to the receipt of a \$715 million, one-time appropriation from the Legislature.

Financial Summary (in billions)	YTD			Book of Business	Nov-2018	Change Last Mth	Change Last Yr
	Q3-2018	2017	2016				
Surplus ¹	\$6.4	\$6.4	\$7.4	Total Premium Inforce	\$866M	-0.2%	-0.6%
100-YR PML ²	\$4.9	\$5.2	\$6.0	Average Premium - PLA	\$1,711	0%	6.3%
Claims-Paying Capacity ³	\$11.7	\$11.9	\$15.8	Average Premium - Coastal	\$2,552	0%	0.2%
Total Cash and Invested Assets	\$9.5	\$10.1	\$12.1	Average Premium - CLA	\$16,435	-1%	3.7%

¹ Accumulated Surplus is determined in accordance with Statutory Accounting Principles (SAP).

² As of Q4-2014, Single-event occurrence Probable Maximum Loss ("PML") includes demand surge, excludes storm surge, and does not include LAE.

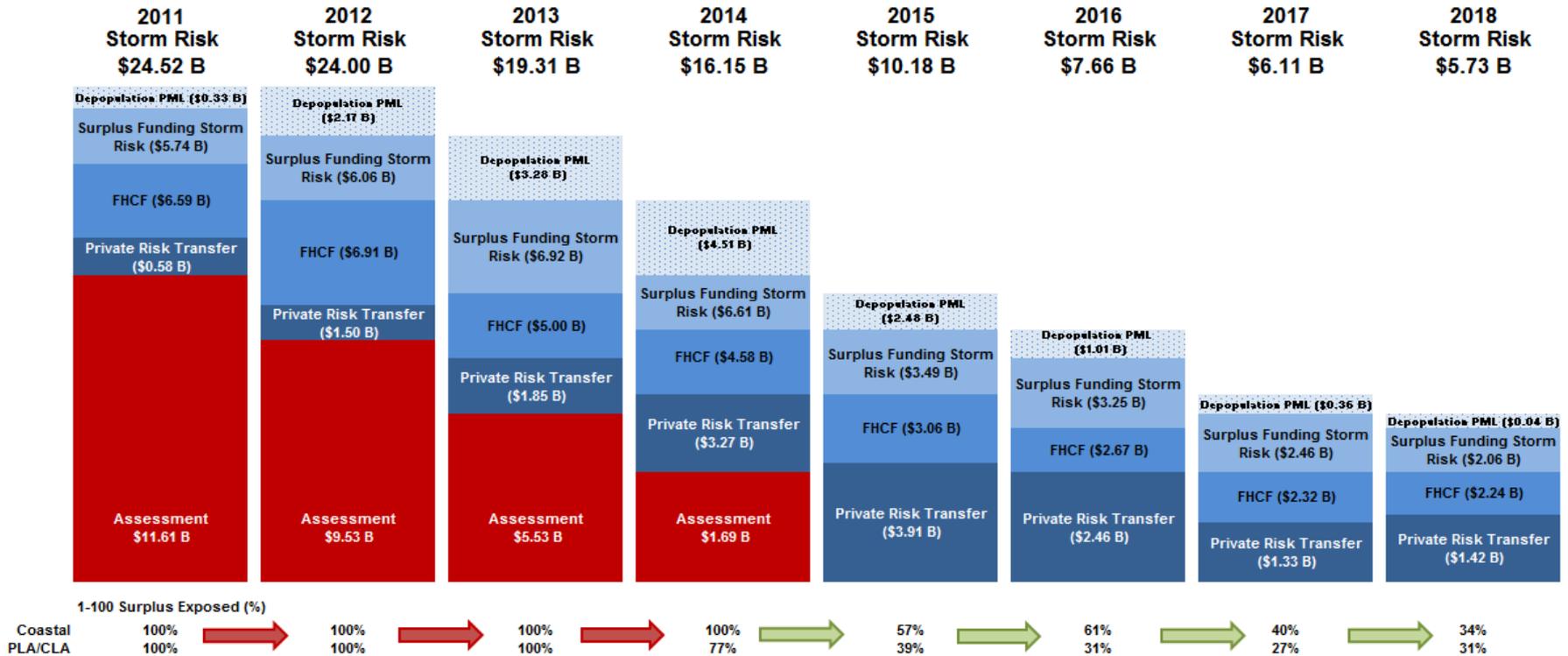
³ Claims Paying Capacity consists of (1) 2018 Q3 Statutory Surplus, (2) risk transfer for 2018-19 hurricane season (including FHCF coverage), and (3) par value of pre-event bonds. Please note that this figure shows resources on a combined basis. However, resources are specific to each account and may not be used to fund needs in another account

- While Citizens continues to have a healthy financial position, the PLA has had net losses each year since 2015:
 - Oct 2018 (unaudited): (\$64,465,000)
 - 2017 (audited): (\$555,475,000)*
 - 2016 (audited): (\$35,017,000)
 - 2015 (audited): (\$21,489,000)

*Due to Hurricane Irma losses

Storm Risk: 1 in 100 year PML

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.



Hurricane Michael Claims Statistics

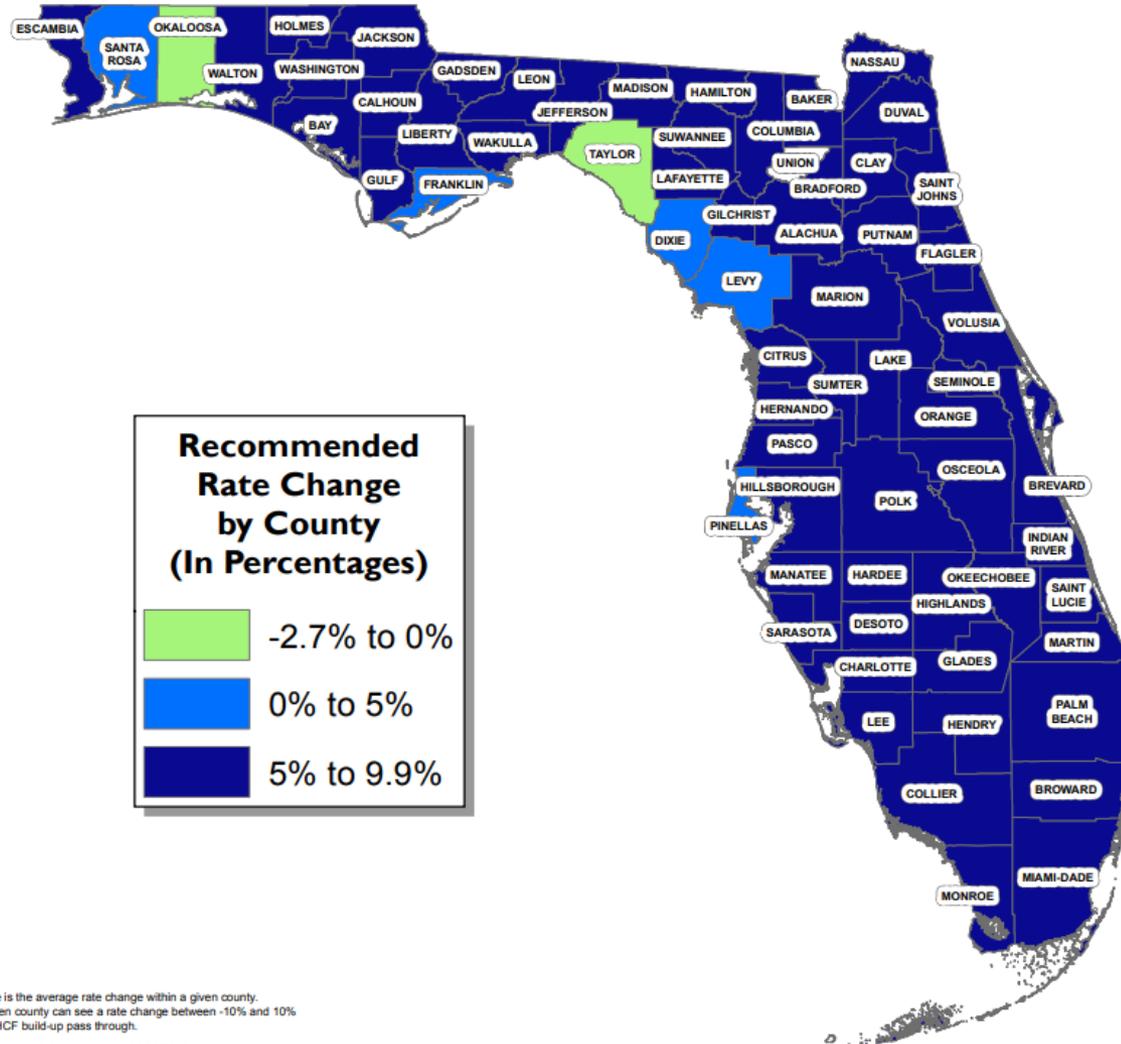
Claims Summary	Total	Commercial	Personal
New Claims	3,360	59	3,301
Closed Claims	2,442	39	2,403
% Closed	73%	66%	73%
Indemnity Paid	\$89,927,150	\$7,664,979	\$76,262,171
Expense Paid	\$1,972,680	\$82,299	\$1,890,381
Total Incurred	\$96,309,324	\$7,852,144	\$88,457,179
% Submitted by Self	79%	54%	79%
% Submitted by Rep	1%	12%	1%
% Submitted by Other	20%	34%	20%
% Storm Surge	5%	15%	5%
% AOB	1%	7%	1%

*As of 1-2-19

- Prior to 2007, rates were required to be non-competitive with the private market
- Rates for personal and commercial residential policies were frozen by statute from January 1, 2007 through December 31, 2009.
- Rates are now required to be actuarially sound, but not to exceed 10% increase annually per policy, excluding the Florida Hurricane Catastrophe Fund Rapid Cash Build-Up Factor
- Citizens Board makes annual recommended rate changes to the Office of Insurance Regulation (OIR) and they establish rates for Citizens.
- Citizens current average actuarial rate indication for multiperil homeowners is 25.2% with a capped indication of 8.5%
- Actuarial rate need for homeowners multiperil policies ranges among House districts from -3.5% to 56%

Homeowners Multiperil Rates

Exhibit 2 - Percent of 2019 Recommended Rate Change by County
Multi-Peril HO-3 Policies

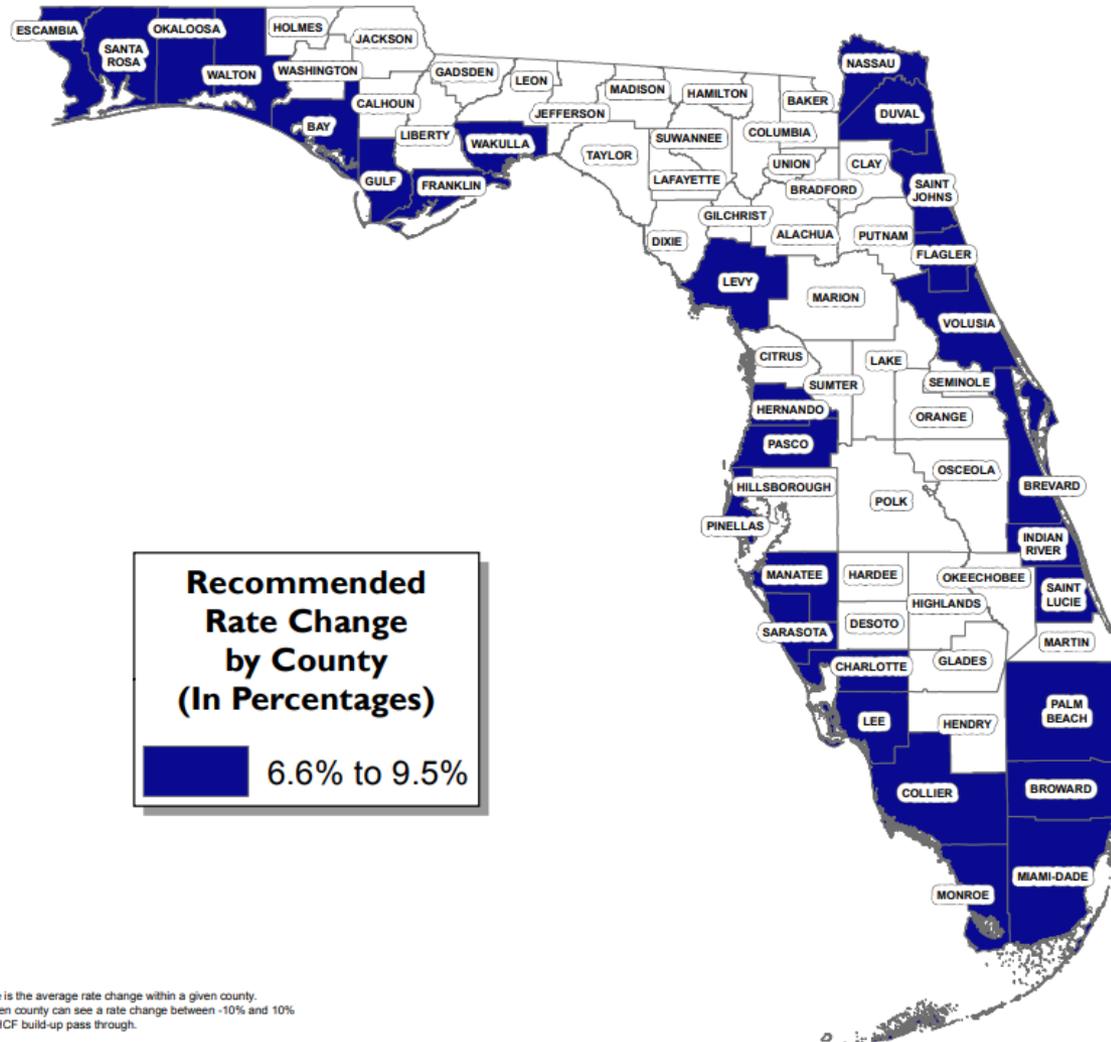


Notes:

1. Percentage of rate change is the average rate change within a given county.
2. Policy holders within a given county can see a rate change between -10% and 10% excluding effects of the FHCF build-up pass through.
3. In-force as of 06/30/2018.
4. Counties with no color have no HO-3 policies as of 06/30/2018.

Homeowners Wind-Only Rates

Exhibit 3 - Percent of 2019 Recommended Rate Change by County
Wind-Only HW-2 Policies



Notes:

1. Percentage of rate change is the average rate change within a given county.
2. Policy holders within a given county can see a rate change between -10% and 10% excluding effects of the FHCF build-up pass through.
3. In-force as of 06/30/2018.
4. Counties with no color have no HW-2 policies as of 06/30/2018.

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.

Available for Non-Weather Water Losses for Citizens' HO-3 and DP-3 Policies

- Voluntary program offered at time of loss for water losses caused by accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning, automatic fire protective sprinkler system or household appliance
- **Emergency Water Removal Services**
 - No deductible
 - No cost to policyholder even if loss is not covered by Citizens
 - If the policyholder agrees to participate, Citizens provides a Citizens-approved contractor(s) to provide water removal and drying services to protect insured structures from further damage
- **Managed Repair Contractor Network Program**
 - Provides permanent repair services for covered damage
 - Policyholder works with licensed and insured contractors within the network
 - All contractors' claim related work is guaranteed for three years

2018 Policy Changes

- Effective for HO-3 and dwelling DP-3 new business and renewals August 1, 2018
- \$10,000 Sublimit for Coverages A and B if Managed Repair Contractor Network not used
- Requires all claimants other than insured, their agent, representative or a public adjuster representing claimant to:
 - Provide documentation supporting the right to make a claim
 - Provide documentation detailing the scope and amount of loss
 - Participate in appraisal or alternative dispute resolution