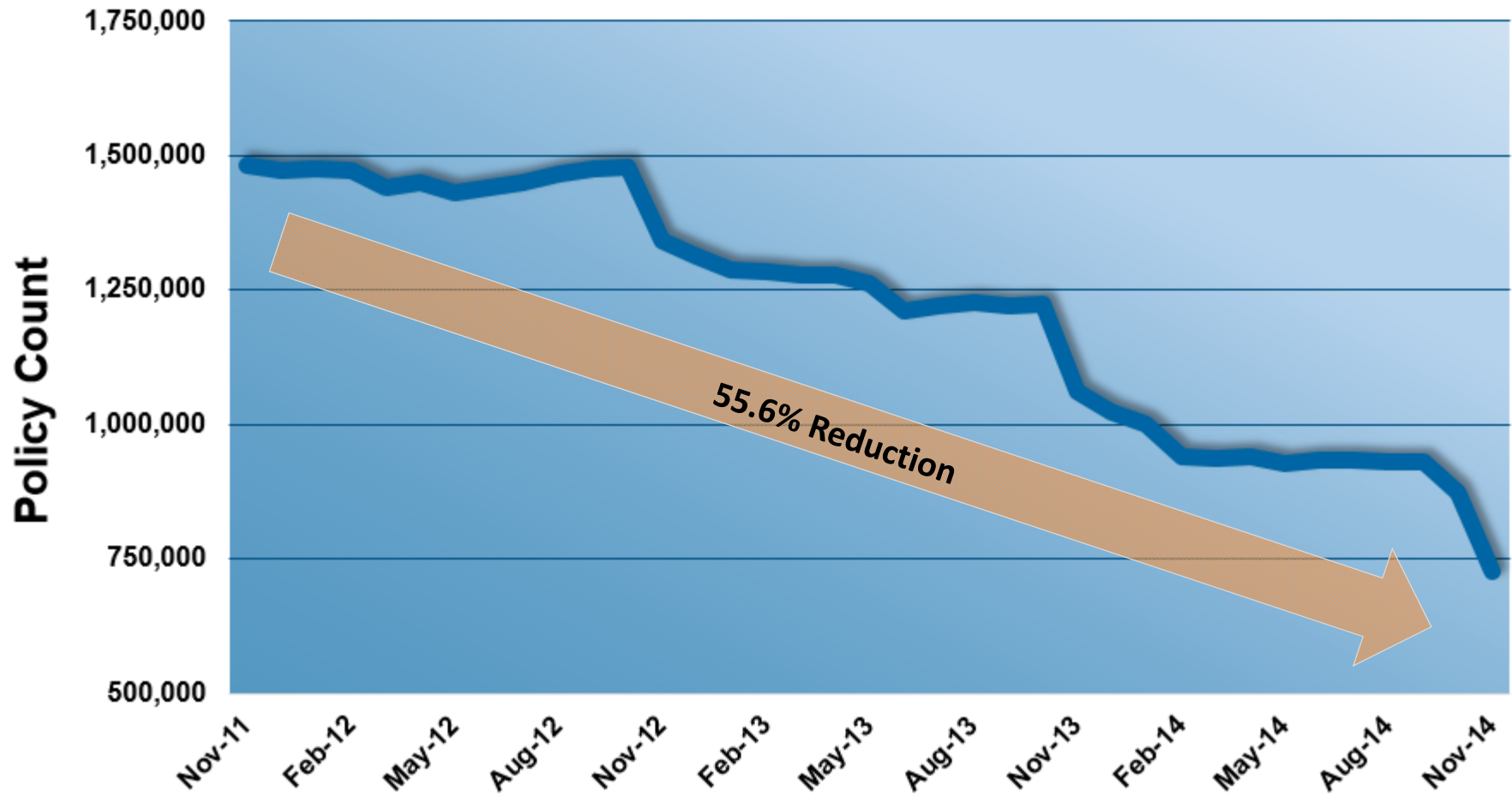




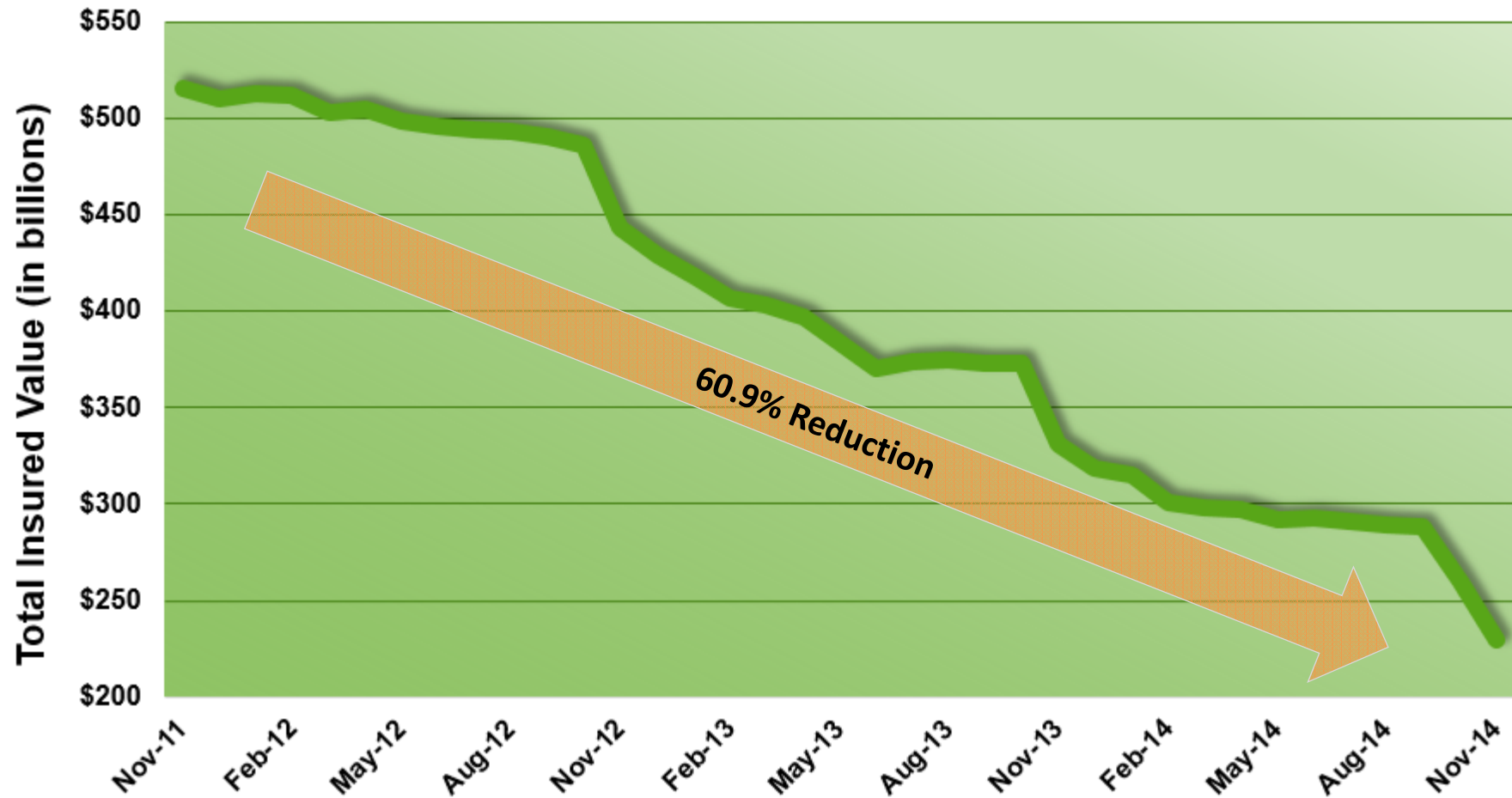
## **House Insurance & Banking Subcommittee**

Barry Gilway, President/CEO  
January 2015





**Note:** Excludes risks tagged for takeout



**Note:** Excludes risks tagged for takeout

<b>Year-end</b>	<b>Direct Written Premium</b>	<b>Net Earned Premium</b>
<b>2011</b>	<b>3,084,341,549</b>	<b>2,251,730,822</b>
<b>2012</b>	<b>3,180,754,795</b>	<b>2,248,095,335</b>
<b>2013</b>	<b>2,761,637,564</b>	<b>1,880,761,247</b>
<b>2014*</b>	<b>2,057,270,680</b>	<b>1,344,182,643</b>
<b>2015**</b>	<b>1,668,995,411</b>	<b>926,111,799</b>

\*Projected

\*\* Budgeted

## In Force Policy Breakdown 12/26/14

Account - Product Line	Inforce Policies excluding Takeout					
	11/31/2011		11/28/2014		12/26/2014	
	Policies Inforce	Total Exposure	Policies Inforce	Total Exposure	Policies Inforce	Total Exposure
PLA-Personal Residential Multi-Peril(PR-M)	1,011,337	\$243,608,870,141	393,736	\$70,173,290,755	370,344	\$65,607,790,881
<b>PLA Total</b>	<b>1,011,337</b>	<b>\$243,608,870,141</b>	<b>393,736</b>	<b>\$70,173,290,755</b>	<b>370,344</b>	<b>\$65,607,790,881</b>
COASTAL-Personal Residential Wind-Only (ePAS) (PR-W)	246,073	\$104,522,700,462	199,749	\$67,774,828,841	161,859	\$52,774,148,923
COASTAL-Personal Residential Multi-Peril(PR-M)	175,804	\$40,892,648,848	101,375	\$18,575,283,548	96,110	\$17,377,112,634
COASTAL-Commercial Residential Wind-Only(CR-W)	13,062	\$55,988,944,303	8,410	\$32,226,671,786	7,751	\$27,678,853,082
COASTAL-Commercial Residential Multi-Peril(CR-M)	845	\$14,725,703,153	660	\$7,608,935,152	655	\$7,374,533,142
COASTAL-Commercial Non-Residential Wind-Only(CNR-W)	27,007	\$14,942,456,175	18,082	\$11,479,465,522	16,518	\$10,444,130,191
COASTAL-Commercial Non-Residential Multi-Peril(CNR-M)	242	\$413,435,800	141	\$211,466,296	200	\$289,144,596
<b>Coastal Total</b>	<b>463,033</b>	<b>\$231,485,888,741</b>	<b>328,417</b>	<b>\$137,876,651,145</b>	<b>283,093</b>	<b>\$115,937,922,568</b>
CLA-Commercial Residential Multi-Peril (CR-M)	6,972	\$38,751,329,422	3,447	\$19,533,804,930	3,199	\$18,279,423,265
CLA-Commercial Non-Residential Multi-Peril(CNR-M)	1,365	\$1,576,669,000	1,525	\$1,658,213,094	1,462	\$1,597,885,094
<b>CLA Total</b>	<b>8,337</b>	<b>\$40,327,998,422</b>	<b>4,972</b>	<b>\$21,192,018,024</b>	<b>4,661</b>	<b>\$19,877,308,359</b>
<b>Total</b>	<b>1,482,707</b>	<b>\$515,422,757,304</b>	<b>727,125</b>	<b>\$229,241,959,924</b>	<b>658,098</b>	<b>\$201,423,021,808</b>

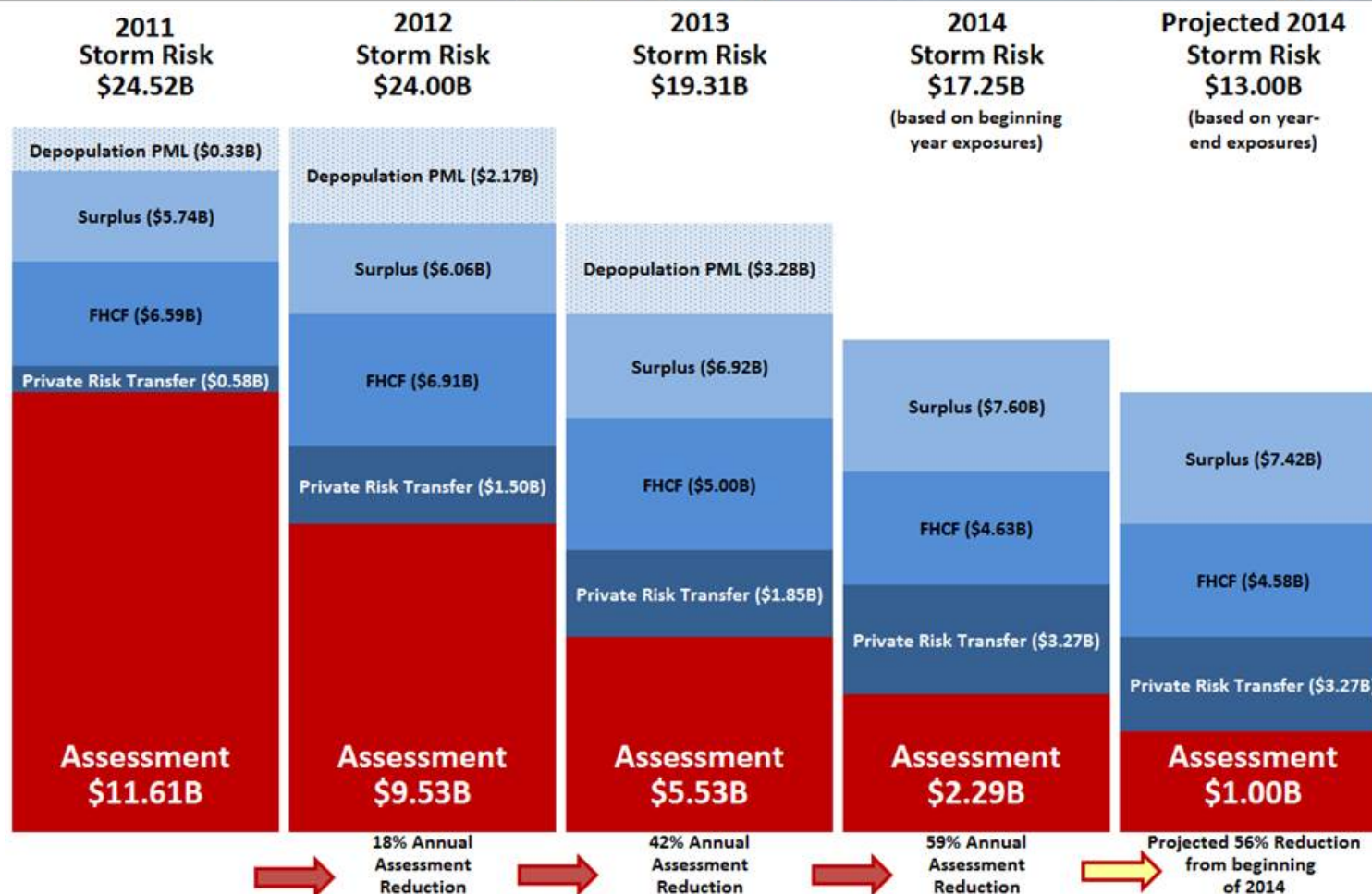
-55.6%      -60.9%  
Reduction in Policy Count and  
Exposure over three years

### Policy Count Reduction

PLA -63.4%

Coastal -38.9%

CLA -44.1%



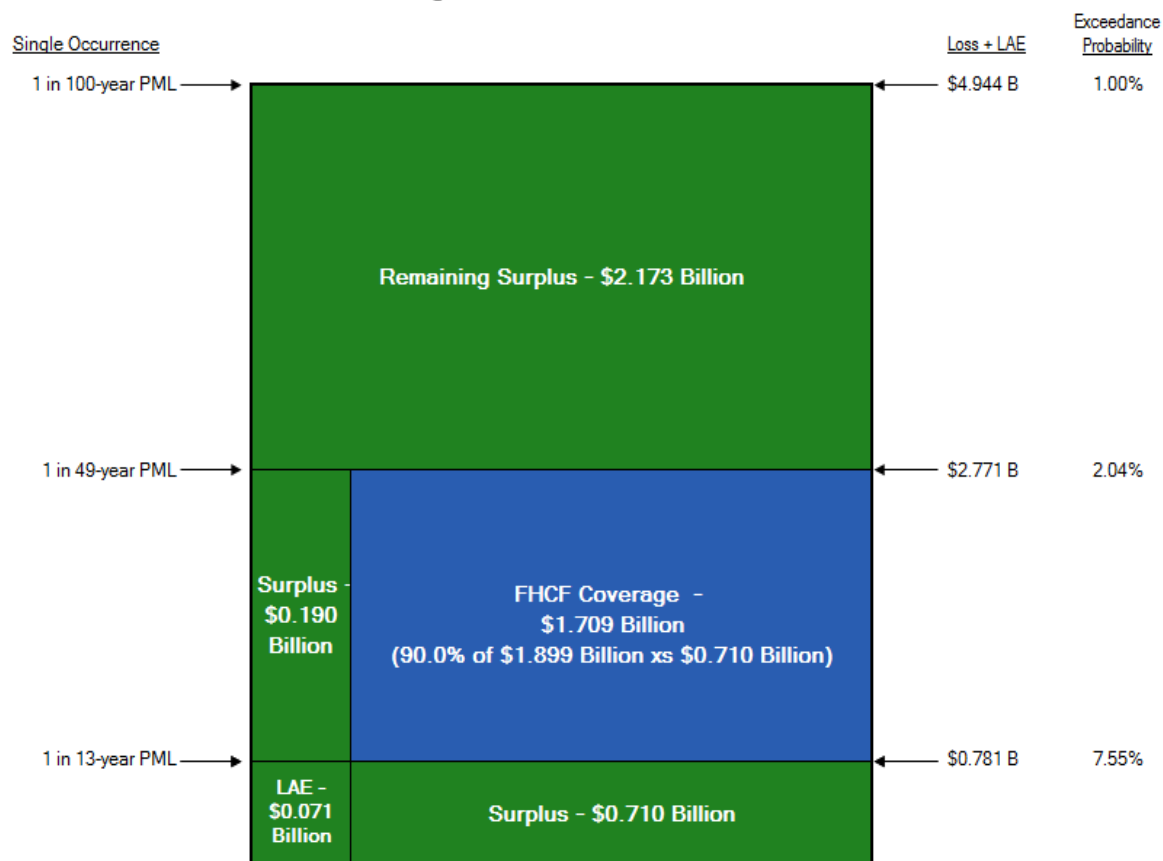
**NOTES:**

- Storm Risk is as measured by 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.
- Surplus, Florida Hurricane Catastrophe Fund (FHCF) & Assessments are as projected at beginning of storm season. Not all PLA/CLA surplus is needed to fund storm risk in 2014; total projected surplus is shown above.
- 2014 Depopulation PML data is as of 12/31/13; therefore, 2014 information is not included. Depopulation PMLs are not included in storm risk totals.
- 2014 FHCF projections are preliminary and actual amounts may differ significantly from these projections.

**VALUES ARE NOT TO SCALE**



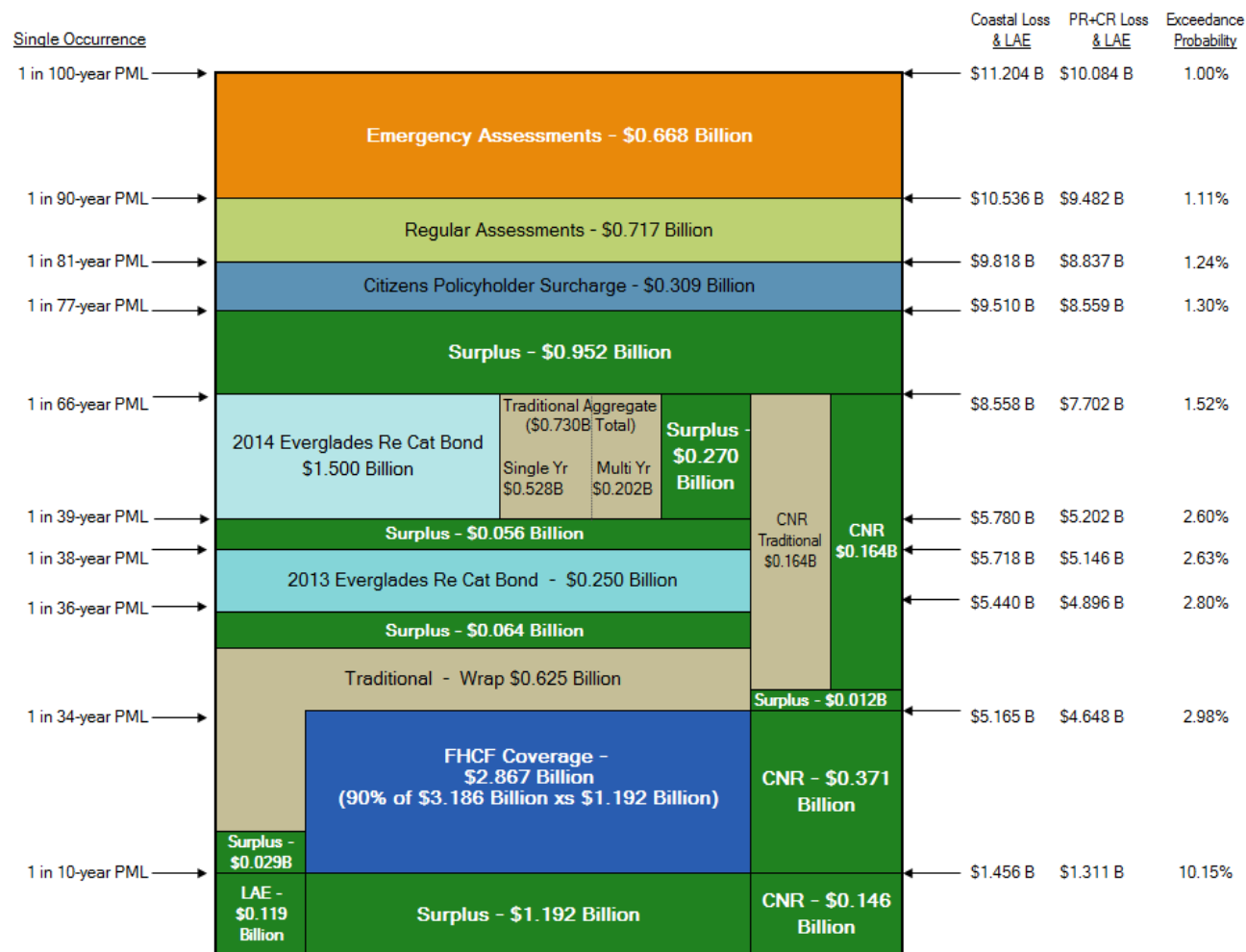
## PLA/CLA Estimated Claims Paying Resources Projected 2014 Season: Single Event Occurrences



PMLs are based on exposures as of June 30, 2014

FHCF pays a loss adjustment expense (LAE) allowance of 5% of loss. Citizens will fund any excess LAEs above FHCF reimbursement from its surplus. Citizens has allocated \$90 million to fund any additional LAEs. Additionally, Citizens has projected remaining funds of \$954 million which can be used to fund an event in excess of 1-100 years, multiple storms and additional LAEs.

## Coastal Estimated Claims Paying Resources Projected 2014 Season: Single Event Occurrences



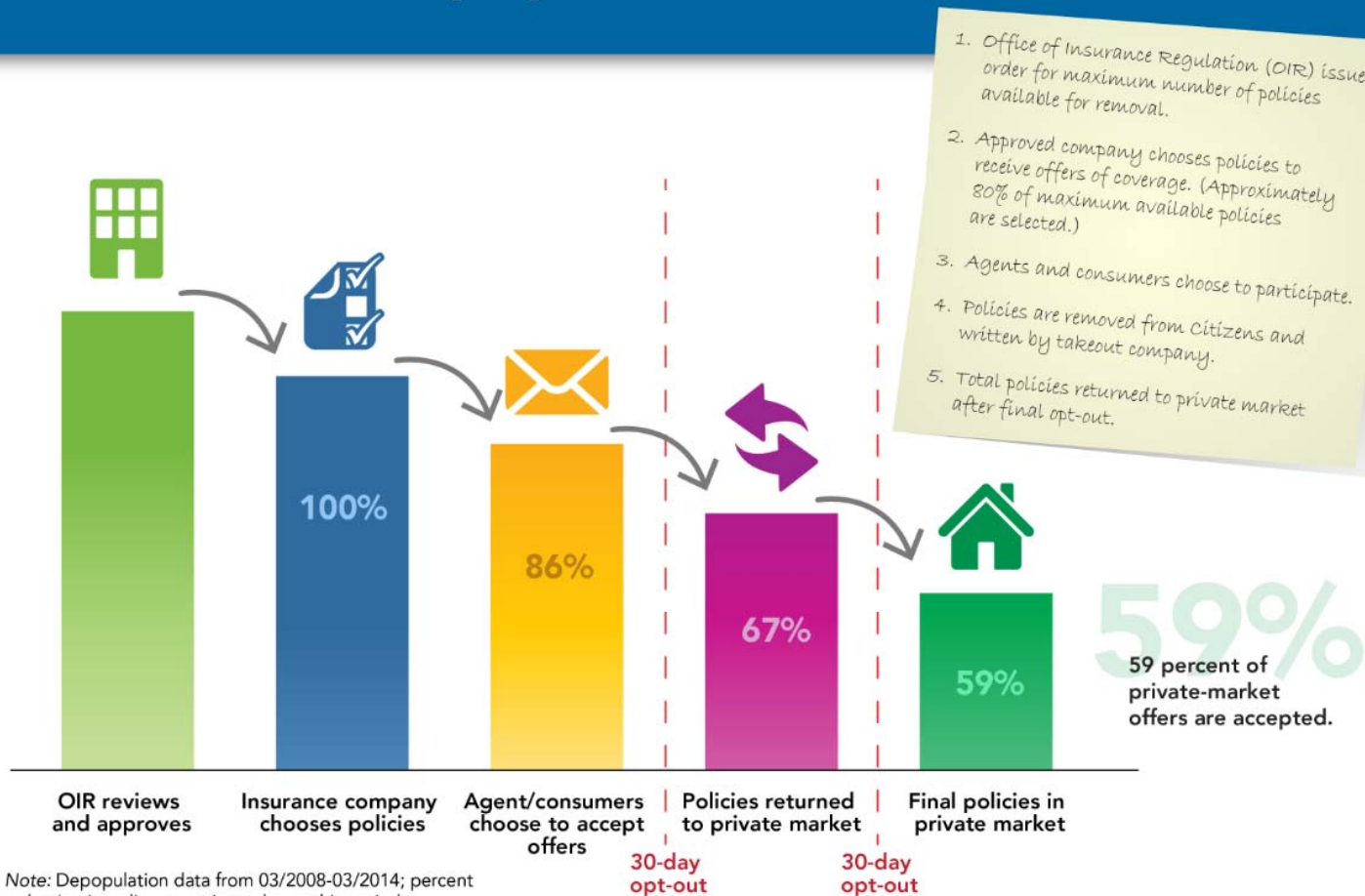
PMLs are based on exposures as of June 30, 2014



## Depopulation (Policies Assumed)

Month	OIR Approved	Assumed
January-14	53,092	26,973
February-14	151,249	62,496
March-14	45,000	13,719
April-14	10,000	3,192
May-14	75,000	11,167
June-14	-	-
July-14	10,000	1,887
August-14	15,000	5,561
September-14	10,000	2,555
October-14	97,231	57,583
November-14	427,584	150,559
December-14	215,478	81,031
January-15	171,485	-
February-15	132,441	-
<b>TOTAL</b>	<b>1,413,560</b>	<b>416,723</b>

## Depopulation Choices

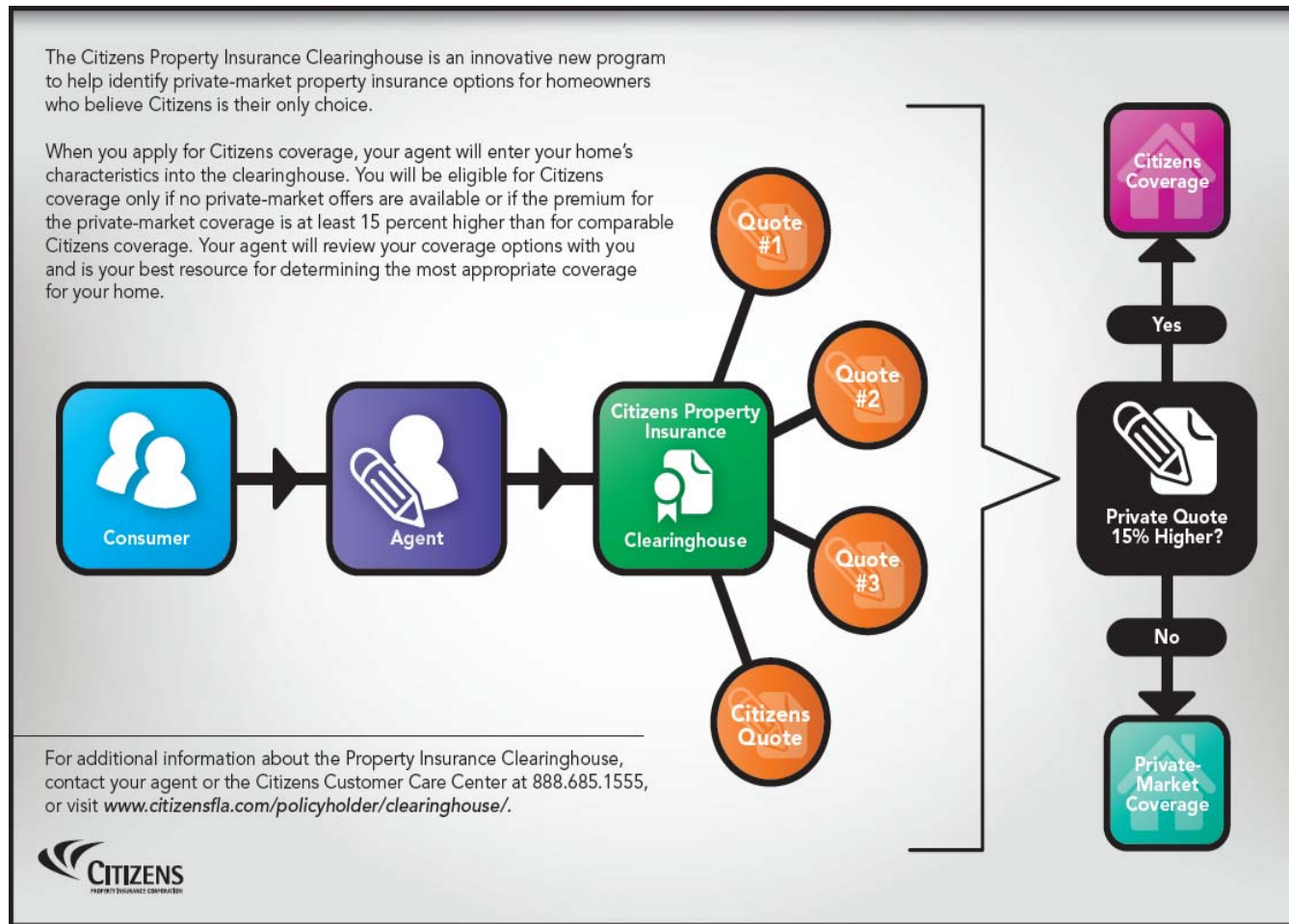


Note: Depopulation data from 03/2008-03/2014; percent reduction in policy count is total over this period.

Visit <https://www.citizensfla.com/about/depoinfo.cfm>.

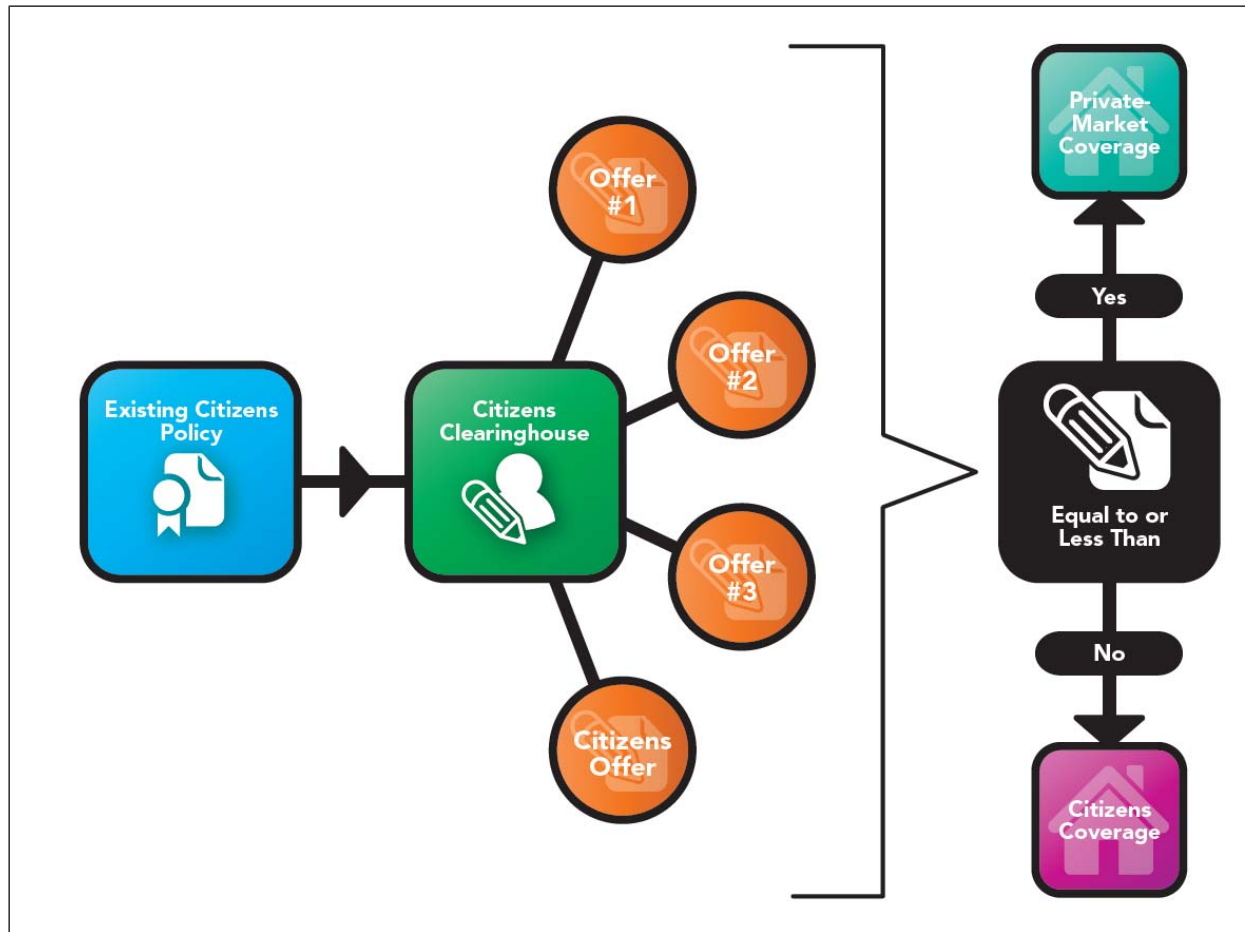
#PocketSense

## Clearinghouse New Business Process





- Offers must be bindable
- Offers must include comparable coverage and have a premium that is equal to or less than 115% of Citizens premium to render a risk ineligible for Citizens
- The clearinghouse determines whether both conditions above are met
- Customers can accept other offers of coverage received even if they are eligible for Citizens
- Clearinghouse results fall into 3 categories:
  - No offers received and eligible for Citizens
  - Offers received and eligible for Citizens
  - Offers received and ineligible for Citizens

## Clearinghouse Renewal Process













- Premium for an offer of coverage must be equal to or less than Citizens renewal premium to render the customer ineligible to remain with Citizens
- Comparable coverage, bindable offer requirements and the 3 results categories are the same as new business
- Citizens non-renews ineligible risks and provides offer of coverage info on the non-renewal notice
- Customers can accept other offers of coverage received even if they are eligible to renew with Citizens
  - Information about the offer(s) of coverage are e-mailed to the agent and are also inserted into the policyholder's renewal declarations package

## Clearinghouse Insurer Overview

Insurer	Start Date	New Business	Renewals	Demotech Rating	Policies Bound (as of 11.7.14)*	Appointed Agents in Clearinghouse
	1.27.14	Y	Y		2,732	3,387
	3.30.14	Y	Y		257	630
	3.30.14	Y	Y		144	1,560
	3.30.14	Y	Y		53	4,157
	3.30.14	Y	Y		50	6,159
	3.30.14	Y	Y		13	1,280
	5.11.14	Y	Y		12	1,659
	3.30.14	Y	Y		11	1,280



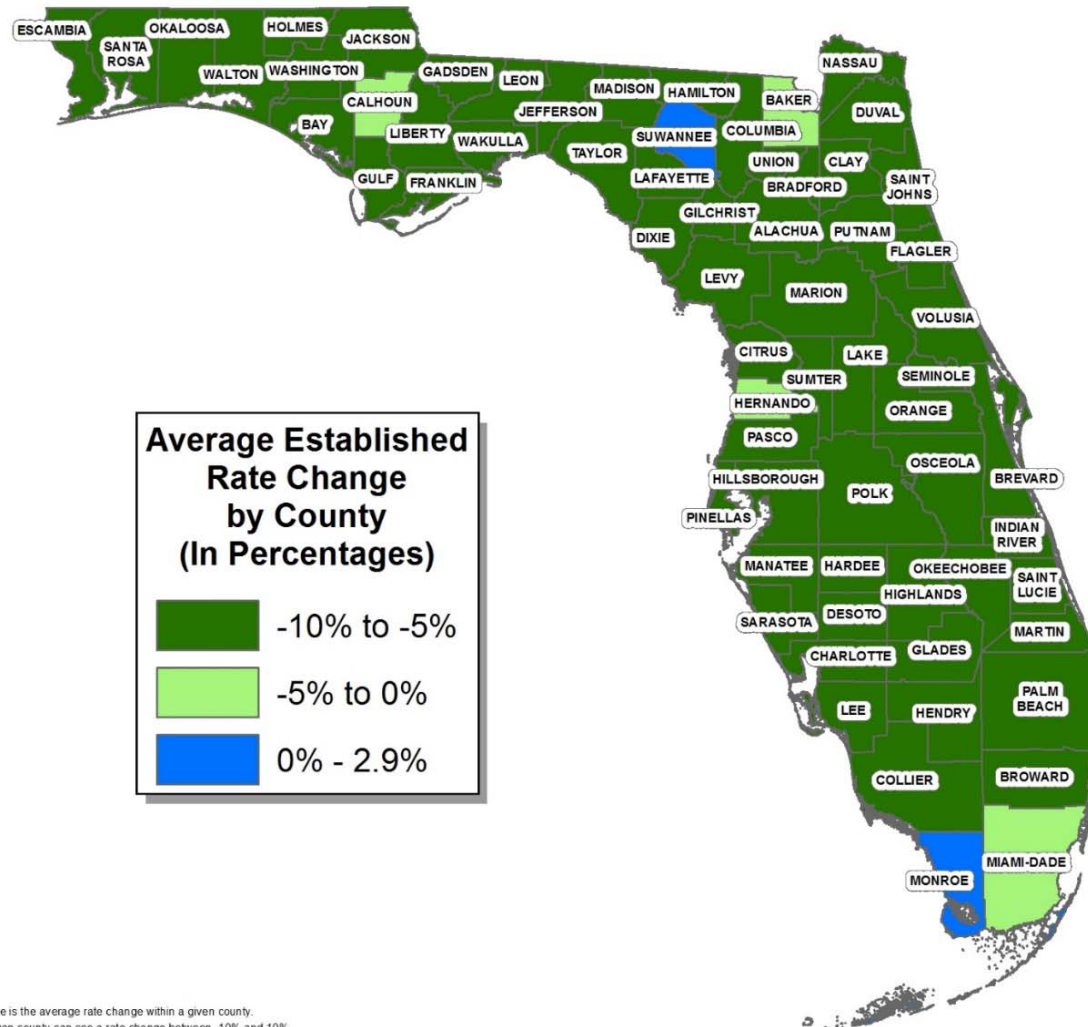
## Clearinghouse Insurer Overview

Insurer	Start Date	New Business	Renewals	Demotech Rating	Policies Bound (as of 11.7.14)*	Appointed Agents in Clearinghouse
	1.27.14	Y	N		239	666
	1.27.14	Y	N		143	2,881
	1.27.14	Y	N		81	346
	9.14.14	Y	N		0	1,535
	11.16.14	Y	N		0	1

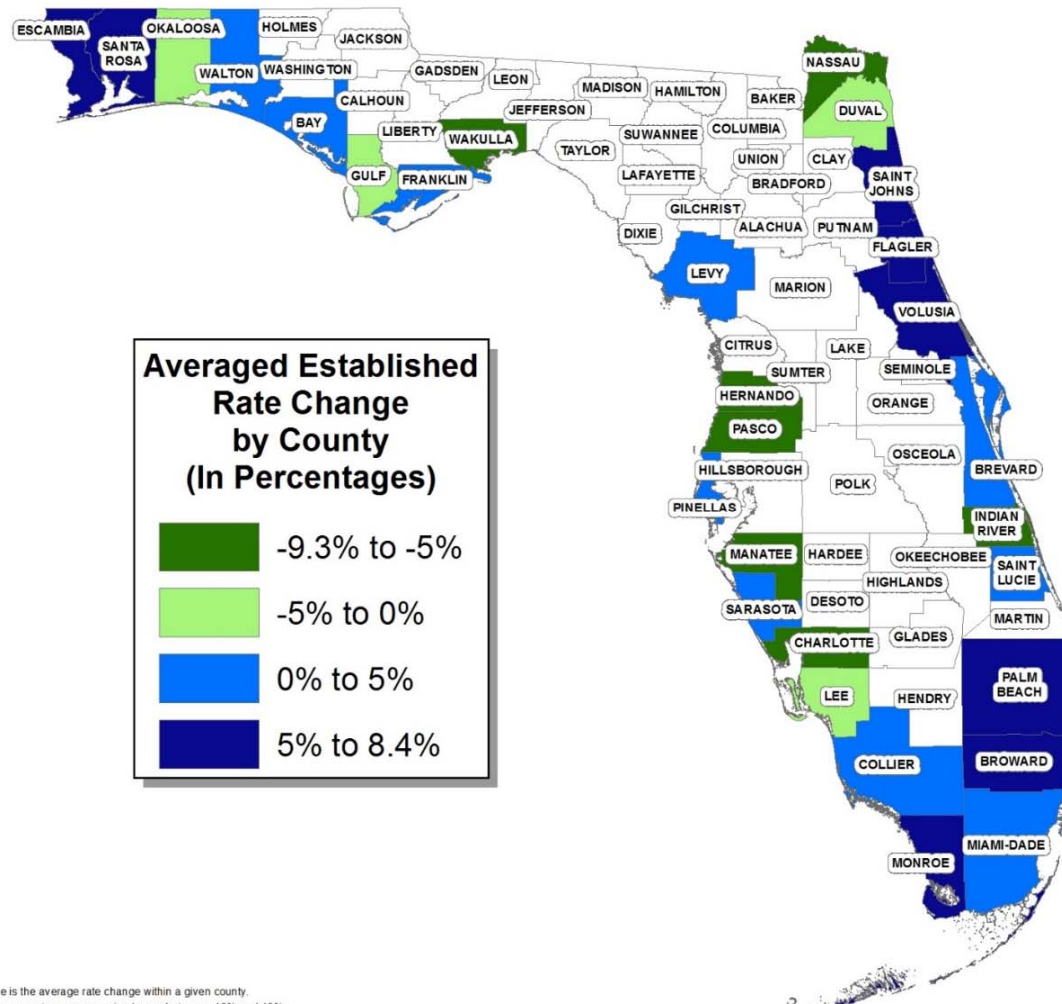
- Avatar is offering limited service agreements to most agents who are appointed with Citizens, so their appointment volumes should increase in the coming months.
- 3,735 total policies confirmed bound as of 11/07/14



## Established 2015 Rate Changes for Homeowners, Multi-Peril



## Established 2015 Rate Changes for Homeowners, Wind-Only



**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%.

## Clearinghouse

### New Business Metrics 1/27/14 – 12/13/14

- 13,414 Deemed ineligible
- \$3.54 Billion In Coverage A averted

### Renewal Metrics 9/2/14 – 12/13/14

- 88,193 Policies approaching expiration
- 29,945 Excluded policies assumed
- 50,645 Did not receive offer
- 5,303 Received offer but remain eligible
- 872 Deemed ineligible

## 2015 Priorities

- Risk Transfer: Replace all expiring reinsurance coverage and eliminate any potential assessment in the event of a 1-100 year storm
- Clearinghouse Expansion: Add new products to the Clearinghouse platform
- Depopulation: Continued exposure reduction and Depopulation Program improvements
- CORE Insurance Suite: Additional capabilities
- Cyber risk, data privacy and security initiatives
- Litigation Management
- Agency and Consumer Affairs capability
- Jacksonville office consolidation