

Insurance and Banking Subcommittee

Citizens Depopulation Update

September 16, 2015

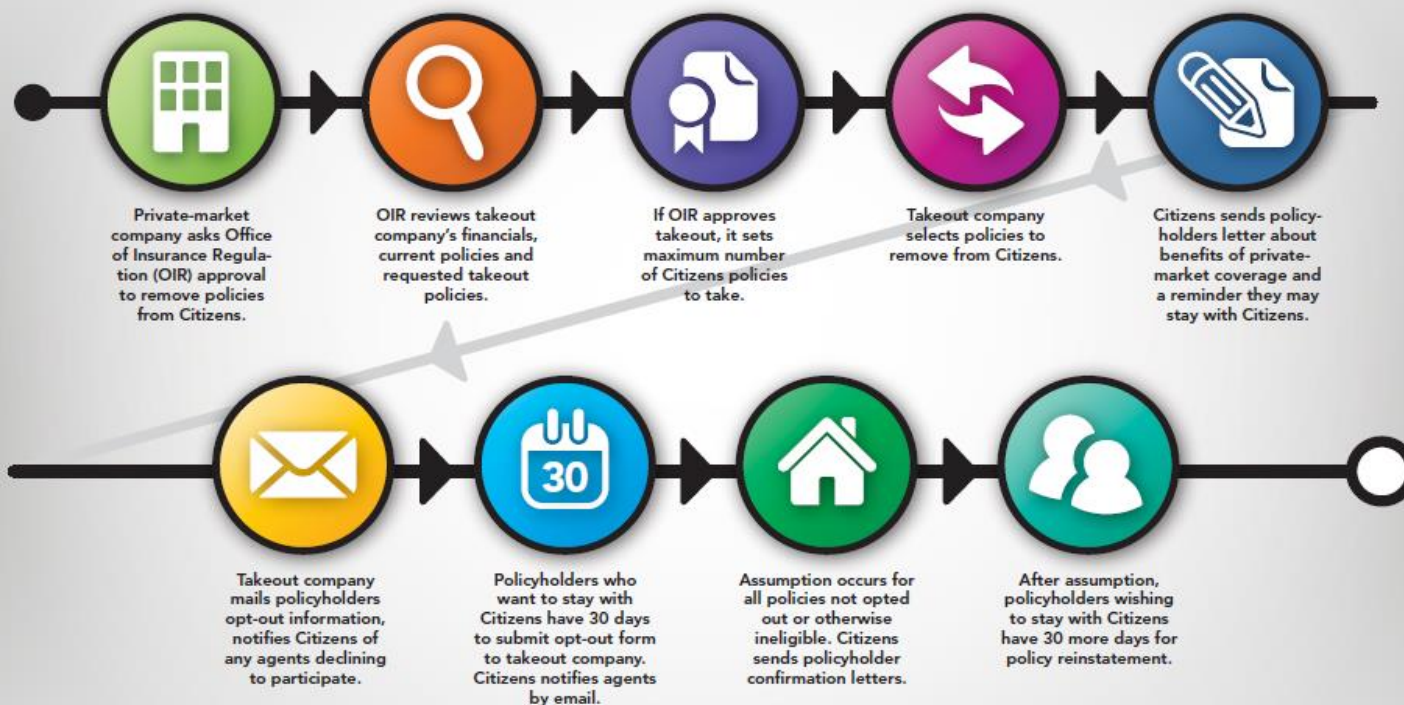
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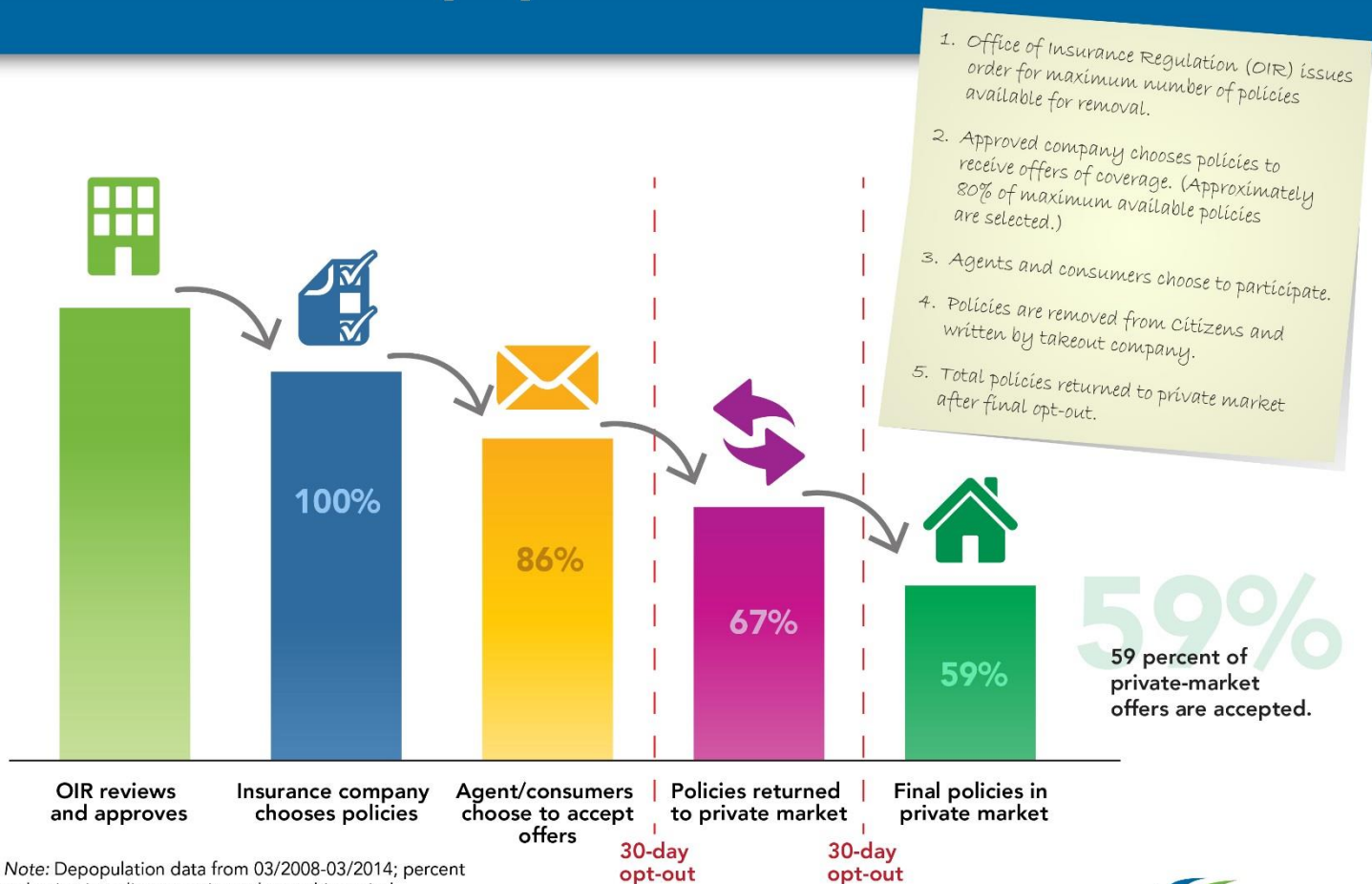


How Did My Citizens Policy Get Selected for Takeout?

Citizens helps policyholders find private-market coverage whenever possible. An authorized private-market insurance company may request to *take out* (*depopulate*) Citizens policies that are not pending cancellation, set for nonrenewal or selected for takeout by another insurer. Takeouts can occur any time during a policy term. Here's how depopulation works:



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

Depopulation Customer Communications

- 1. 40 days prior to the assumption:** Customer receives the revised Citizens encouragement letter making them aware of offer letter that is on its way and the name of the carrier making the offer.
- 2. 35 days prior to assumption:** Customer receives the takeout offer letter from the carrier along with the opt-out form.
- 3. Date of assumption:** Citizens sends a notice of nonrenewal and certificate of assumption which includes the name of the assuming carrier and contact information.
- 4. 45 days prior to the Citizens expiration date:** Customer receives offer from the takeout carrier.

2014 Assumptions

Month	OIR Approved ¹	Requested by Insurers ²	Assumption Offers Made ³	Assumed ⁴	Assumption Rate ⁵
14-Jan	53,092	54,912	39,321	26,973	69%
14-Feb	151,249	125,804	82,372	62,496	76%
14-Mar	45,000	29,829	23,920	13,719	57%
14-Apr	10,000	5,159	4,316	3,192	74%
14-May	75,000	31,815	18,827	11,167	59%
14-Jun	NONE	NONE	NONE	NONE	NONE
14-Jul	10,000	2,692	2,634	1,887	72%
14-Aug	15,000	8,785	8,657	5,561	64%
14-Sep	10,000	3,776	3,530	2,555	72%
14-Oct	97,231	88,041	81,138	57,583	71%
14-Nov	427,584	553,400	215,770	150,459	70%
14-Dec	215,478	160,131	115,058	81,031	70%
Totals	1,109,634	1,064,344	595,543	416,623	70%

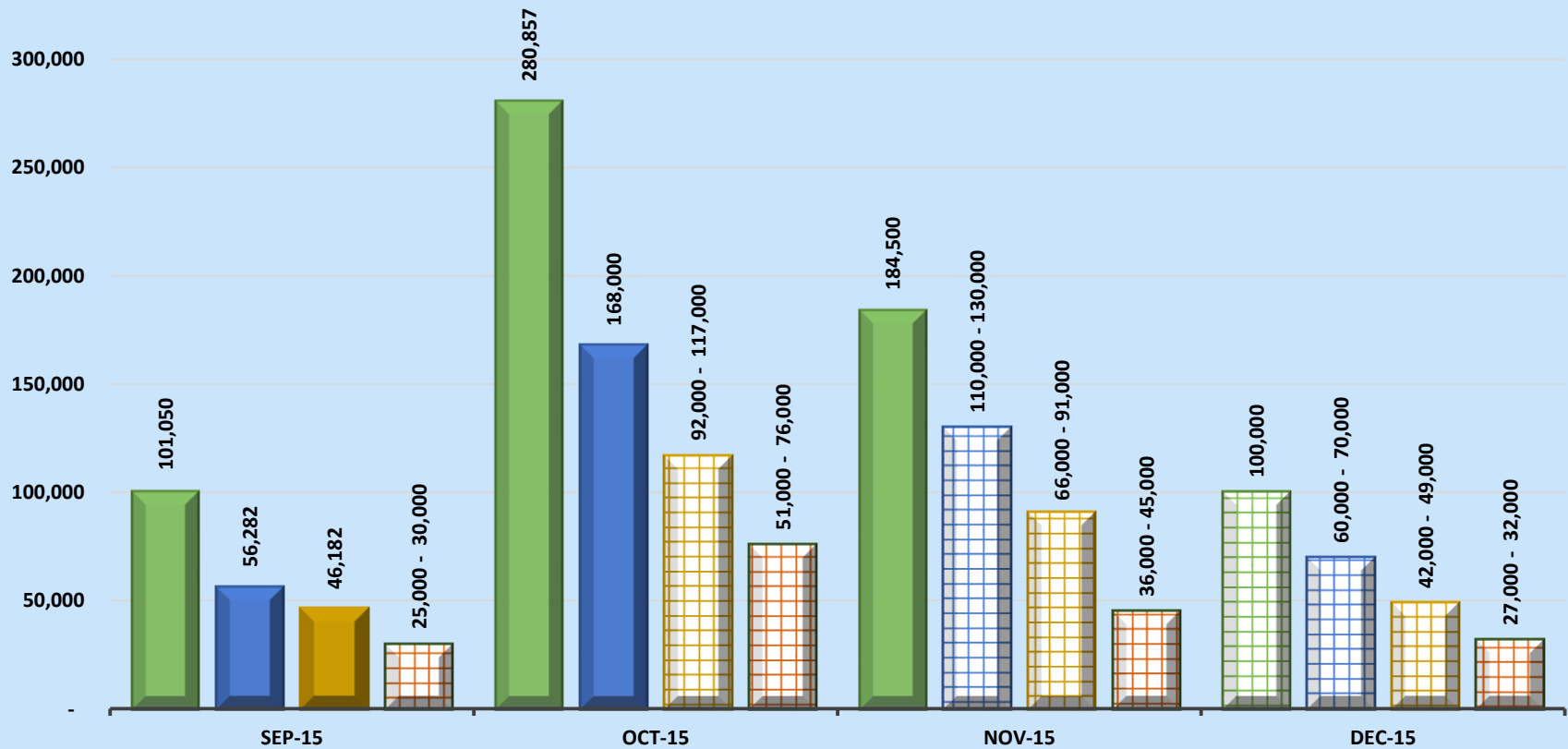
¹OIR approval is unrelated to number of policies requested. ²Sum of all policies requested, including duplicates. ³Sum reflects elimination of duplicates and policies not eligible to be assumed, e.g., policies that have cancelled or pending cancellation. ⁴Policies assumed on Assumption Date ⁵Quotient of 'Assumed' divided by 'Assumption Offers Made'

2015 Assumptions

Month	OIR Approved ¹	Requested by Insurers ²	Assumption Offers Made ³	Assumed ⁴	Assumption Rate ⁵
15-Jan	174,012	115,005	79,337	54,560	69%
15-Feb	181,441	96,488	72,768	40,847	56%
15-Mar	93,500	60,938	43,585	15,122	35%
15-Apr	77,397	61,503	17,039	10,021	59%
15-May	48,331	35,875	18,438	7,583	41%
15-June	45,500	NONE	NONE	NONE	NONE
15-July	30,050	27,563	23,189	13,514	58%
15-Aug	NONE	NONE	NONE	NONE	NONE
15-Sept	101,050	56,282	46,182	-	-
15-Oct	280,857	167,971	-	-	-
15-Nov	184,500	-	-	-	-
15-Dec	-	-	-	-	-
Totals ⁶	1,216,638	621,625	300,538	141,647	47%

¹OIR approval is unrelated to number of policies requested. ²Sum of all policies requested, including duplicates. ³Sum reflects elimination of duplicates and policies not eligible to be assumed, e.g., policies that have cancelled or pending cancellation. ⁴Policies assumed on Assumption Date ⁵Quotient of 'Assumed' divided by 'Assumption Offers Made' ⁶Totals do not include data from cells containing '-'.

2015 Assumption Estimates



Solid Fill = Actual
Pattern Fill = Estimated

■ OIR Approved

■ Requested by Insurers

■ Assumption Offers Made

■ Assumed

2014 Depopulation Offer Frequency

# of Offers	# of Policy Holders	Percent	Avg. Months Between Offers	Standard Dev.
1	481,299	90.8%		
2	42,578	8.0%	7.72	2.14
3	5,958	1.1%	4.65	0.49
4	310	0.1%	3.37	0.22

Depopulation Process Enhancements

1. Encouragement Letter from Citizens—Change timing of letter to re-inforce carrier offer. **Complete.** Letter now sent to policyholders in advance of *Offer / Opt-out* mailer
2. Opt-out Form Availability—Make Opt-out form more readily available. **Complete.** Opt-out form now available to agents and policyholders for each Assumption on Citizens website.
3. OIR Approval—Revise offer letter from insurer to include language that more explicitly states that the insurer has met OIR requirements. **Complete.** Language revised on *Offer / Opt-Out* letter.
4. Co-branding—Have Citizens and Take-out carrier appear on correspondence related to Depopulation. **Complete.** Carrier Name now provided on the Citizens *Encouragement Letter*.

HB 1087 Related Efforts

1. Provision of Premium Estimates

- Premium estimate required on Offer/Opt-out letter effective for the October Assumption.
- Policyholder will possess a vital piece of information to inform their decision to accept or decline the Carrier's offer. No more premium surprises!
- If policyholder thinks the premium is too high → opt-out.

Dear Citizens Policyholder:

When you originally applied for coverage with Citizens Property Insurance Corporation (Citizens), you were given notice that your policy could be removed from Citizens if coverage became available for your property from another insurer. We are pleased to inform you that [Takeout Company Name] is offering to assume your policy on [Assumption Date] and offer new coverage when your current Citizens policy expires.

[Takeout Company Name] is a Florida licensed insurance company based in [City, Florida]. In order to participate in this assumption, [Takeout Company Name] applied for and received approval from the Office of Insurance Regulation. Information about [Takeout Company Name] is available at [www.website.com]. A coverage comparison and financial information about [Takeout Company Name] can be found at <http://www.florir.com/Sections/PandC/TakeoutCompanies.aspx>. We believe you should carefully consider this offer. Here are some important reasons why:

- [Takeout Company Name] provides coverage for certain Other Structures, such as screened enclosures and gazebos that Citizens does not cover.
- [Takeout Company Name] provides additional coverage options not offered by Citizens.
- [Takeout Company Name] offers secure, online internet access to your policy including the ability to choose electronic notifications and electronic payment.
- [Takeout Company Name] offers quarterly, semi-annual, and annual installment plans to assist you with budgeting your premiums.
- [Takeout Company Name] intends to provide you with superior customer service, efficient and fast policy service, and expedited claims handling.

Estimated Citizens Renewal Premium: \$¹

Estimated [Takeout Company Name] Premium: \$²

You are not required to accept this offer from [Takeout Company Name]. If you reject this offer, as described below, you will continue to receive coverage through Citizens. To reject this offer, complete and sign the enclosed form and return it to [Takeout Company Name] by [Date #10 on Depop Calendar minus 1 day].

IMPORTANT NOTICE

If you elect to remain covered by Citizens, you may continue to be subject to special Citizens policyholder surcharges if Citizens sustains significant losses. In addition, you may be subject to required Citizens rate increases. Additionally, the reduced coverages now being provided by Citizens are likely less comprehensive than the coverages being offered by [Takeout Company Name].

After completion of the assumption, and at least 45 days prior to the inception of your new policy, [Takeout Company Name] will send a copy of your policy to you. Please note that until your new policy is in effect you must continue to pay your Citizens premium. Your current agent will continue to service your insurance needs and you are encouraged to contact your agent to discuss this offer.

We look forward to providing you a high level of service as your insurance company. If you have any specific coverage or premium questions, please call your insurance agent or [Takeout Company Name] at [Takeout Company phone number]. For general information, visit our website at [www.website.com] to learn more about us and our commitment to you.

Takeout Company Signature

¹ Estimated renewal premium is based on current rates approved for Citizens and underwriting information currently on file. The estimated premium is provided for informational purposes only. Estimated premium is subject to change and includes all fees and taxes. Estimated premium assumes that there are no changes to your coverage, deductibles, wind mitigation credits, policy fees, surcharges, or future rate filings. All questions related to the Estimated Citizens Renewal Premium should be directed to your insurance agent.

² Estimated renewal premium is based on current rates approved for [Takeout Company Name] and on policy information provided by Citizens. The estimated premium is provided for informational purposes only. Estimated premium is subject to change and includes all fees and taxes. Estimated premium assumes that there are no changes to your coverage, deductibles, wind mitigation credits, policy fees, surcharges, or future rate filings.

HB 1087 Related Efforts

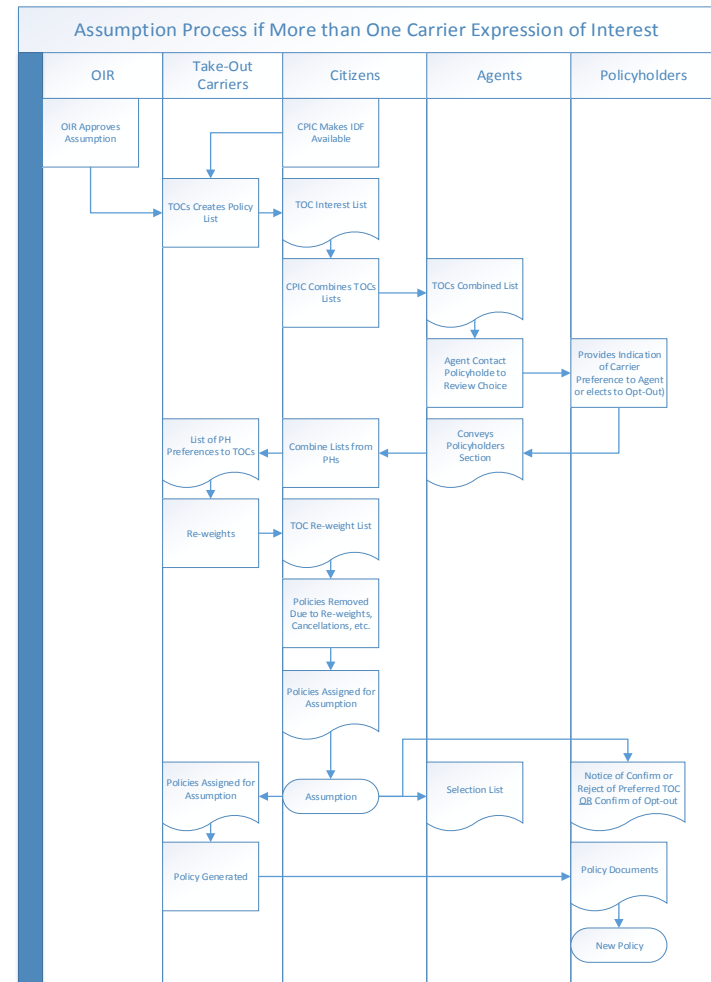
2. Coverage Comparison

- Expanded, revised and standardized format for the 'Description of Coverages' to be used by Citizens and take-out carriers will be ready for deployment by 9/30.
- Allows agents and consumers to compare existing Citizens policy coverages to carriers proposed coverage.
- Adoption of new format requires OIR cooperation.

HB 1087 Related Efforts

3. Notification of Multiple Expressions of Interest

- Development of manual workflow complete. Implementation would require revision and expansion of current process. Likely will necessitate additional time within and between Assumptions.
- Automated solution unavailable until 2017 due to need for external solicitation.



Effects of Depopulation on Policy Count



Questions