

## Depopulation Algorithm Allocation For Personal Residential Policies

It is standard for the same policy to be included in multiple takeout companies' preferred policy selections, which results in multiple offers being provided on the *Policyholder Choice Form*. When either no choice or multiple choices have been identified on the *Policyholder Choice Form*, Citizens utilizes a computer algorithm to assign policies to one of the takeout companies that selected the policy. A policy can only be assumed by one takeout company on a specific assumption date.

The depopulation algorithm attempts to allocate policies by following the steps below:

1. Identifies the policies selected by multiple takeout companies,
2. Groups them into batches based on the number of companies that selected them,
3. Sorts the policies within each batch by policy form, zip code and total premium,
4. Assigns each policy to one of the companies that selected it in a manner that results in the most equitable split of premium amongst the companies.

A takeout company will not be assigned a policy they did not select. Additionally, a takeout company may not receive all of the policies they select due to duplicate selections.