



FSU Study Outcomes

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- **The Study's stated objectives were:**

- Identify opportunities for Citizens to further reduce its exposure while continuing to fulfill its mission as a residual market insurer.
- Identify inhibitors to Citizens' further depopulation and identify strategies to expand Citizens' depopulation.
- Identify mechanisms to eliminate or reduce the re-population of risks by Citizens tracking the risks specifically depopulated.

- **The following were required considerations of the Study:**
 - Reducing Citizens' actual exposure;
 - Promoting the private market's retention of risk depopulated by Citizens;
 - Maintaining Citizens' tax-exempt status;
 - Protecting the favorable status of Citizens' outstanding bonds;
 - Maintaining Citizens' ability to provide levels of customer service that are comparable to the standards of the private market;
 - Maintaining adequate organizational capacity and capability that enables Citizens to respond to significant market fluctuations.

Category 1: Initiatives Already Underway

Citizens staff is leading the initiative

Category 2: Legislative Items for Consideration

Initiatives that need legislative changes to be implemented

Category 3: Recommendations outside Citizens Purview

Initiatives that would require support from third parties

Category 1: Initiatives Already Underway

- A. Revising Mitigation Credits*
- B. Current Carrier Roadshow
- C. Increased use of Inspections (Budget Discussion)*
- D. Promotion of Managed Repair Program*
- E. Florida Opportunity Workshops and Roadshows*
- F. Modify Insurance Products

Category 2: Legislative Items for Consideration

- A. Alternative Dispute Resolution/Mediation*
- B. Modify the Glidepath*
- C. Modify Clearinghouse Statute*
- D. Depopulation Changes

Category 3: Recommendations outside Citizens Purview

- A. New Industry Business Model*
- B. Improve building Codes*
- C. Create Database of FL Residential Properties*
- D. Promote/Require New Policy Selection Modeling*
- E. Improve Financial Solvency overall impact*
- F. Regularly stress test the Florida residential property insurance system*
- G. Establish stronger requirements that policies taken out of Citizens be held for three years*
- H. Create Statewide Fraud Database*
- I. Certify Insurance Capacity Before Construction*
- J. Create Means Tested Voucher Programs for Insurance Premiums*
- K. Provide Financial Support to Install Mitigation Features*
- L. Marketing campaign to educate Floridians on "true" cost of windstorm exposure*

Appendix: Component Definitions

Cat.	Building Blocks	Description
1A	Revising Mitigation Credits*	Update or eliminate the mandatory mitigation credits for insurers or encourage private market insurers to establish what they believe to be proper discounts and charge a premium commensurate with the reduction of the risk/exposure.
1B	Current carrier roadshow	Meet with all current Clearinghouse and Depopulation participants, determine their level of interest in participation in 2021 and ask what we can do to improve the program to drive more participation.
1C	Increased use of inspections (Budget Discussion)*	Allows CPIC to promote risk data quality to Depop and Clearinghouse companies
1D	Promotion of Managed Repair Program*	Allows CPIC to promote property condition to Depop and Clearinghouse companies for policies with a prior water claim 1) Increased adoption of current program on current forms 2) Sharing MRP story with current and potential carriers 3) Expanding MRP to additional policy forms
1E	Florida Opportunity Workshops and Roadshows*	<p>Meet with interested parties to:</p> 1) Review our current plan of action to reduce risk 2) Uncover new ideas 3) Gain commitment to support our plan <p>Meet with Outside investors/New Companies to:</p> 1) Present the Florida Property Opportunity 2) Present the Citizens Partnership Opportunity <p>Meet with both to:</p> 1) Review components of the New Entrant Support Team model 2) Promote Managed Repair opportunity
1F	Modify Insurance Products	With support of Citizens BOG and OIR, develop and implement modifications to our current products that would allow Citizens to reduce exposure, consistent with Citizens mission.

Appendix: Component Definitions

Cat.	Building Blocks	Description
2A	Alternative Dispute Resolution/Mediation*	Gives carriers confidence that they can address a claim dispute before the policyholder can approach an attorney
2B	Modify the Glidepath*	Allow CPIC to charge higher rates through the elimination, or modification of the Glidepath
2C	Modify Clearinghouse Statute*	Requests changes to the CH stature that would allow CPIC to non-renew policies when a carrier makes an offer within 15% of the CPIC premium. Current rule allows the CPIC to renew if the renewal officer from a carrier is \$1 higher. Consider increasing total threshold to 20% - 25%.
2D	Depopulation Changes*	Change Citizens' takeout program from one of insurers selecting individual policies (a pull approach) to an approach where Citizens formulates various portfolios of policies (a push approach) using the concept of managing tail risk.
3A	New Industry Business Model*	Encourage new entrants to develop business models specifically for the Florida market, taking advantage of both traditional and alternative approaches to providing insurance coverage.
3B	Improve building Codes*	Requires new homes and renovations to include features that reduce the potential for loss due to wind/other perils
3C	Create Database of FL Residential Properties*	Creates a database of home characteristics related to insurability with emphasis on installed mitigation features. Replaces current property appraiser platforms with more robust and accurate data source for participating companies to use to underwriter and target market better risks.
3D	Promote/Require New Policy Selection Modeling*	Promote or require depopulation companies to use X modeling service to select a wider range of policies for depopulation, getting them to take risks in more marginal areas in order to get more desirable risks.

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Cat.	Building Blocks	Description
3E	Improve Financial Solvency overall impact*	Advanced analytics could help attract investors to Florida as well as afford an opportunity for existing Florida insurers to expand their exposure in the market and take risks from Citizens that they may not have previously considered as beneficial to their book of business.
3F	Regularly stress test the Florida residential property insurance system*	The Florida residential property insurance system needs to be regularly stress tested in the aggregate to gain a greater understanding of the impact of large events on the vulnerability and the survivability of the overall insurance system.
3G	Establish stronger requirements that policies taken out of Citizens be held for three years.*	Require depopulation carriers to not raise rates or non-renew policies that were assumed for a three-year period.
3H	Create Statewide Fraud Database*	Creates an information exchange between insurance companies that identifies PA's, contractors, attorneys and insureds involved in fraud.
3I	Certify Insurance Capacity Before Construction*	Would require developers to validate that private market insurance is available in the area where homes are proposed for construction
3J	Create Means Tested Voucher Programs for Insurance Premiums*	Allow individual consumers to apply to the state for an "insurance voucher" that would be used to contribute to their property insurance premiums.
3K	Provide financial support to install mitigation features*	CPIC would provide direct financial support for the installation of technology (i.e., water sensors) intended to mitigate damage. Homes with the features may be more attractive to the private market.
3L	Marketing campaign to educate Floridians on "true" cost of windstorm exposure*	Floridians do not fully understand the pricing of insurance and the benefits that can be gained from building improvements and loss control efforts, an educational campaign focused on this information could improve their overall perception of the industry.

Informed Consumer

Great Agents on Optimized Platforms

Existing Carriers

New Carriers

Depopulation

Clearinghouse

FMAP

Agent Rollovers

**Update Pricing &
Products**

**Add/Update Data
Elements**

**New Ideas/
Legislative**