

President's Report

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President, CEO & Executive Director

July 10, 2024



Proposed Rate Changes

Citizens' statutory requirements for rate changes:

1. Rates must be actuarially sound pursuant to s. 627.062 and not competitive with approved rates charged in the admitted voluntary market, so that the corporation functions as a true residual insurer.
2. Citizens makes recommendations to the OIR for rate changes, and the OIR establish Citizens' rates.

Product Line	In-Force Premium	Uncapped Indication	Non-Competitive % Change	Proposed Rate % Change
Personal Multi-peril	\$3,237,890,190	23.1%	92.8%	13.9%
Personal Wind-Only	\$332,306,870	73.2%	N/A	15.0%
Commercial	\$571,875,247	27.9%	N/A	10.3%
Total	\$4,142,072,307	27.8%		13.5%



History of Citizens' Homeowner Rate Changes

2002-2006 – Citizens' rates based on Top 20 companies, must be actuarially sound, and not competitive with the private market.

2007 – House Bill 1A rolled Citizens' rates back to 2006 levels, froze them until July 2009, and eliminated the requirement that Citizens' rates be competitive and based on the Top 20 companies.

2008 – Mitigation credits are doubled resulting in rate decreases and Citizens' rate freeze was extended until January 2010.

2010 – Following the 3-year rate freeze, Citizens' rate increases are limited to 10% per policy, excluding coverage changes and surcharges, to allow a glidepath to actuarially sound rates.

2012 – Sinkhole coverage is removed from the base policy but remains optional and rated outside the 10% glidepath.

2018-2020 – Office of Insurance Regulation froze Monroe county rates.



History of Citizens' Homeowner Rate Changes

2020 – No actuarial rate changes are filed, as directed by the Board of Governors, due to the COVID-19 pandemic.

2021 – Senate Bill 76 requires that Citizens' rate calculations include the cost of reinsurance to cover 100-year PML, whether or not the coverage is purchased (within the glidepath). Citizens' rate glidepath to increase by 1% each year until it reaches 15%.

2022 – Citizens' rate glidepath increased to 11% per policy.

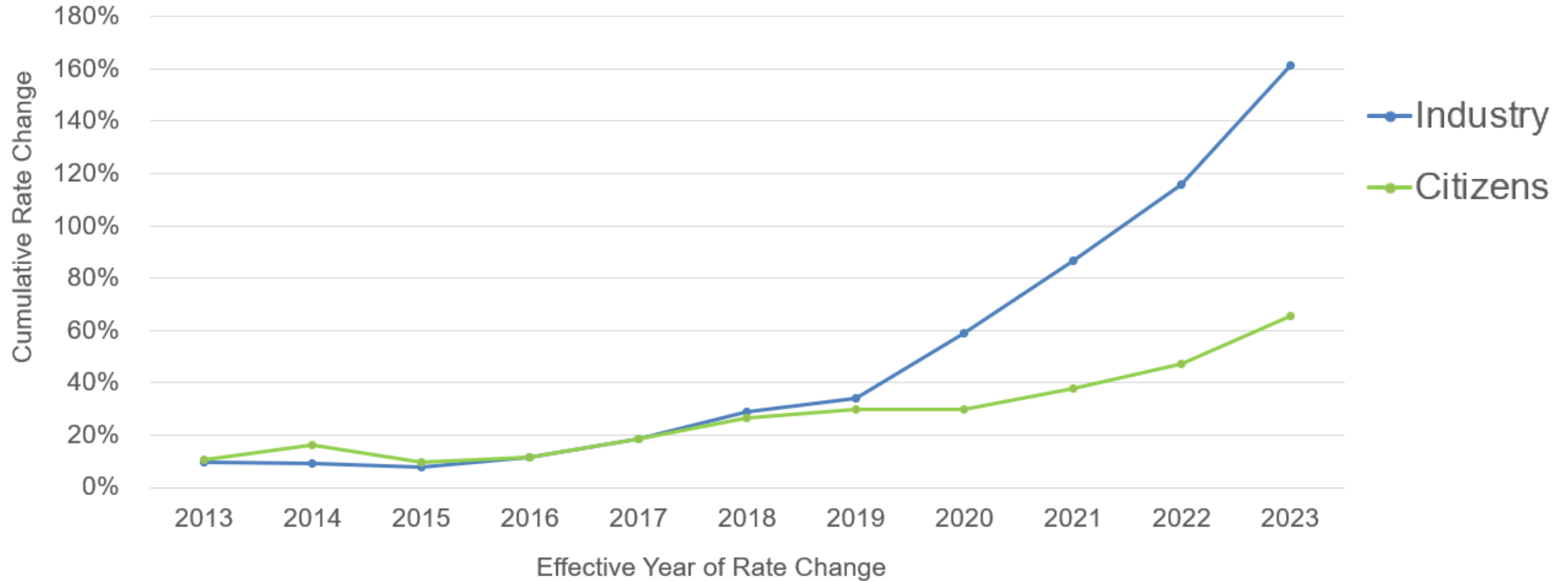
2023 – Citizens' rate glidepath increased to 12% per policy, and rates are again required to be not competitive with the private market.

2024 – Citizens' rate glidepath increased to 13% per policy.

2025 – Citizens' rate glidepath will increase to 14% per policy.

2026 – Citizens' glidepath will increase to and remain at 15% per policy.

FL Homeowner Cumulative Rate Changes

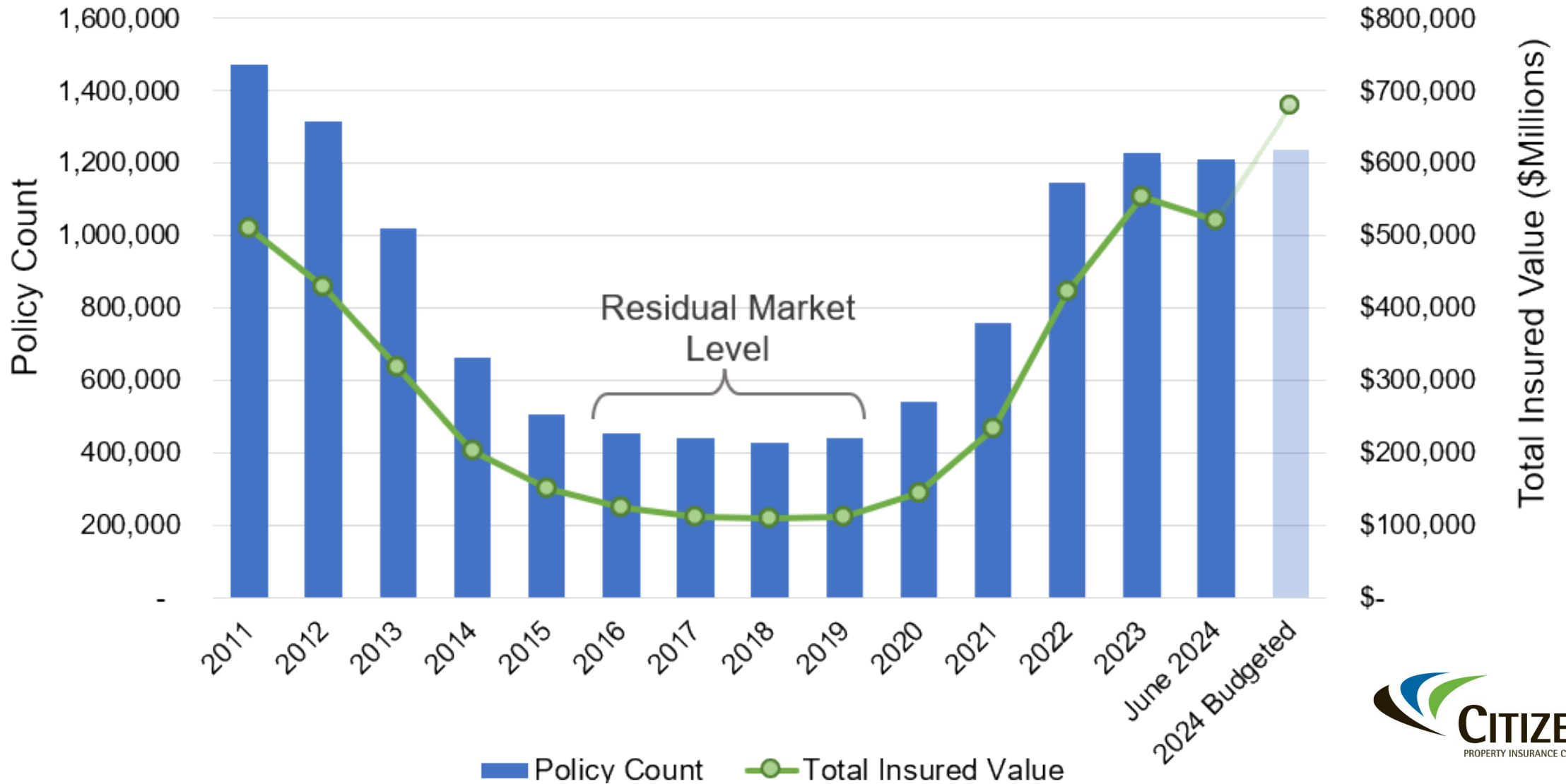


Industry	9.8%	9.3%	7.7%	11.7%	18.3%	29.0%	34.2%	58.9%	86.7%	115.8%	161.1%
Citizens	10.7%	16.3%	9.7%	11.6%	18.6%	26.4%	29.9%	29.9%	37.9%	47.3%	65.4%

Note: Annual rate changes for companies writing Homeowners (HO-3, HO-4, HO-5, HO-6 and HO-8) insurance in Florida.

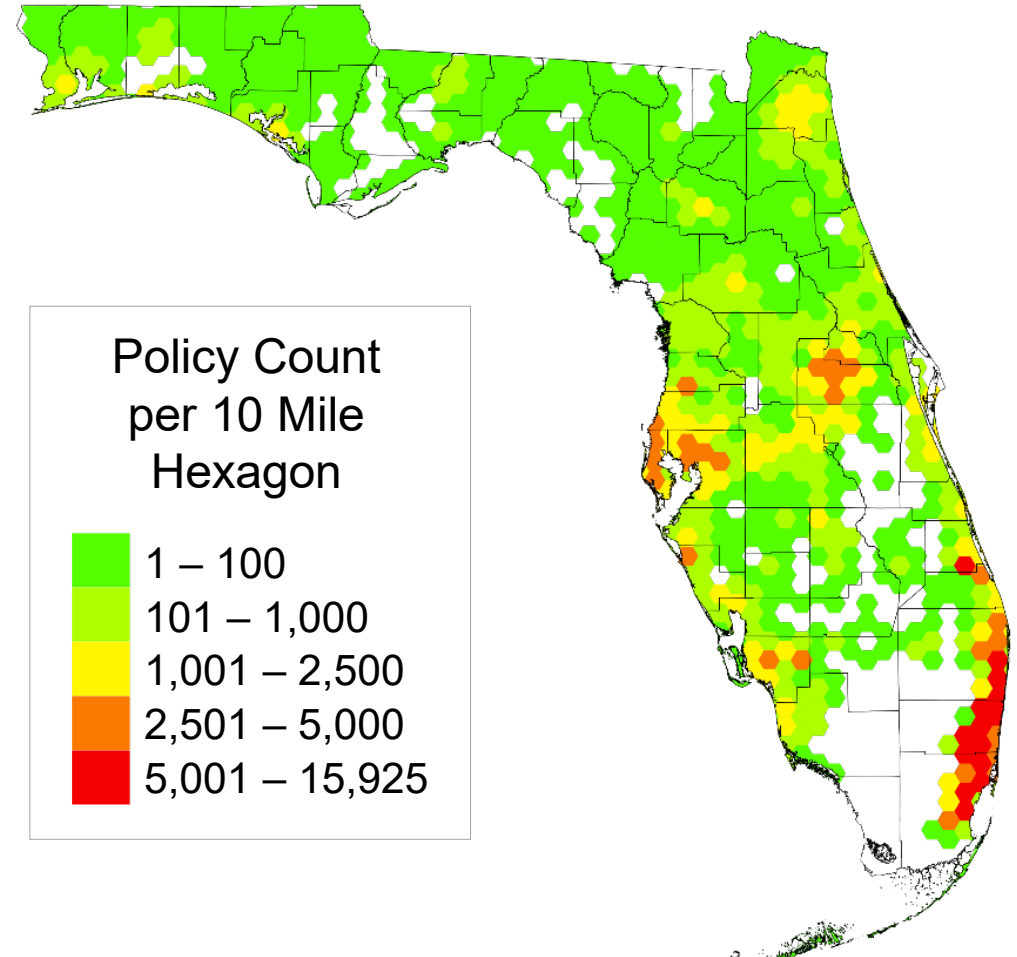


Policy Count and Total Insured Value



Depopulation Activity

Policies Assumed in 2023 and 2024			
Assumption Date	Number Office of Insurance Regulation Approved	Policyholder Choice Letters Mailed	Number Assumed on Day of Assumption
4/18/2023	20,000	26,335	4,573
6/20/2023	46,218	18,760	17,239
8/22/2023	26,000	27,689	8,836
10/17/2023	184,000	311,310	99,773
11/21/2023	202,399	179,747	92,886
12/19/2023	168,000	86,620	52,017
1/23/2024	200,000	126,479	76,316
2/20/2024	39,000	27,652	15,713
2/27/2024 (CL)	850	437	321
3/19/2024	59,498	27,879	22,209
4/23/2024 (CL)	400	246	150
5/21/2024	54,386	34,760	17,610
6/25/2024 (CL)	300	170	TBD
Total	1,001,051	868,084	407,643

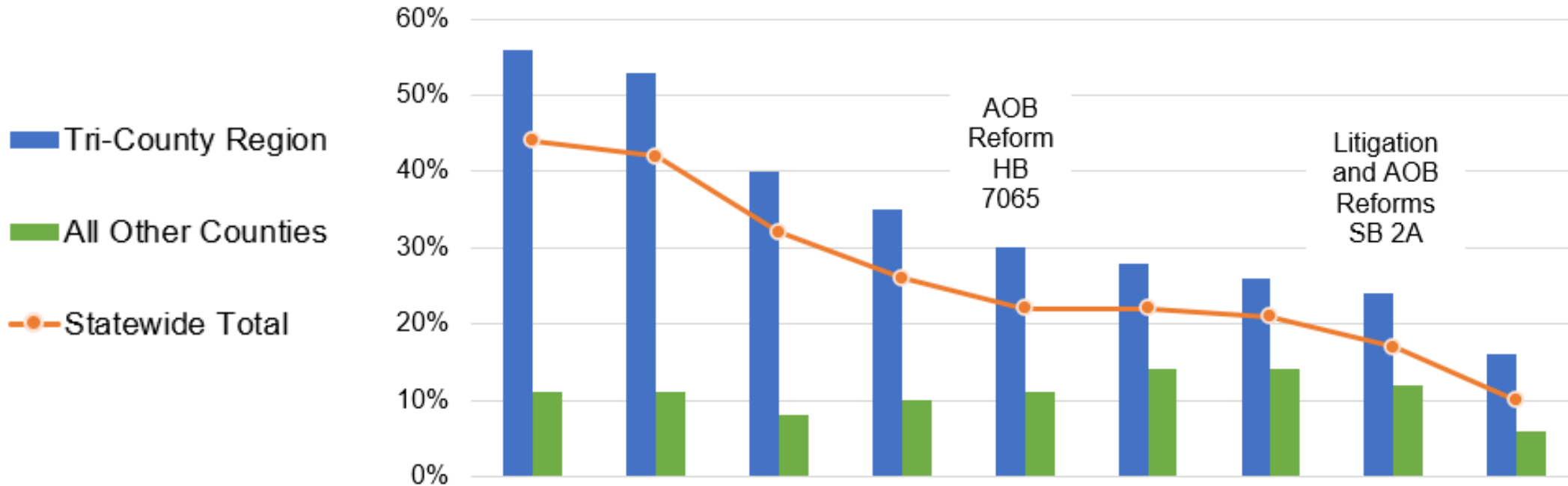


Notes:

- 1) Policyholder Choice Letters Mailed indicates the number of depopulation letters mailed, one per policy. Multiple offers may be contained in a single mailing.
- 2) The hexagon map shows all personal lines and commercial lines (CL) policies assumed from April 2023 through May 2024

Litigation and Assignment of Benefit (AOB) Reforms

Projected Percent of Citizens' Non-Catastrophe HO-3 Litigated Claims

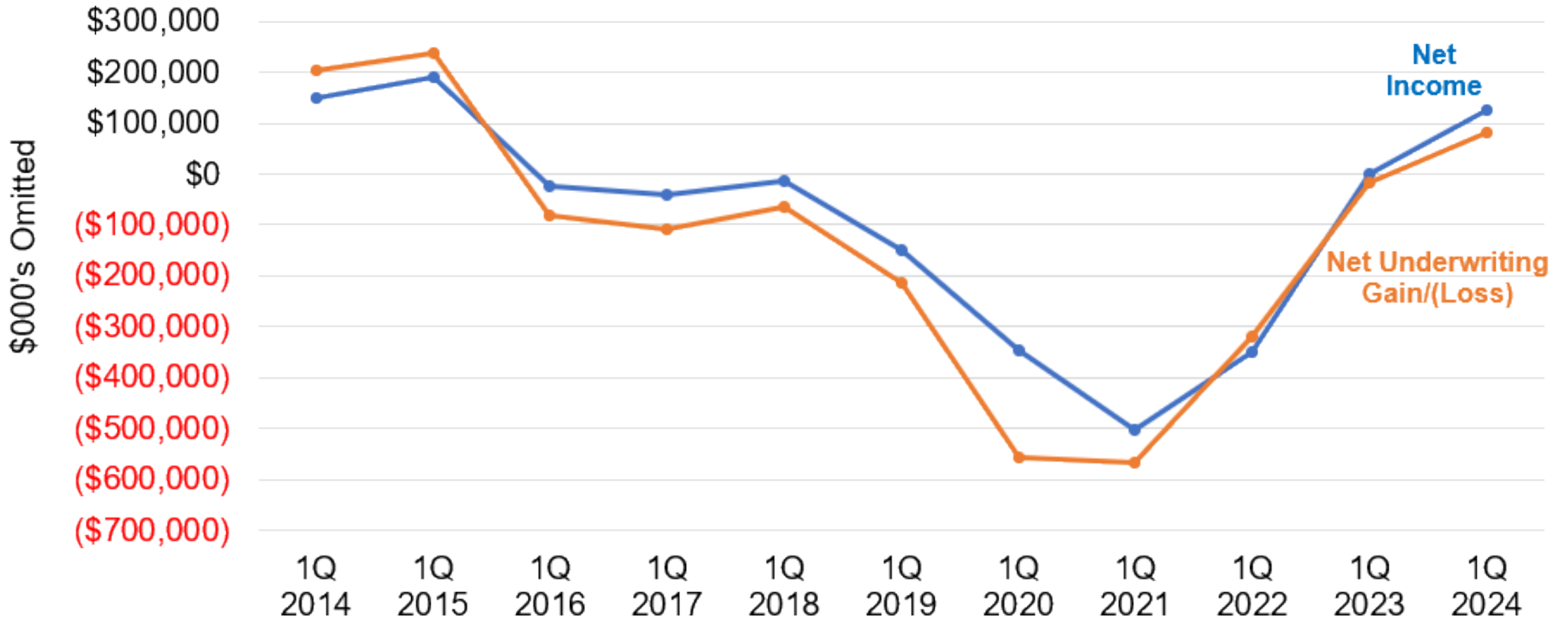


Accident Year (at 12/31)	2015	2016	2017	2018	2019	2020	2021	2022	2023
Tri-County Region	56%	53%	40%	35%	30%	28%	26%	24%	16%
All Other Counties	11%	11%	8%	10%	11%	14%	14%	12%	6%
Statewide Total	44%	42%	32%	26%	22%	22%	21%	17%	10%

Notes:

- 1) The tri-county region includes Broward, Palm Beach and Miami-Dade Counties
- 2) Senate Bill 2A was effective 12/16/2022; however, language changes were not incorporated into Citizens' policy forms until 06/01/2023.

Financials for Selected FL Property Insurers



Notes:

- 1) Source: S&P Global Market Intelligence
- 2) Data excludes Citizens

Hurricane Preparedness – Catastrophe Testing

Catastrophe Response Center Exercise

- Equipment readiness
- Staff training/preparation
- First Notice of Loss Call Center stress test
- Recruitment and training of new resources
- Virtual deployment for independent adjusters
- Systems load testing (technology)



Hurricane Preparedness



Strong network of Independent
Adjusting firms

16 First Notice of Loss Call Centers

Almost 130 employees trained and
ready for deployment should
Catastrophe Response Centers be
activated