

2025 Rate Indications

<u>Product Line</u>	<u>In-Force Premium</u>	<u>Total Uncapped Indication</u>	<u>Proposed Change</u>
Personal	\$3,570,197,061	27.8%	14.0%
Commercial	\$571,875,247	27.9%	10.3%
Total	\$4,142,072,307	27.8%	13.5%

Explicit adjustments were made to account for the anticipated savings due to SB 2A.

An expense provision for reinsurance was included in the indication that reflects the cost of reinsurance up to the 1-in-100 storm, even if Citizens does not actually purchase that much reinsurance.

The proposed rate changes will be in effect from 1/1/2025 through 12/31/2025 for all lines.

For primary and class rated commercial risks, a 14% policy level cap will apply.

For non-primary risks, a 50% policy level cap is applied.

Citizens' competitive position in the market was considered when applying the capping.

Improvement in Results

Line of Business	Indication 2024 Rates			Indication 2025 Rates	
	Unadjusted	Adjusted for SB 2A	Approved Increase	Unadjusted	Adjusted for SB 2A
HO3/HW2	91.5%	55.1%	12.6%	40.9%	25.2%

The primary driver of Citizens' improved results is due to the continued decrease of the litigation rates for non-catastrophe losses

HO3 Non-Cat Litigation Rates			
End of Accident Year	Projected Percent of Claims Litigated		
	<u>Southeast Counties**</u>	<u>Rest of State</u>	<u>Florida Statewide</u>
12/31/2015	56%	11%	44%
12/31/2016	53%	11%	42%
12/31/2017	40%	8%	32%
12/31/2018	35%	10%	26%
12/31/2019	30%	11%	22%
12/31/2020	28%	14%	22%
12/31/2021	26%	14%	21%
12/31/2022	24%	12%	17%
12/31/2023	16%	6%	10%

**Includes Miami-Dade, Broward and Palm Beach

Adjustments for SB 2-A:

1. Restated historical litigation rate
2. Restated historical AOB severities
3. Removed litigation costs for the non-hurricane cat provision
4. Selected a mid-point of the four hurricane models

Competitive Analysis

For each HO-3, HO-6 and DP-3 policy as of 12/31/2023 that was not marked for take out, premiums were calculated for other insurers.

A policy is “non-competitive” if Citizens’ premium is greater than 7 of 10 competitors’ premiums.

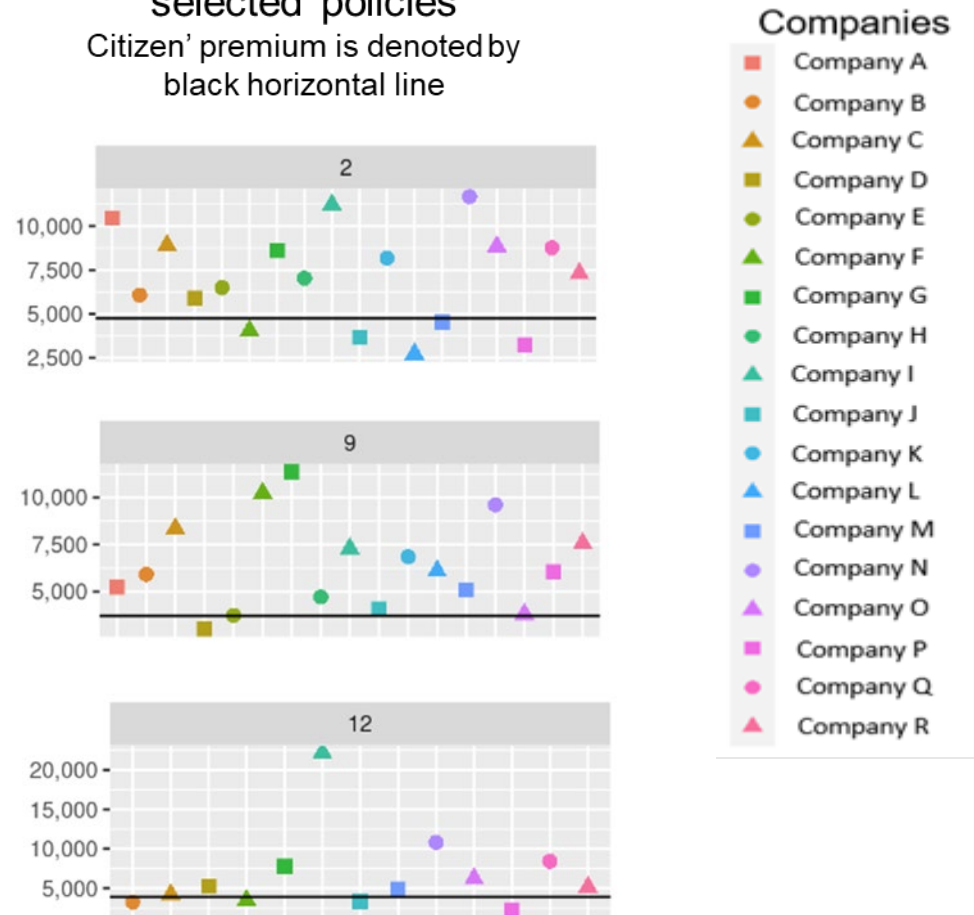
The 18 companies listed write 42.5% of the HO3 policies in-force in Florida

Citizens writes 21.0% of HO3 policies in Florida

No consideration has been given to recent company filings of rate decreases

HO-3 premiums shown graphically for three selected policies

Citizen’ premium is denoted by black horizontal line



Competitive Analysis

HO-3 Policies as of 12/31/2023 (excluding those marked for takeout)				
Region/County	Policy Count	Percentage Change Needed to be Non-Competitive	Initial Count of Competitive Policies	Count of Competitive Policies After 14% Increase
Broward	71,526	74.1%	71,472	70,992
Central East Coast	107,304	117.0%	107,205	106,870
Dade	97,222	82.6%	97,142	96,518
Inland	53,834	82.2%	53,237	51,902
Monroe	1,418	49.1%	1,303	1,167
North East Coast	40,519	86.1%	40,389	39,781
North Gulf Coast	170,579	112.3%	168,778	162,616
Palm Beach	61,705	80.5%	61,583	60,930
Panhandle	21,393	101.6%	21,096	20,631
<u>South Gulf Coast</u>	<u>56,114</u>	<u>100.9%</u>	<u>55,790</u>	<u>54,971</u>
Total	681,614	96.6%	677,995	666,378

Citizens' rates are competitive; based on this information we are recommending the maximum increase of 14% in most territories

Needs to be understood that we don't have perfect data on U/W guidelines of the private carriers and that this analysis is limited to policies in-force with Citizens

Tempering of these results is recommended if we are going to apply beyond the 14% capping for new business

Total HO3 Rate Recommendation by Region

HO-3 - Multiperil Homeowners**				Current Average	Indicated Average	Proposed Average	
	Indicated			Total HO3	Total HO3	Total HO3	Policy
Location	Actuarial	Competitive	Proposed	Premium	Premium	Premium	Count
Dade	-4.0%	82.6%	14.0%	5,011	4,810	5,710	96,941
Palm Beach	9.8%	78.1%	14.0%	4,790	5,261	5,460	61,357
Broward	0.8%	74.1%	14.0%	5,276	5,318	6,013	71,196
North Gulf Coast*	39.5%	113.2%	14.0%	2,571	3,586	2,932	169,817
Other	40.2%	102.5%	14.1%	2,746	3,850	3,133	278,227
Monroe	21.1%	49.3%	17.0%	6,623	8,019	7,749	1,416
Total	20.9%	92.6%	14.0%	3,484	4,211	3,973	678,954
*Note: This region includes the sinkhole counties - Hernando, Hillsborough, Pasco and Pinellas							
** Excludes FHCF BU							

The proposed rates take into account the competitive analysis

Primary policies, in most areas, will receive a 14% regardless of the indicated rate

Non-primary policies, in most areas, we receive a rate increase of between 14% to 50%

Total HW2 Rate Recommendation by Region

HW-2 - Wind-Only Homeowners**			Current Average Wind Premium	Indicated Average Wind Premium	Proposed Average Wind Premium	Policy Count
Location	Overall	Proposed				
Dade	79.3%	14.0%	4,190	7,512	4,776	16,361
Palm Beach	89.3%	15.5%	4,426	8,376	5,111	5,611
Broward	88.9%	14.8%	4,072	7,692	4,676	10,633
North Gulf Coast*	59.3%	13.7%	3,623	5,773	4,120	1,208
Other	69.4%	16.6%	2,836	4,804	3,307	13,718
Monroe	68.4%	16.8%	5,917	9,967	6,909	9,224
Total	77.6%	15.4%	4,133	7,339	4,768	56,755
*Note: This region includes the sinkhole counties - Hernando, Hillsborough, Pasco and Pinellas						
** Excludes FHCF BU						

The proposed rates take into account the competitive analysis

Primary policies, in most areas, will receive a 14% regardless of the indicated rate

Non-primary policies, in most areas, will receive a rate increase of between 14% to 50%

Personal Lines: Primary versus Non-Primary

Personal Lines Only	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Multi-Peril			Wind-Only			Total		
Product Line	In-Force Premium	Uncapped Indication	Proposed Change	In-Force Premium	Uncapped Indication	Proposed Change	In-Force Premium	Uncapped Indication	Proposed Change
Primary	3,051,871,848	23.9%	13.5%	282,004,362	80.4%	13.1%	3,333,876,210	28.7%	13.4%
Non-Primary	<u>186,018,342</u>	<u>10.1%</u>	<u>21.9%</u>	<u>50,302,509</u>	<u>32.7%</u>	<u>25.9%</u>	<u>236,320,851</u>	<u>14.9%</u>	<u>22.8%</u>
Total	3,237,890,190	23.1%	13.9%	332,306,870	73.2%	15.0%	3,570,197,061	27.8%	14.0%

Non-primary homes comprise 6.7% of total personal lines policy count. This percentage does vary greatly by line of business and will be discussed in more detail.

The recommend rate change for primary homes is 13.4% after consideration of the competitive analysis

Non-primary homes, which have been subject to a 50%, has an overall rate need of 14.9%

After consideration of the competitive analysis, we recommend capping the non-primary rate increases to 14% to 50%

Primary vs Non-Primary by LOB

	(1) Primary		(2) Non-Primary		(3) Total		(4) Number of	(5) Percent of
	In-Force Premium	Proposed Change	In-Force Premium	Proposed Change	In-Force Premium	Proposed Change	Non-Primary Policies	Non-Primary Policies
<u>Product Line - Personal</u>								
Homeowners	2,536,522,507	13.4%	121,286,837	17.9%	2,657,809,344	13.6%	24,978	3.4%
Renters	1,950,271	12.9%	84,080	23.1%	2,034,351	13.3%	199	2.2%
Condo Units	103,324,083	13.5%	36,492,937	15.0%	139,817,020	13.9%	18,876	21.3%
Dwelling -DP3	479,906,002	13.5%	33,321,618	25.9%	513,227,620	14.3%	13,780	6.0%
Dwelling - DP1	113,386,507	13.2%	5,009,030	24.1%	118,395,537	13.6%	1,771	3.4%
Mobile Homeowners	83,191,926	13.4%	36,035,335	42.2%	119,227,261	22.1%	16,834	26.0%
<u>Dwelling Mobile Home</u>	<u>15,594,913</u>	<u>13.6%</u>	<u>4,091,016</u>	<u>39.6%</u>	<u>19,685,929</u>	<u>19.0%</u>	<u>3,429</u>	<u>17.4%</u>
Total Personal Lines	3,333,876,210	13.4%	236,320,851	22.8%	3,570,197,061	14.0%	79,867	6.7%

The recommended change for primary is 13.4% versus 22.8% for non-primary

Non-primary makes up 6.7% of the total PL policies but that percentage varies greatly by lob

In the mobile home lines and Condo units, non-primary make up a much larger percentage of the book of business