

Executive Summary

Actuarial & Underwriting Committee Meeting, March 12, 2025
Board of Governors Meeting, March 12, 2025

2024 Rate Filing Update

On February 7, 2025, Citizens received the rate order for Personal and Commercial Lines from the Office of Insurance Regulation (OIR). Citizens had recommended a 13.5% rate increase, but the OIR approved an 8.5% increase. The difference between the recommended and approved rates is due to the OIR's consideration of Citizens' competitive analysis.

<u>Product Line</u>	<u>Proposed</u>	<u>Approved</u>
Personal	14.0%	8.6%
<u>Commercial</u>	<u>10.3%</u>	<u>7.8%</u>
Total	13.5%	8.5%

Consideration of Non-Competitiveness of Citizens' Rates

As revised in Senate Bill 2-A in December 2022, Citizens' rates "must be actuarially sound pursuant to s. 627.062 and not competitive with approved rates charged in the admitted voluntary market...". To comply with this legislative requirement, a detailed policy level analysis was completed for HO-3, HO-6, and DP-3 policies, which represents over 80% of Citizens' personal lines of business. For the remaining portion of Citizens' personal lines business (HO-4, MHO-3, DP-1, MDP-1), Citizens relied on RCS rating examples.

Based upon this analysis, Citizens proposed a uniform 14% rate increase for primary risks in any territory where Citizens' average premium was significantly below the private market, regardless of the indicated rate. This resulted in a recommended change of 13.4% for primary risks. The OIR did not accept the competitive analysis as sufficient to support the recommendation, stating that it "did not include some carriers including one of Florida's largest carriers". As a result, the competitive analysis was not considered, and for primary risks, the approved rates were based on the indicated rates, with a cap of -10% on decreases and an upper cap of 14% on increases. This led to an approved increase of 8.0% for primary policies.

For non-primary risks, the recommended rate change was 22.8%. This recommendation included capping some territories between 14% to 50%, based on the competitive analysis. The approved rates were based on capping all territories between 0% to 50%, reducing the recommended rate change for non-primary risks to 17.0%.

Overall, for all personal lines policies, the exclusion of competitive analysis considerations reduced the approved rate increase from 14.0% to 8.6%.

For commercial lines, due to the rapid growth of the book of business, the recommended rate change was 10.3%, with wind rates uniformly increased by 14% in most territories. The OIR approved rates capped wind increases between 0% and 14%, resulting in an approved overall increase of 7.8%.

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Policy Form Detail of Filed Versus Approved Rates

Filed Personal Lines	Primary Filed	Non-Primary Filed	Total PL Filed
<u>Product</u>	<u>Rate Change</u>	<u>Rate Change</u>	<u>Rate Change</u>
Homeowners Multi-Peril	13.4%	15.5%	13.5%
Homeowners Wind-Only	13.1%	22.9%	14.4%
Dwelling Fire Multi-Peril	13.5%	22.5%	13.9%
Dwelling Fire Wind-Only	12.9%	32.7%	17.1%
Mobile Homeowners Multi-Peril	13.4%	42.0%	22.0%
Mobile Homeowners Wind-Only	13.4%	49.1%	26.6%
Mobile Home Dwelling Multi-Fire	13.6%	39.4%	18.9%
<u>Mobile Home Dwelling Wind-Only</u>	<u>13.6%</u>	<u>46.5%</u>	<u>20.3%</u>
Total Personal Lines	13.4%	22.8%	14.0%

Approved Personal Lines	Primary Min -10% Cap	Non-Primary Min 0% Cap	Total PL Approved
<u>Product</u>	<u>Rate Change</u>	<u>Rate Change</u>	<u>Rate Change</u>
Homeowners Multi-Peril	6.7%	5.6%	6.6%
Homeowners Wind-Only	13.2%	23.0%	14.5%
Dwelling Fire Multi-Peril	10.1%	16.1%	10.4%
Dwelling Fire Wind-Only	13.0%	32.7%	17.2%
Mobile Homeowners Multi-Peril	13.2%	41.6%	21.7%
Mobile Homeowners Wind-Only	13.4%	49.1%	26.6%
Mobile Home Dwelling Multi-Fire	13.5%	39.1%	18.8%
<u>Mobile Home Dwelling Wind-Only</u>	<u>13.6%</u>	<u>46.5%</u>	<u>20.3%</u>
Total Personal Lines	8.0%	17.0%	8.6%

Commercial Lines	Recommended	Approved
<u>Product</u>	<u>Rate Change</u>	<u>Rate Change</u>
Commercial Residential Multi-Peril (Condo Assn.)	12.0%	7.1%
Commercial Residential Multi-Peril (Excl. Condo Assn.)	11.5%	6.7%
Commercial Residential Wind-Peril (Condo Assn.)	12.4%	12.1%
Commercial Residential Wind-Peril (Excl. Condo Assn.)	12.2%	11.0%
Commercial Non-Residential Multi-Peril	0.0%	0.0%
<u>Commercial Non-Residential Wind-Only</u>	<u>0.4%</u>	<u>0.4%</u>
Total Commercial Lines	10.3%	7.8%

All rate changes will be effective 6/1/2025.