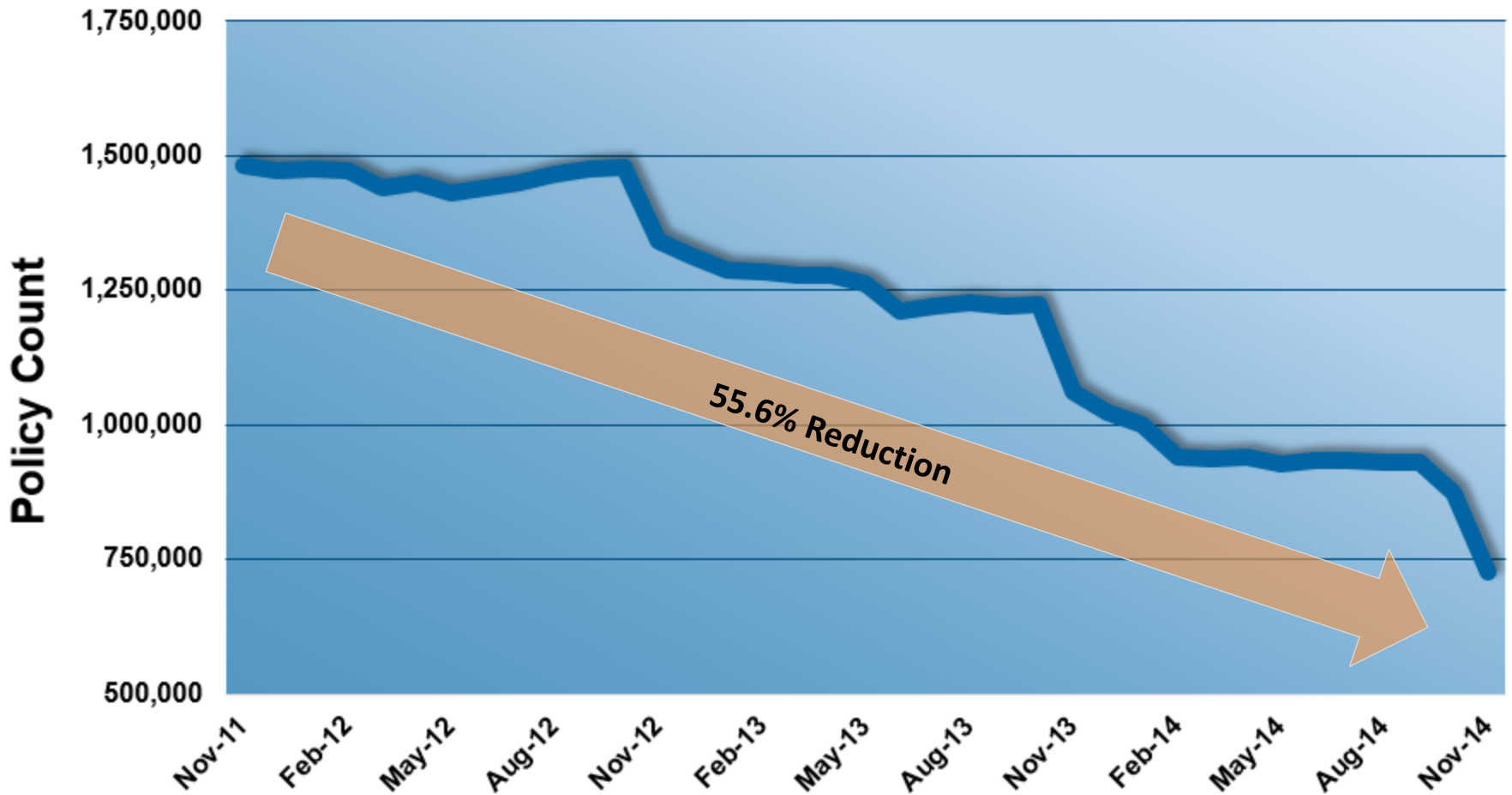




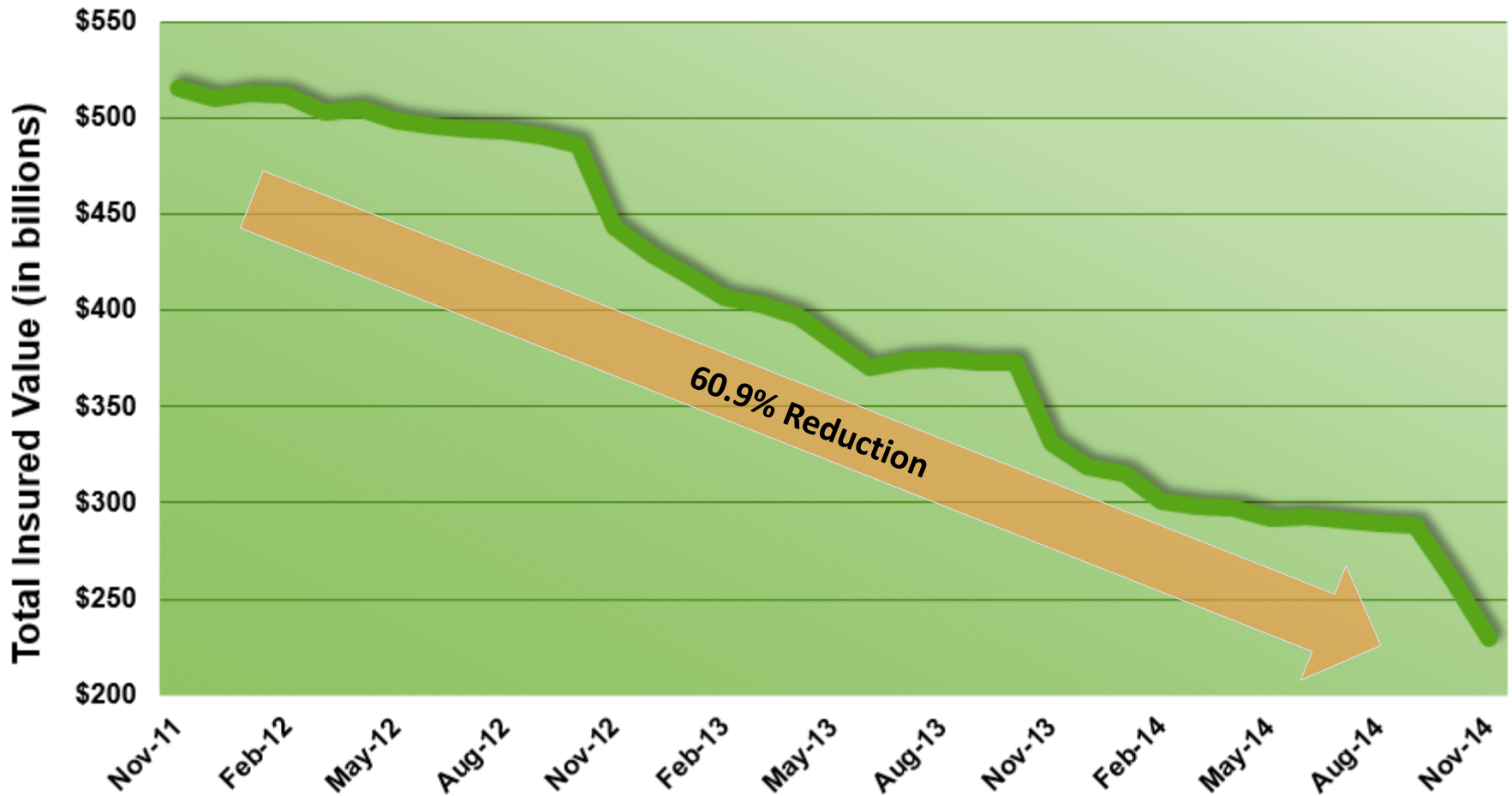
# **State of The Florida Insurance Market Summit**

Barry Gilway, President/CEO  
January 2015





**Note:** Excludes risks tagged for takeout



**Note:** Excludes risks tagged for takeout

| <b>Year-end</b> | <b>Direct Written Premium</b> | <b>Net Earned Premium</b> |
|-----------------|-------------------------------|---------------------------|
| <b>2011</b>     | <b>3,084,341,549</b>          | <b>2,251,730,822</b>      |
| <b>2012</b>     | <b>3,180,754,795</b>          | <b>2,248,095,335</b>      |
| <b>2013</b>     | <b>2,761,637,564</b>          | <b>1,880,761,247</b>      |
| <b>2014*</b>    | <b>2,057,270,680</b>          | <b>1,344,182,643</b>      |
| <b>2015**</b>   | <b>1,668,995,411</b>          | <b>926,111,799</b>        |

\*Projected

\*\* Budgeted

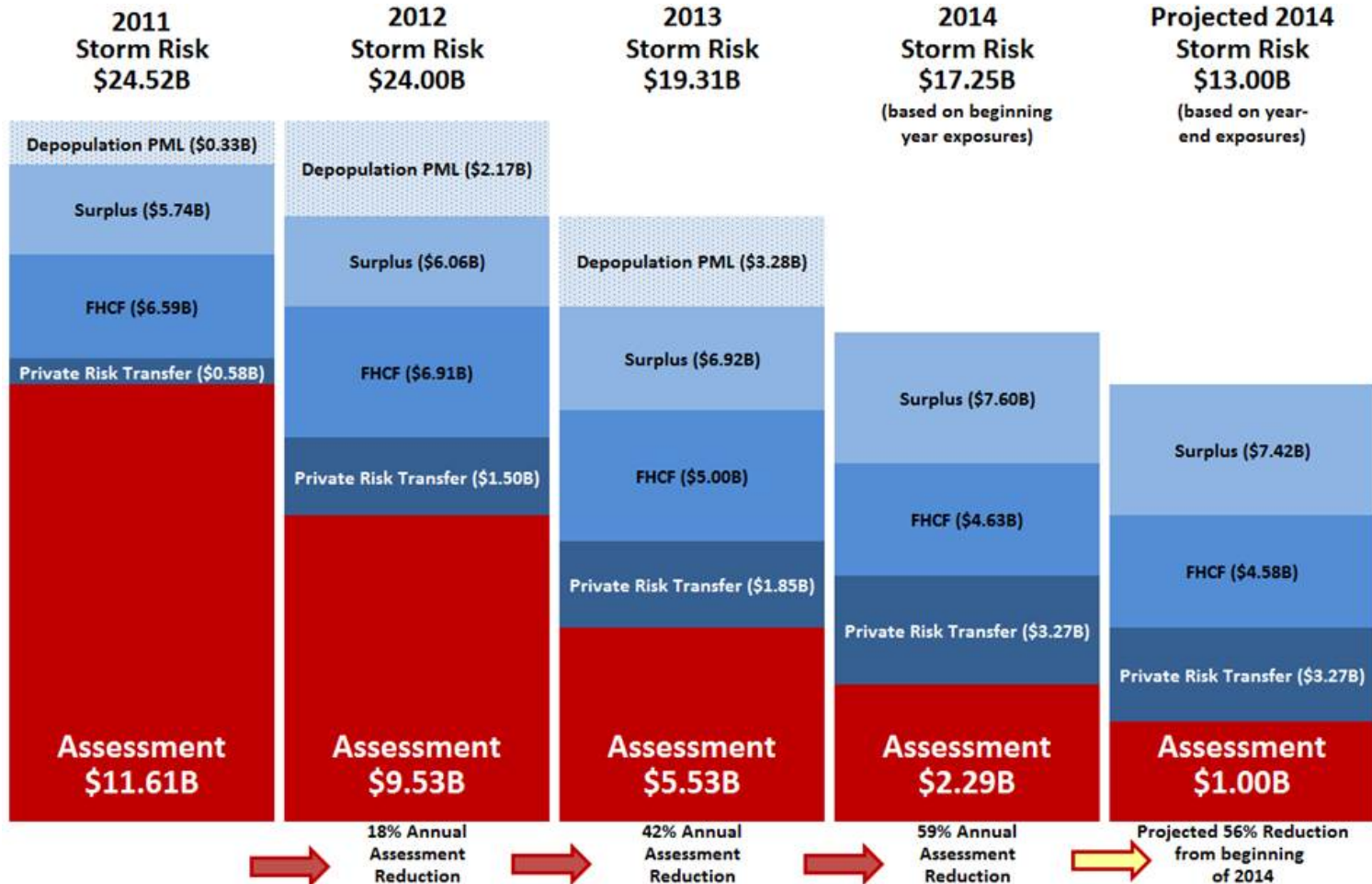
## In Force Policy Breakdown 12/26/14

| Account - Product Line                                | Inforce Policies excluding Takeout |                          |                  |                          |                  |                          |
|---|------------------------------------|--------------------------|------------------|--------------------------|------------------|--------------------------|
|   | 11/31/2011                         |                          | 11/28/2014       |                          | 12/26/2014       |                          |
|   | Policies Inforce                   | Total Exposure           | Policies Inforce | Total Exposure           | Policies Inforce | Total Exposure           |
| PLA-Personal Residential Multi-Peril(PR-M)            | 1,011,337                          | \$243,608,870,141        | 393,736          | \$70,173,290,755         | 370,344          | \$65,607,790,881         |
| <b>PLA Total</b>                                      | <b>1,011,337</b>                   | <b>\$243,608,870,141</b> | <b>393,736</b>   | <b>\$70,173,290,755</b>  | <b>370,344</b>   | <b>\$65,607,790,881</b>  |
| COASTAL-Personal Residential Wind-Only (ePAS) (PR-W)  | 246,073                            | \$104,522,700,462        | 199,749          | \$67,774,828,841         | 161,859          | \$52,774,148,923         |
| COASTAL-Personal Residential Multi-Peril(PR-M)        | 175,804                            | \$40,892,648,848         | 101,375          | \$18,575,283,548         | 96,110           | \$17,377,112,634         |
| COASTAL-Commercial Residential Wind-Only(CR-W)        | 13,062                             | \$55,988,944,303         | 8,410            | \$32,226,671,786         | 7,751            | \$27,678,853,082         |
| COASTAL-Commercial Residential Multi-Peril(CR-M)      | 845                                | \$14,725,703,153         | 660              | \$7,608,935,152          | 655              | \$7,374,533,142          |
| COASTAL-Commercial Non-Residential Wind-Only(CNR-W)   | 27,007                             | \$14,942,456,175         | 18,082           | \$11,479,465,522         | 16,518           | \$10,444,130,191         |
| COASTAL-Commercial Non-Residential Multi-Peril(CNR-M) | 242                                | \$413,435,800            | 141              | \$211,466,296            | 200              | \$289,144,596            |
| <b>Coastal Total</b>                                  | <b>463,033</b>                     | <b>\$231,485,888,741</b> | <b>328,417</b>   | <b>\$137,876,651,145</b> | <b>283,093</b>   | <b>\$115,937,922,568</b> |
| CLA-Commercial Residential Multi-Peril (CR-M)         | 6,972                              | \$38,751,329,422         | 3,447            | \$19,533,804,930         | 3,199            | \$18,279,423,265         |
| CLA-Commercial Non-Residential Multi-Peril(CNR-M)     | 1,365                              | \$1,576,669,000          | 1,525            | \$1,658,213,094          | 1,462            | \$1,597,885,094          |
| <b>CLA Total</b>                                      | <b>8,337</b>                       | <b>\$40,327,998,422</b>  | <b>4,972</b>     | <b>\$21,192,018,024</b>  | <b>4,661</b>     | <b>\$19,877,308,359</b>  |
| <b>Total</b>  | <b>1,482,707</b>                   | <b>\$515,422,757,304</b> | <b>727,125</b>   | <b>\$229,241,959,924</b> | <b>658,098</b>   | <b>\$201,423,021,808</b> |

-55.6%      -60.9%  
 Reduction in Policy Count and  
 Exposure over three years

### Policy Count Reduction

PLA -63.4%  
 Coastal -38.9%  
 CLA -44.1%

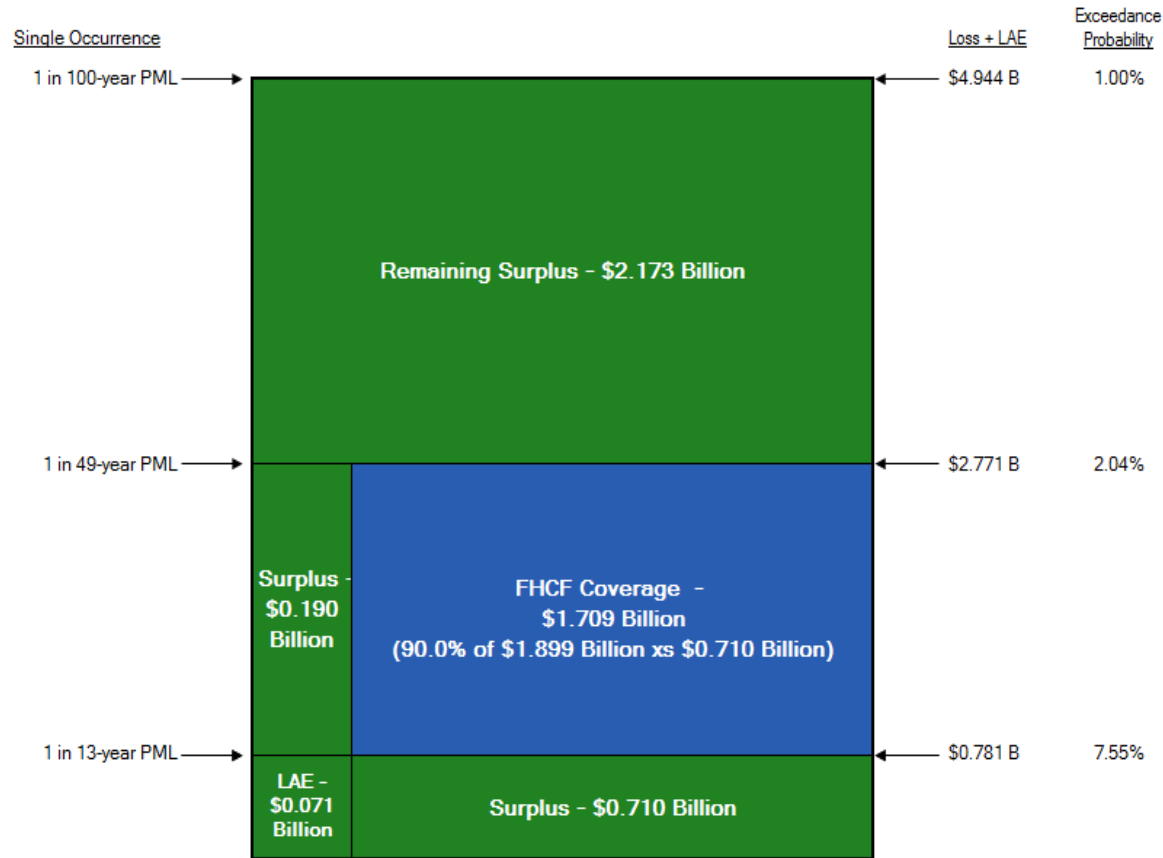


**NOTES:**

- Storm Risk is as measured by 100-year probable maximum loss (PML) plus estimated loss adjustment expenses using the Florida Hurricane Catastrophe Fund (FHCF) account allocation where PLA and CLA are combined. PLA/CLA combined PMLs are added to the Coastal PMLs to be consistent for surplus distribution.
- Surplus, Florida Hurricane Catastrophe Fund (FHCF) & Assessments are as projected at beginning of storm season. Not all PLA/CLA surplus is needed to fund storm risk in 2014; total projected surplus is shown above.
- 2014 Depopulation PML data is as of 12/31/13; therefore, 2014 information is not included. Depopulation PMLs are not included in storm risk totals.
- 2014 FHCF projections are preliminary and actual amounts may differ significantly from these projections.

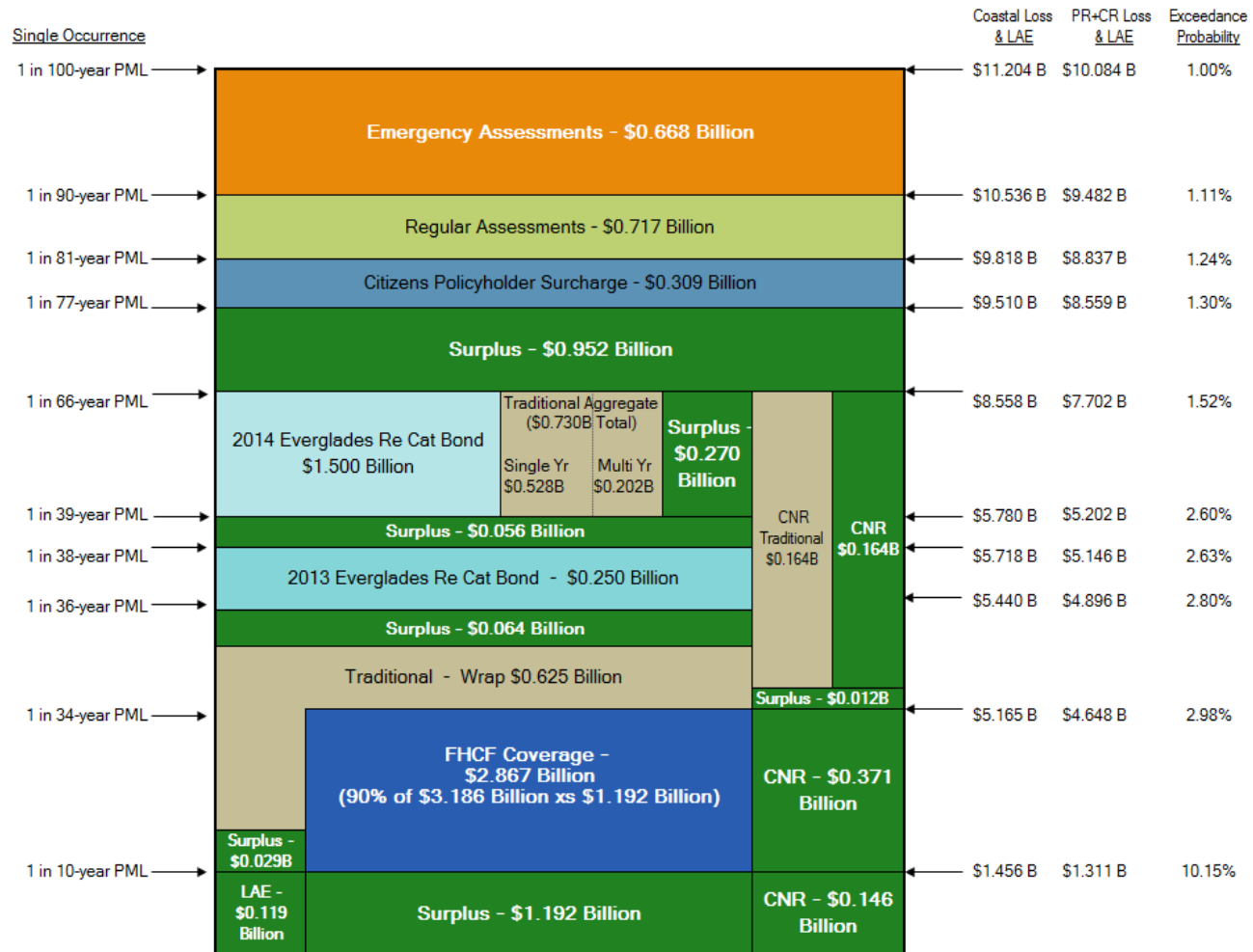
**VALUES ARE NOT TO SCALE**

# PLA/CLA Estimated Claims Paying Resources Projected 2014 Season: Single Event Occurrences



FHCF pays a loss adjustment expense (LAE) allowance of 5% of loss. Citizens will fund any excess LAEs above FHCF reimbursement from its surplus. Citizens has allocated \$90 million to fund any additional LAEs. Additionally, Citizens has projected remaining funds of \$954 million which can be used to fund an event in excess of 1-100 years, multiple storms and additional LAEs.

# Coastal Estimated Claims Paying Resources Projected 2014 Season: Single Event Occurrences



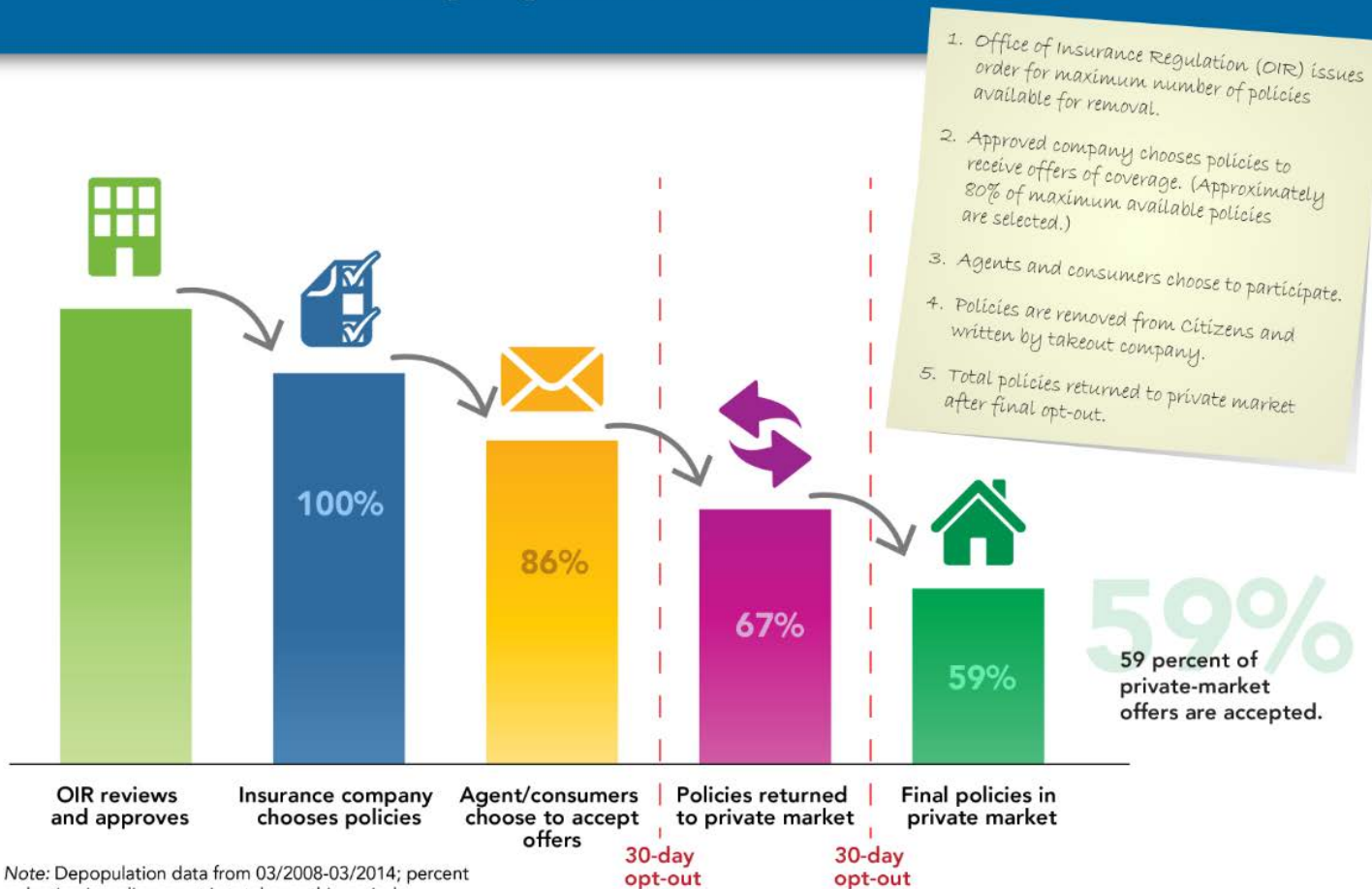
PMLs are based on exposures as of June 30, 2014



## Depopulation (Policies Assumed)

| Month        | OIR Approved     | Assumed        |
|--------------|------------------|----------------|
| January-14   | 53,092           | 26,973         |
| February-14  | 151,249          | 62,496         |
| March-14     | 45,000           | 13,719         |
| April-14     | 10,000           | 3,192          |
| May-14       | 75,000           | 11,167         |
| June-14      | -                | -              |
| July-14      | 10,000           | 1,887          |
| August-14    | 15,000           | 5,561          |
| September-14 | 10,000           | 2,555          |
| October-14   | 97,231           | 57,583         |
| November-14  | 427,584          | 150,559        |
| December-14  | 215,478          | 81,031         |
| January-15   | 171,485          | -              |
| February-15  | 132,441          | -              |
| <b>TOTAL</b> | <b>1,413,560</b> | <b>416,723</b> |

# Depopulation Choices



Note: Depopulation data from 03/2008-03/2014; percent reduction in policy count is total over this period.

Visit <https://www.citizensfla.com/about/depopininfo.cfm>.

#PocketSense

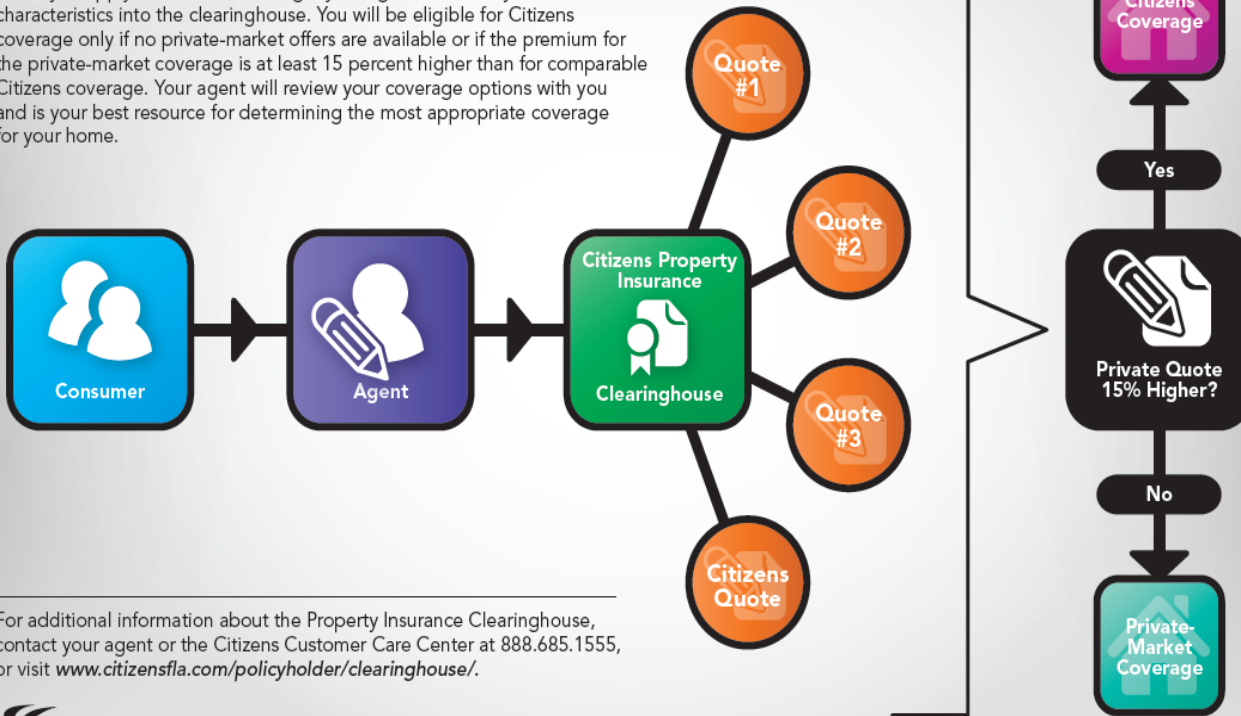
## Number of Policies Assumed in 2014 – by Takeout Company

| Takeout Company Name   | Number of Policies Assumed |
|------------------------|----------------------------|
| American Colonial      | 4,744                      |
| American Integrity     | 5,619                      |
| Avatar P&C             | 9,428                      |
| Capitol Preferred      | 2,599                      |
| Cypress P&C            | 867                        |
| Elements Property      | 39,699                     |
| First Community        | 13,528                     |
| Heritage P&C           | 73,067                     |
| Homeowners Choice      | 36,488                     |
| Mount Beacon           | 32,145                     |
| Olympus                | 20,363                     |
| Safe Harbor            | 7,716                      |
| Safepoint Ins Co       | 73,743                     |
| Southern Fidelity Ins  | 10,182                     |
| Southern Fidelity P&C  | 10,116                     |
| Southern Oak           | 16,387                     |
| Tower Hill Preferred   | 14,713                     |
| Tower Hill Signature   | 1,409                      |
| United P&C             | 25,468                     |
| Universal Ins Co of NA | 2,548                      |
| Weston                 | 15,934                     |
| <b>Grand Total</b>     | <b>416,763</b>             |

# Clearinghouse New Business Process

The Citizens Property Insurance Clearinghouse is an innovative new program to help identify private-market property insurance options for homeowners who believe Citizens is their only choice.

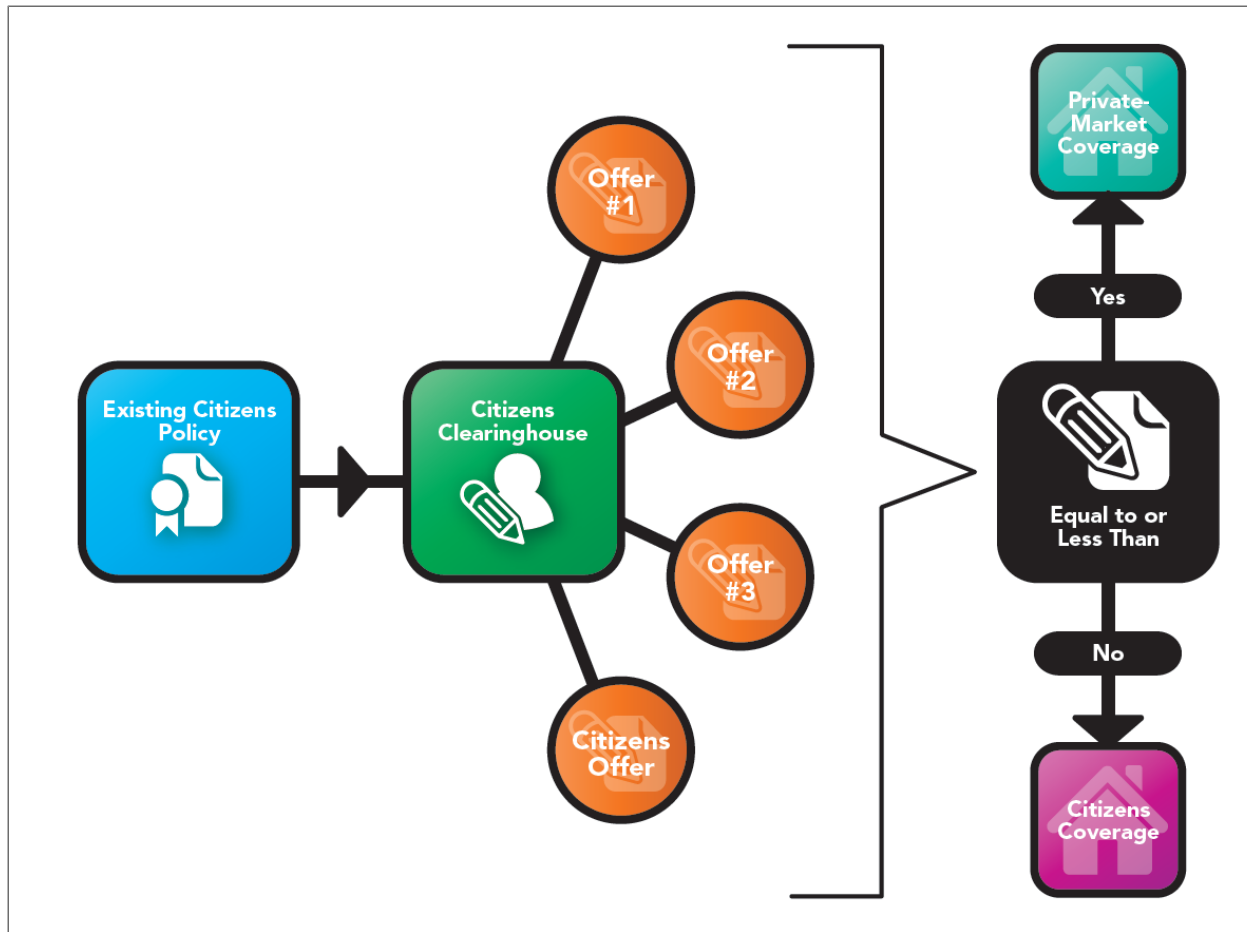
When you apply for Citizens coverage, your agent will enter your home's characteristics into the clearinghouse. You will be eligible for Citizens coverage only if no private-market offers are available or if the premium for the private-market coverage is at least 15 percent higher than for comparable Citizens coverage. Your agent will review your coverage options with you and is your best resource for determining the most appropriate coverage for your home.



For additional information about the Property Insurance Clearinghouse, contact your agent or the Citizens Customer Care Center at 888.685.1555, or visit [www.citizensfla.com/policyholder/clearinghouse/](http://www.citizensfla.com/policyholder/clearinghouse/).





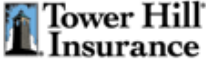











- Offers must be bindable
- Offers must include comparable coverage and have a premium that is equal to or less than 115% of Citizens premium to render a risk ineligible for Citizens
- The clearinghouse determines whether both conditions above are met
- Customers can accept other offers of coverage received even if they are eligible for Citizens
- Clearinghouse results fall into 3 categories:
  - No offers received and eligible for Citizens
  - Offers received and eligible for Citizens
  - Offers received and ineligible for Citizens

## Clearinghouse Renewal Process













- Premium for an offer of coverage must be equal to or less than Citizens renewal premium to render the customer ineligible to remain with Citizens
- Comparable coverage, bindable offer requirements and the 3 results categories are the same as new business
- Citizens non-renews ineligible risks and provides offer of coverage info on the non-renewal notice
- Customers can accept other offers of coverage received even if they are eligible to renew with Citizens
  - Information about the offer(s) of coverage are e-mailed to the agent and are also inserted into the policyholder's renewal declarations package

## Clearinghouse Insurer Overview

| Insurer   | Start Date | New Business | Renewals | Demotech Rating   | Policies Bound (as of 11.7.14)* | Appointed Agents in Clearinghouse |
|---|------------|--------------|----------|---|---------------------------------|-----------------------------------|
|    | 1.27.14    | Y            | Y        |    | 2,732                           | 3,387                             |
|    | 3.30.14    | Y            | Y        |    | 257                             | 630                               |
|    | 3.30.14    | Y            | Y        |    | 144                             | 1,560                             |
|    | 3.30.14    | Y            | Y        |    | 53                              | 4,157                             |
|   | 3.30.14    | Y            | Y        |   | 50                              | 6,159                             |
|  | 3.30.14    | Y            | Y        |  | 13                              | 1,280                             |
|  | 5.11.14    | Y            | Y        |  | 12                              | 1,659                             |
|  | 3.30.14    | Y            | Y        |  | 11                              | 1,280                             |

## Clearinghouse Insurer Overview

| Insurer   | Start Date | New Business | Renewals | Demotech Rating  | Policies Bound (as of 11.7.14)* | Appointed Agents in Clearinghouse |
|---|------------|--------------|----------|--|---------------------------------|-----------------------------------|
|    | 1.27.14    | Y            | N        |   | 239                             | 666                               |
|    | 1.27.14    | Y            | N        |   | 143                             | 2,881                             |
|    | 1.27.14    | Y            | N        |   | 81                              | 346                               |
|    | 9.14.14    | Y            | N        |   | 0                               | 1,535                             |
|  | 11.16.14   | Y            | N        |  | 0                               | 1                                 |

- Avatar is offering limited service agreements to most agents who are appointed with Citizens, so their appointment volumes should increase in the coming months.
- 3,735 total policies confirmed bound as of 11/07/14

## Clearinghouse

### New Business Metrics 1/27/14 – 12/13/14

- 13,414 Deemed ineligible
- \$3.54 Billion In Coverage A averted

### Renewal Metrics 9/2/14 – 12/13/14

- 88,193 Policies approaching expiration
- 29,945 Excluded policies assumed
- 50,645 Did not receive offer
- 5,303 Received offer but remain eligible
- 872 Deemed ineligible



## 2015 Priorities

- Risk Transfer: Replace all expiring reinsurance coverage and eliminate any potential assessment in the event of a 1-100 year storm
- Clearinghouse Expansion: Add new products to the Clearinghouse platform
- Depopulation: Continued exposure reduction and Depopulation Program improvements
- CORE Insurance Suite: Additional capabilities
- Cyber risk, data privacy and security initiatives
- Litigation Management
- Agency and Consumer Affairs capability
- Jacksonville office consolidation