

Citizens Property Insurance Corporation 2014 Rate Hearing

August 20, 2013

Indicated and Filed Rate Change

	Uncapped	Capped
	Indicated Rate Change	Filed Rate Change (by Territory)
All Lines	19.8%	7.5%
Homeowners HO-3 and HW-2	18.3%	6.6%

Historical Homeowners Rate Change

Year	Indicated Rate Change	Change in Indicated Rate from Prior Year
2011	56.5%	-
2012	47.9%	(15.2%) ↓
2013	32.1%	(33.0%) ↓
2014	18.3%	(43.0%) ↓

Catastrophic Ground Collapse

- **Included with basic coverage and subject to 10% glide path**
- Depression in ground cover that is clearly visible to naked eye
- Abrupt collapse of ground cover
- Structural damage to the covered building, including the foundation
- Insured structure is condemned and ordered vacated by the authorized governmental agency
- Citizens has had 7 catastrophic ground collapse claims



Non-Catastrophic Sinkhole Claims

- **Sinkhole loss** means **structural damage** to the covered building, including the foundation, caused by sinkhole activity.
- **“Structural Damage”** Definition(s)
 1. Interior floor displacement in excess of acceptable variance
 2. Foundation displacement in excess of acceptable variance
 3. Listing, leaning, or buckling of the exterior load bearing walls
 4. Damage resulting in the primary structural members or systems being significantly likely to collapse
 5. Damage occurring on or after October 15, 2005, that qualifies as substantial structural damage.



Historical Homeowners Sinkhole Rate Change

Year	Indicated Sinkhole Rate Change	Change in Indicated Rate from Prior Year
2011	307.8%	-
2012	476.3%	157.7% ↑
2013	263.2%	(44.7%) ↓
2014	222.6%	(15.4%) ↓

Indicated Sinkhole Rate & Premium Change

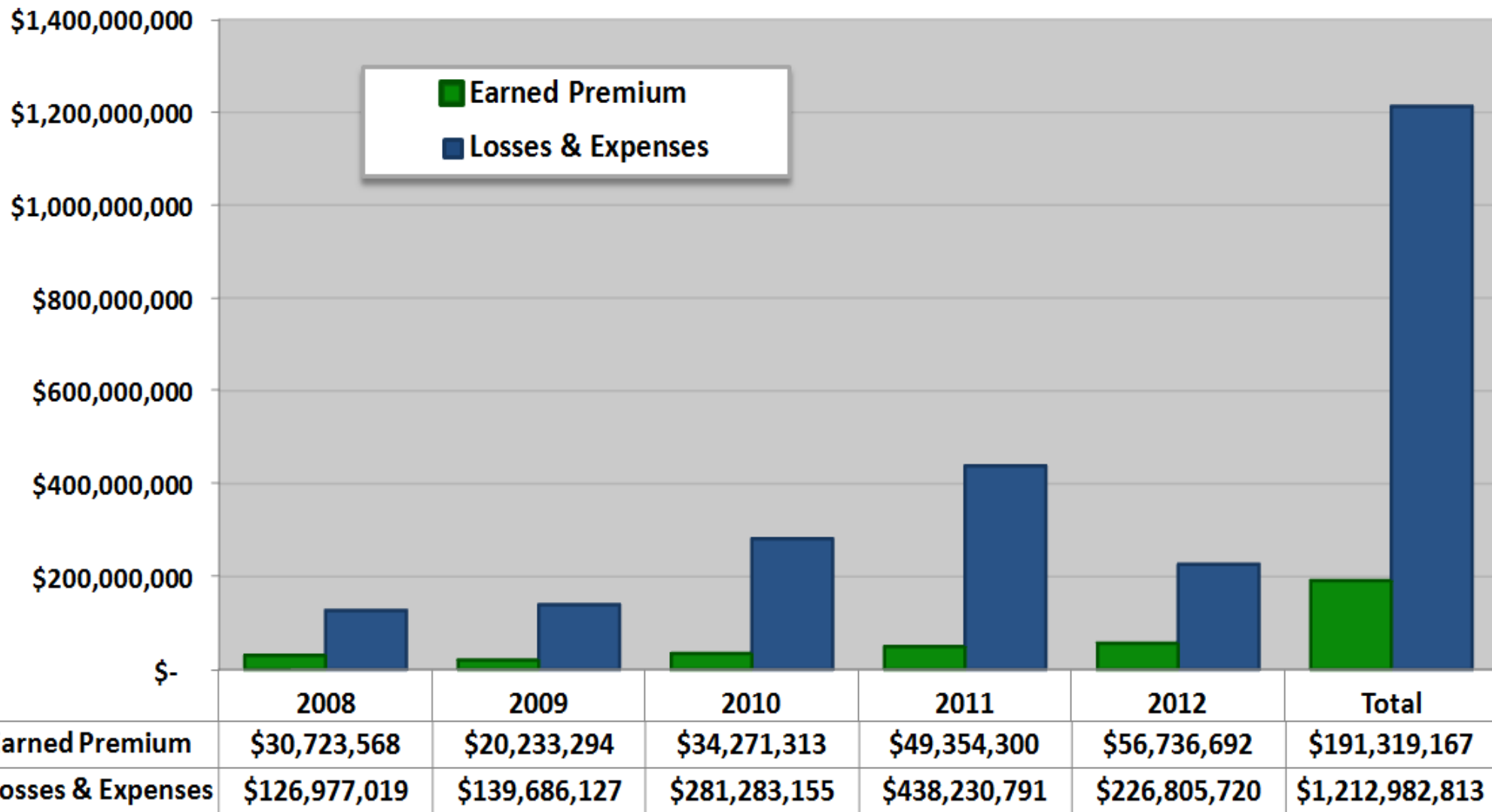
County	Indicated % Change	Filed % Change	Average Premium		
			Current	Proposed	Difference
Hernando	451%	20%	\$1,688	\$2,026	\$338
Pasco	177%	20%	\$1,829	\$2,195	\$366
Hillsborough	235%	50%	\$ 383	\$ 574	\$191

Sinkhole Premium and Losses

Data Evaluated as of August 2008 – September 2012

County	Earned Premium	Incurred Loss	Difference
Hernando	\$52,813,533	\$657,031,909	(\$482,896,867)
Pasco	\$59,634,479	\$292,119,024	(\$232,484,545)
Hillsborough	\$27,806,623	\$166,660,062	(\$138,853,439)
Remaining Counties	\$51,064,534	\$97,171,819	(\$ 46,107,285)

Historical Sinkhole Premium and Losses



Great Miami Hurricane (1-in-100 Yr PML) Scenario with Current Book

Estimated Hurricane Losses	\$18.674 Billion
<i>LESS</i> Surplus	\$6.295 Billion
<i>LESS</i> Florida Hurricane Catastrophe Fund	\$5.500 Billion
<i>LESS</i> Reinsurance	\$1.851 Billion
<i>EQUALS</i> (Deficit) or Redundancy	(\$5.028) Billion

Questions