

# CITIZENS PROPERTY INSURANCE CORPORATION

RATE HEARING

Tampa, Florida

August 20, 2013

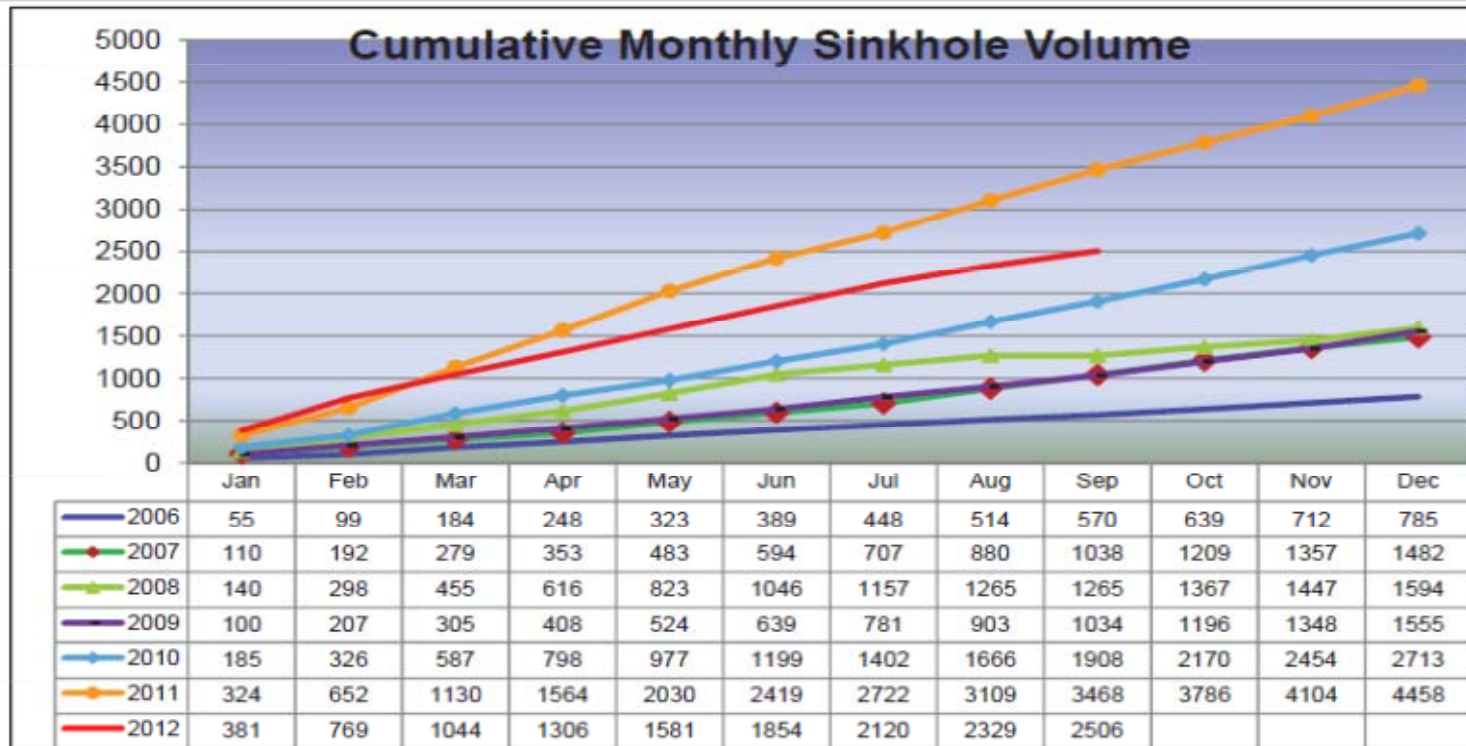
Robin Smith Westcott - ICA

*Appointed by*  
JEFF ATWATER  
CHIEF FINANCIAL OFFICER  
STATE OF FLORIDA



# SINKHOLE RATES

## Sinkhole Volume Update



2013

860

Source: CPIC , 11 / 2012 Claims Committee Meeting and update from CPIC



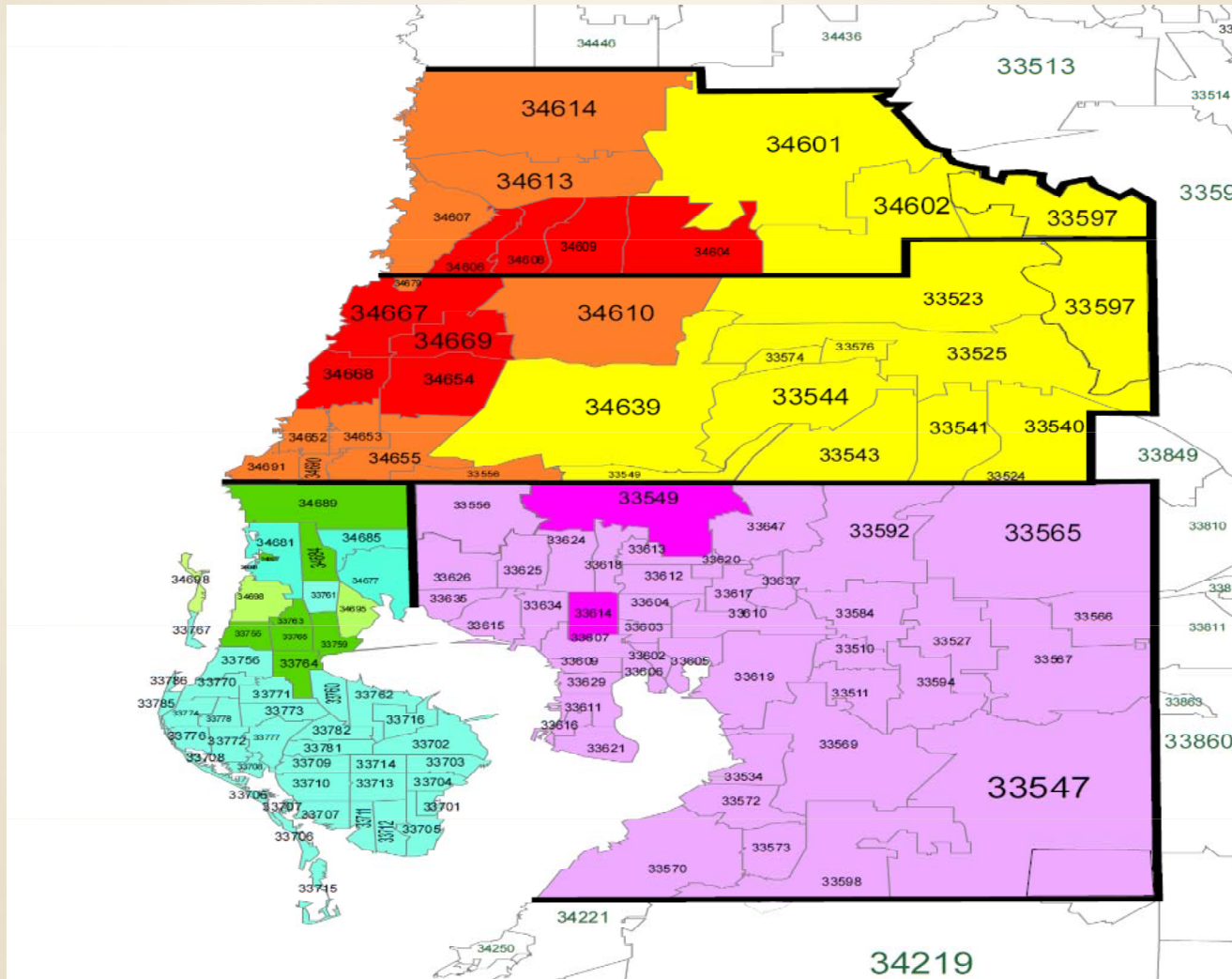
OFFICE OF THE  
**INSURANCE**  
**CONSUMER ADVOCATE**

# SINKHOLE RATES

## CPIC Sinkhole Claims as of 3/31/13 for 2012 Policy Year

▣ Reported	1,010
▣ Inspections Completed	213
▣ Sinkhole Activity	18
▣ Structural Damage	26
▣ Sinkhole & Structural Damage	13

# SINKHOLE RATES



ICA Model Territories  
Darker Colors Indicate Greater Risk

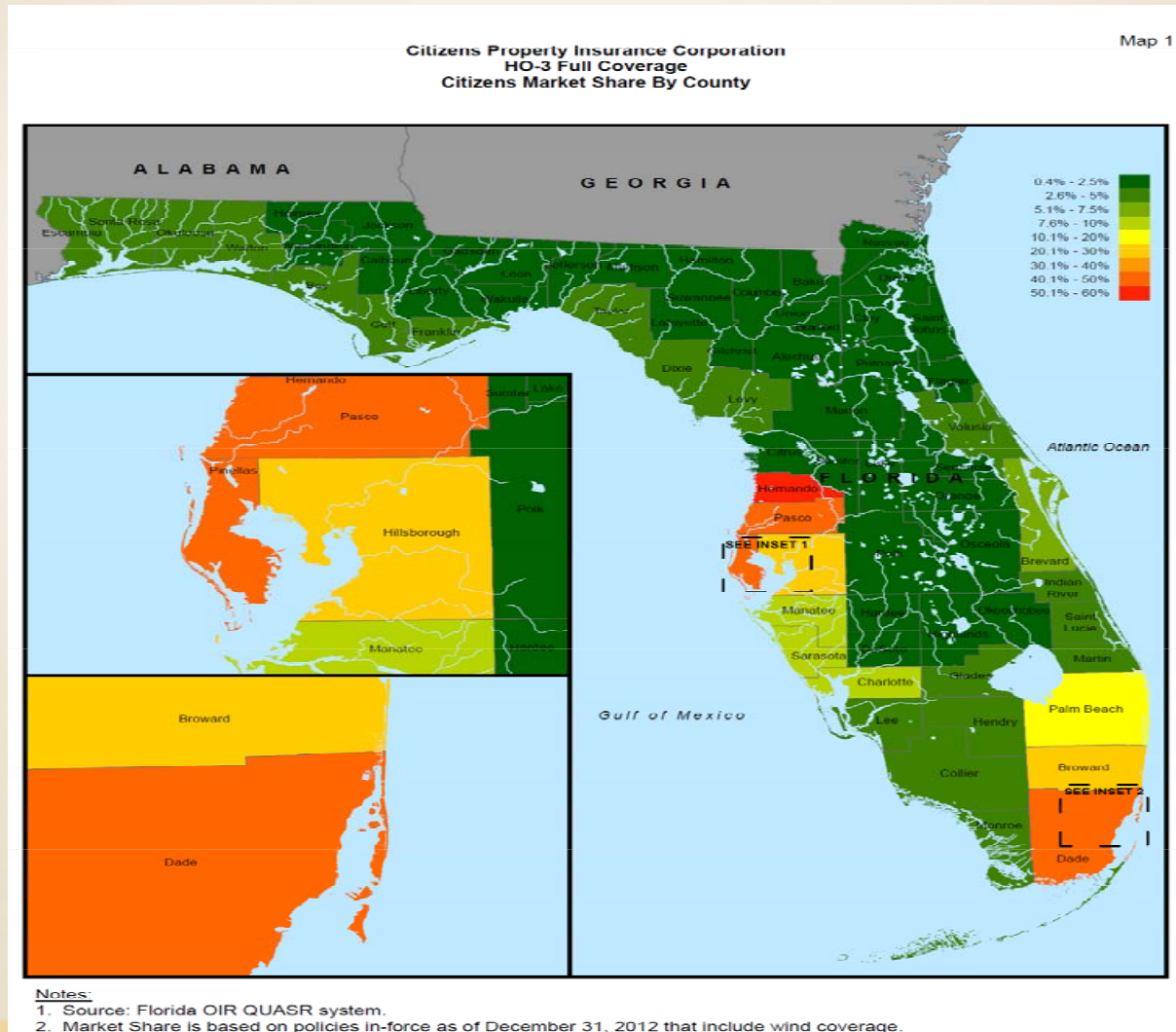


# SINKHOLE RATES

## EFFECTIVENESS OF SENATE BILL 408

- ❑ LOWER THAN CURRENT RATE  
INDICATION - CAP AT 10%
- ❑ FURTHER DEVELOPMENT SHOULD  
RESULT IN REVIEW FOR SINKHOLE  
FACILITY

# HOMEOWNERS' RATES



THE GLIDE PATH IS WORKING



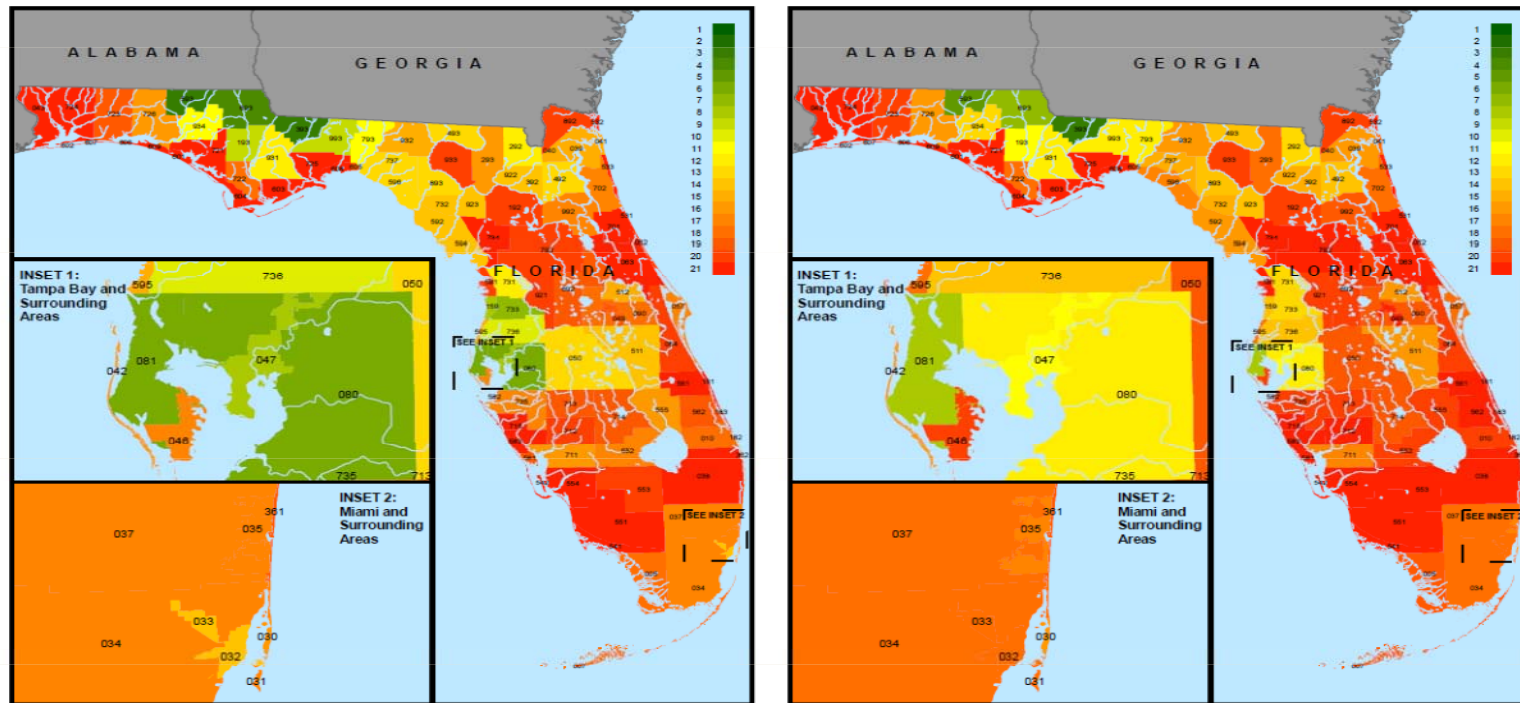
# HOMEOWNERS' RATES

Map 7

Citizens Property Insurance Corporation  
 Premium Comparison Against Selected Competitors  
 Risk 2: \$300,000 Coverage A, Year Built 1998  
 Rank Among Competitors

Current Premium

Proposed Premium



**Notes:**

1. Source: Premiums provided by Rating Dynamics.
2. Premiums represent 21 of the top 32 Florida Homeowners carriers based on in-force HO-3 policies including Wind coverage as of December 31, 2012.
3. Premiums are current as of June 18, 2013.
4. Rank represents Citizens premium position for this risk among the selected carriers. A rank of 1 means that Citizens has the lowest premium and a rank of 21 means that Citizens has the highest premium.

THE GLIDE PATH IS WORKING



# HOMEOWNERS' RATES

## HO-3 & HW-2 Policies – Rate Indications

	Premium (\$ 000)	AIR Hurricane Model	Public Hurricane Model	RMS Hurricane Model	EQE Hurricane Model
Wind Indication	867,615	22.0%	-5.1%	-1.7%	28.0%
All Other Indication	558,197	-11.4%	-11.4%	-11.4%	-11.4%
Non-Sinkhole Indication	1,425,812	8.9%	-7.6%	-5.5%	12.6%

Source: CPIC Rate Filing, OIR filing # 13-13047, page 3,301 of EDMS single document request

**MANY** policies would be entitled to a rate decrease under several of these models.

THE GLIDE PATH IS WORKING





# PROFITS UP

	2013 Net Income @ 6/30/13	2012 Net Income @ 6/30/12	2012 Net Income @ 12/31/12
State Farm FL Ins Co	74,430,829.00	47,657,163.00	144,541,760.00
Homeowners Choice Prop & Cas Ins Co	20,272,575.00	8,081,362.00	13,175,934.00
American Strategic Ins Corp	11,872,438.00	(10,851,737.00)	(15,874,776.00)
Florida Peninsula Ins Co	9,658,880.00	(8,332.00)	2,576,117.00
Castle Key Ins Co	8,467,584.00	8,322,904.00	20,163,430.00
Universal Prop & Cas Ins	7,620,775.00	(11,839,165.00)	(25,533,121.00)
Florida Farm Bureau Cas Ins Co	6,766,378.00	2,655,434.00	14,764,415.00
American Integrity Ins Co of FL	6,743,374.00	(199,669.00)	2,996,957.00
Universal Ins Co of NA	5,530,186.00	(318,334.00)	(3,827,126.00)
Auto Club Ins Co of FL	5,050,055.00	1,063,417.00	7,316,734.00
ASI Assur Corp	3,895,749.00	696,912.00	6,255,839.00
ASI Preferred Ins Corp	2,839,017.00	(371,901.00)	1,595,244.00
St Johns Ins Co Inc	2,720,709.00	(1,380,254.00)	(2,319,914.00)
Tower Hill Prime Ins Co	1,538,251.00	(3,210,921.00)	1,175,404.00
Tower Hill Preferred Ins Co	1,274,507.00	(1,973,010.00)	5,083,697.00
Tower Hill Signature Ins Co	1,153,998.00	(1,433,069.00)	4,985,102.00
Federated Natl Ins Co	1,142,963.00	2,573,426.00	6,630,859.00
Southern Fidelity Ins Co Inc	1,132,615.00	2,513,414.00	2,475,089.00
Southern Oak Ins Co	1,070,035.00	234,658.00	269,181.00
United Prop & Cas Ins Co	629,539.00	173,779.00	5,908,651.00
Security First Ins Co	426,264.00	(5,617,807.00)	4,857,760.00
Old Dominion Ins Co	335,569.00	578,533.00	1,346,639.00
American Southern Home Ins Co	316,107.00	1,405,006.00	1,592,430.00
Florida Farm Bur Gen Ins Co	89,142.00	89,285.00	178,961.00
Privilege Underwriters Recp Exch	(3,944,531.00)	(2,457,252.00)	(9,833,013.00)
	171,033,008.00	36,383,842.00	190,502,253.00

Source:

NAIC I-Site database

# MITIGATION WORKS !

## CITIZENS COASTAL ACCOUNT 2010 RISK PROFILE\*

- 304,648 Homes
- 228,423 have no hurricane impact opening protection

**OPENING  
PROTECTION  
EQUALS  
20%  
REDUCTION**



Broward County  
Built 1978 Square Foot 1475

\*HW2,DW2, DP1,DP3 7 HO3 POLICIES 2010

# RECOMMENDATIONS

- ▣ ENCOURAGE NEW SINKHOLE STUDY TO INCLUDE FURTHER ANALYSIS FOR SHOWING WHERE THE GREATEST RISK EXIST
- ▣ IF SB 408 DOES NOT DRIVE COST DOWN FURTHER, SET UP SINKHOLE FACILITY
- ▣ REVISE THE PROVISION OF THE GLIDE PATH TO REFLECT THE AREAS THAT NEED NO FURTHER INCREASE
- ▣ MITIGATION PROGRAM IN CITIZENS TO HELP ADDRESS THE RISK IN THE COASTAL ACCOUNT