

# Florida House of Representatives Insurance and Banking Subcommittee

Tim Cerio – President, CEO & Executive  
Director

January 25, 2024



# U.S. Residual Markets

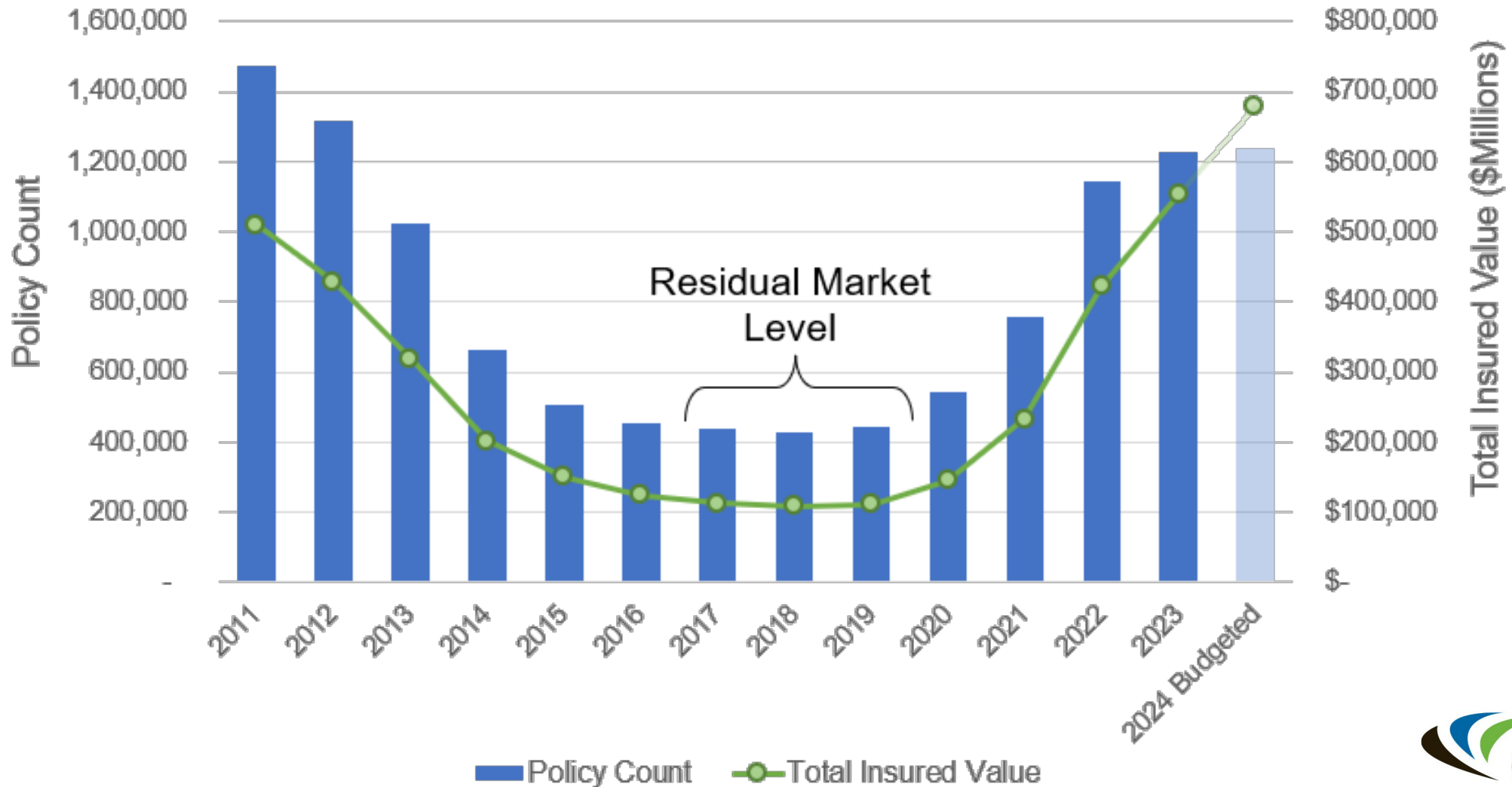
## Fair Access to Insurance Requirements Plan Report

| State          | Policies in Force | Exposure (\$000) | % of Total Exposure |
|----------------|-------------------|------------------|---------------------|
| Florida        | 1,220,897         | \$ 422,953,352   | 51%                 |
| California     | 261,421           | \$ 209,808,071   | 25%                 |
| Massachusetts  | 197,177           | \$ 90,572,584    | 11%                 |
| Louisiana      | 154,507           | \$ 40,935,450    | 5%                  |
| North Carolina | 218,506           | \$ 33,404,590    | 4%                  |
| Texas          | 66,488            | \$ 11,301,744    | 1%                  |
| New York       | 23,197            | \$ 6,892,000     | 1%                  |

PIPSO Reports. (2023, June). Property Insurance Plans Service Office, Inc.

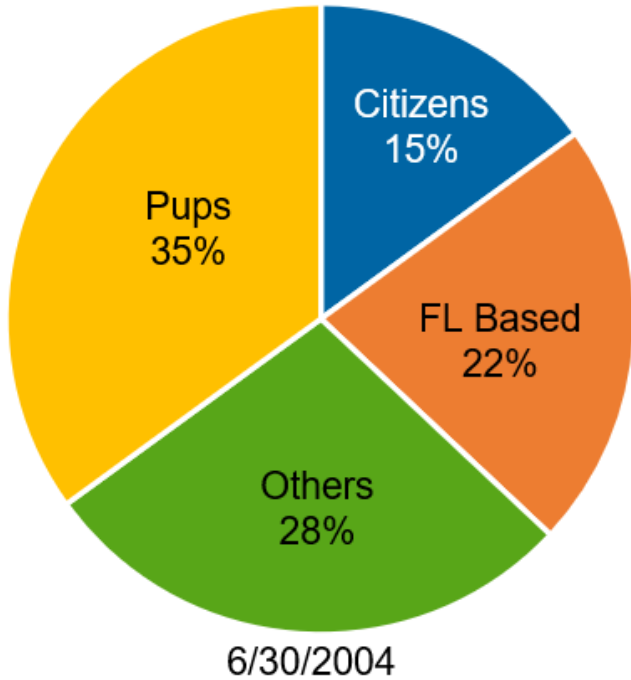


# Policy Count and Total Insured Value

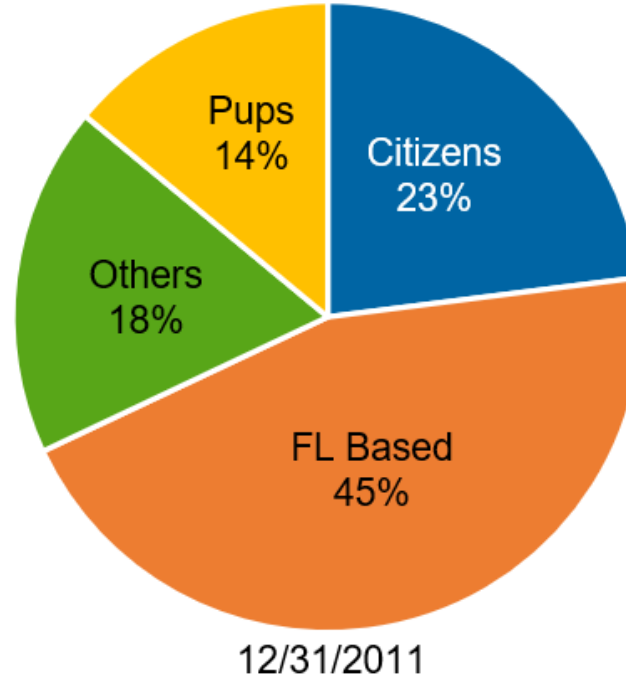


# FL's Residential Property Insurance Market

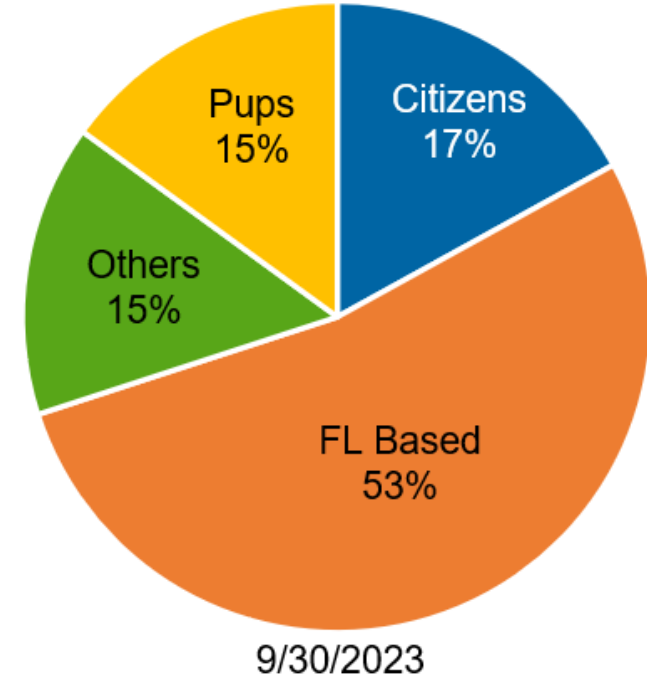
Before 04/05 Storms



Citizens' Peak



Latest Data



**Pups**

FL only subsidiaries of major national writers

**FL Based**

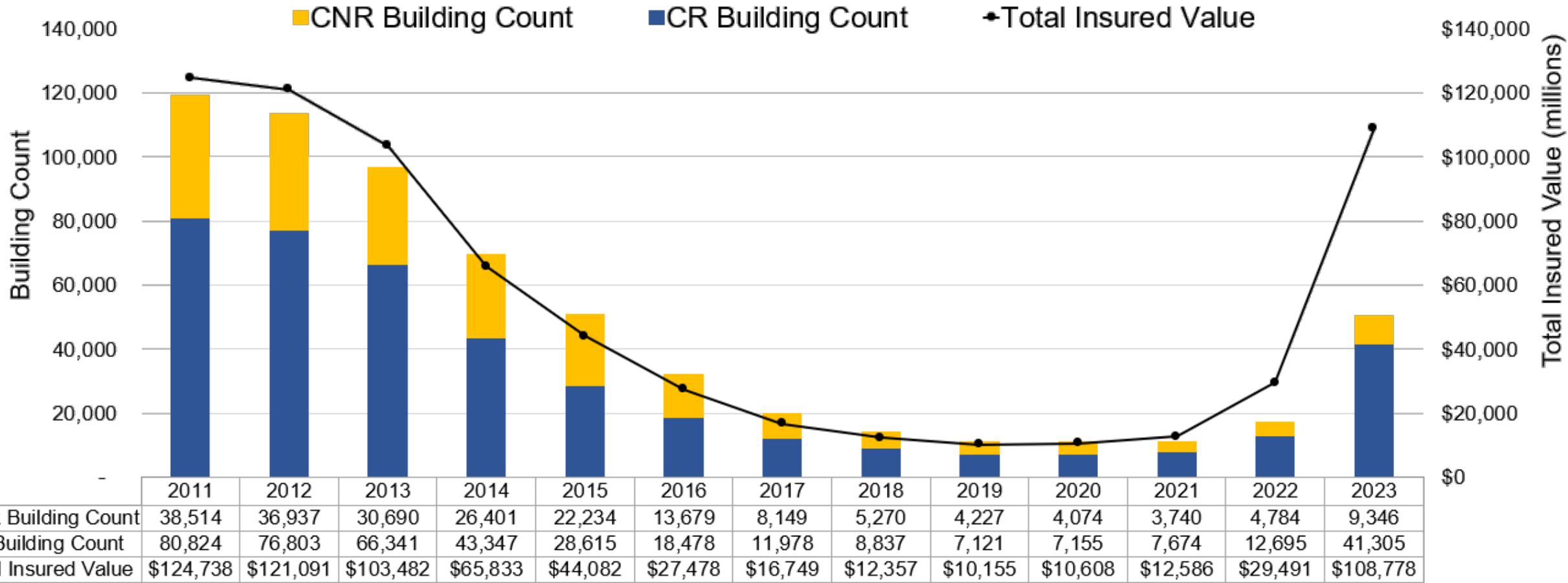
FL domiciled companies where majority only write in state

**Others**

National writers



# Commercial Lines by Non-Residential (CNR) and Residential (CR)



# Early Signs of Property Insurance Market Improvement

- The Office of Insurance Regulation has approved 7 property insurance company actions, including 6 additional insurers.
- Increased depopulation activity.
- Companies are expanding new business in Florida.
- Citizens' new non-catastrophe litigated cases being filed through July 2023 were down 20% compared to 2022.
- Reinsurance availability for the 2023 hurricane season was more favorable than initially anticipated.

# Market Financials for Selected Florida Property Insurers

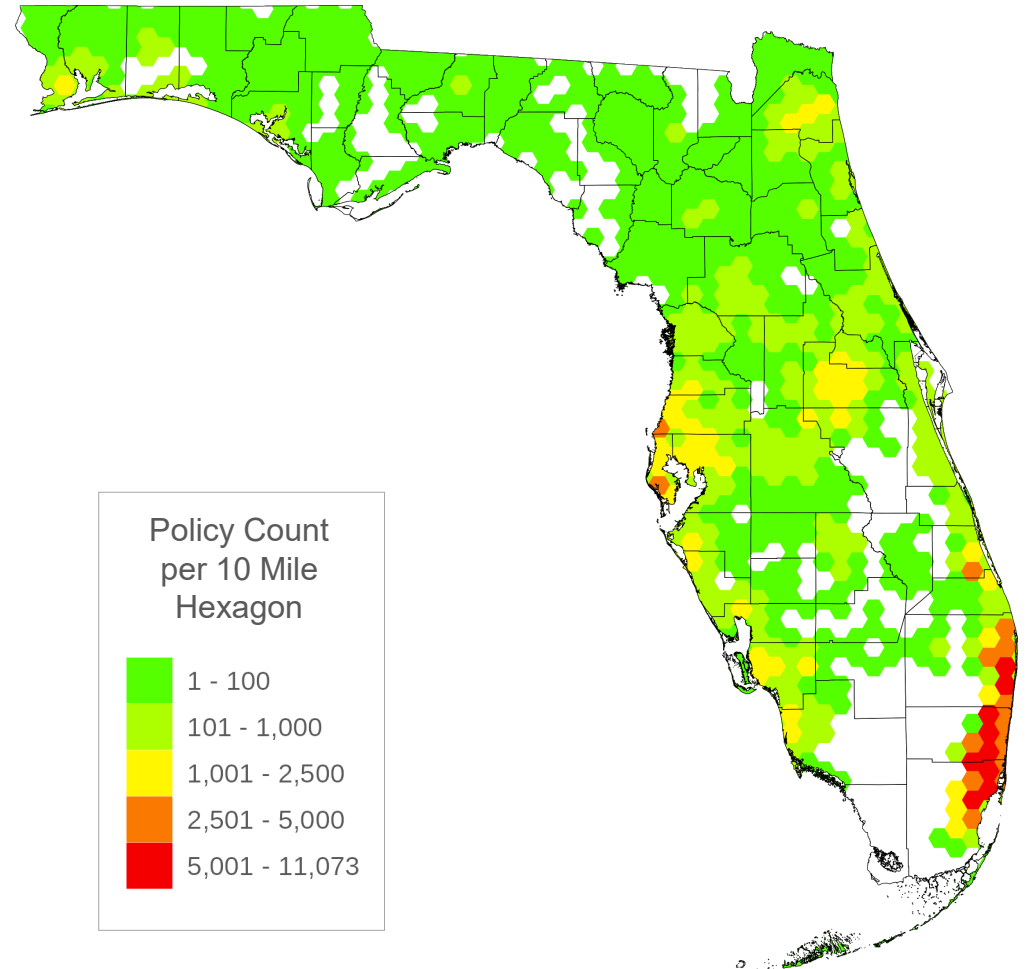
Insolvent Carriers are Included (\$000)

|                            | 3Q 2019     | 3Q 2020       | 3Q 2021       | 3Q 2022       | 3Q 2023      |
|----------------------------|-------------|---------------|---------------|---------------|--------------|
| Underwriting Gain / (Loss) | (\$375,273) | (\$1,120,680) | (\$1,205,963) | (\$1,224,936) | (\$545,319)  |
| Net Income                 | (\$143,243) | (\$633,292)   | (\$917,176)   | (\$1,046,998) | (\$237,057)  |
| Surplus                    | \$4,089,404 | \$3,723,515   | \$3,669,730   | \$4,033,117   | \$4,197,212  |
| Direct Written Premium     | \$9,234,985 | \$10,434,942  | \$11,495,485  | \$12,350,482  | \$13,924,935 |
| Contributed Capital        | \$125,166   | \$200,027     | \$649,629     | \$1,024,279   | \$263,141    |

# Depopulation Activity

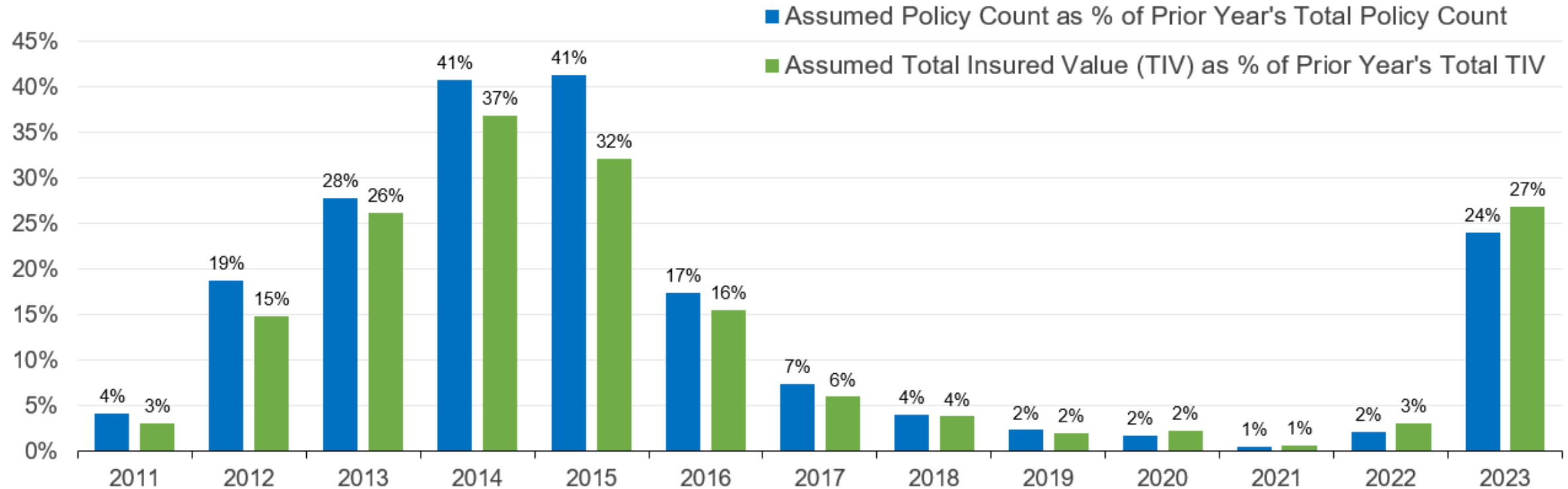
| 2023 Assumed Policies |  |                                     |                                     |
|-----------------------|--|-------------------------------------|-------------------------------------|
| Assumption Date       | Number Office of Insurance Regulation Approved | *Policyholder Choice Letters Mailed | Number Assumed on Day of Assumption |
| 4/18/2023             | 20,000   | 26,335                              | 4,573                               |
| 6/20/2023             | 46,218   | 18,760                              | 17,239                              |
| 8/22/2023             | 26,000   | 27,689                              | 8,836                               |
| 10/17/2023            | 184,000  | 311,310                             | 99,773                              |
| 11/21/2023            | 202,399  | 179,747                             | 92,886                              |
| 12/19/2023            | 168,000  | 86,620                              | 52,017                              |
| <b>Total</b>          | <b>646,617</b>                                 | <b>650,461</b>                      | <b>275,324</b>                      |

\*Total letters mailed, one per policy. Multiple offers may be contained in a single mailing



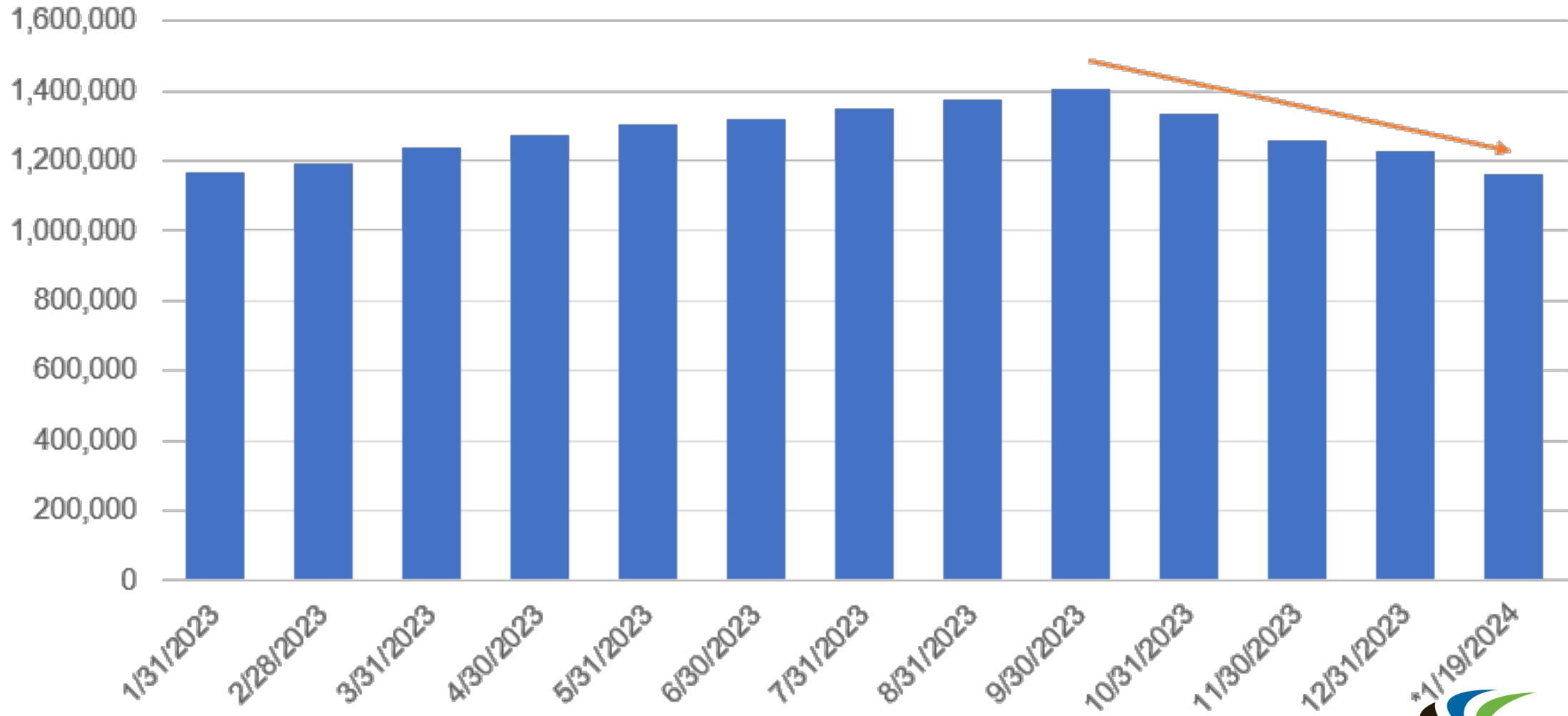


# Historical Depopulation Activity



|                        |          |          |           |           |          |          |         |         |         |         |         |         |           |
|------------------------|----------|----------|-----------|-----------|----------|----------|---------|---------|---------|---------|---------|---------|-----------|
| Total Policies Assumed | 53,577   | 277,002  | 365,767   | 416,623   | 272,785  | 88,000   | 34,008  | 17,905  | 10,084  | 7,463   | 2,814   | 16,408  | 275,324   |
| TIV Assumed (millions) | \$14,474 | \$75,927 | \$112,265 | \$117,530 | \$64,830 | \$23,363 | \$7,435 | \$4,308 | \$2,181 | \$2,497 | \$1,027 | \$7,174 | \$113,375 |

# Depopulation Impact to Policy Counts



# Non-Catastrophe Litigation and AOB Rates

## Personal Lines Non-Catastrophe Claims as of 6/30/2023

| Accident Year | *Litigation % | AOB % |
|---------------|---------------|-------|
| 2017          | 21%           | 25%   |
| 2018          | 19%           | 24%   |
| 2019          | 17%           | 19%   |
| 2020          | 18%           | 18%   |
| 2021          | 17%           | 23%   |
| 2022          | 15%           | 23%   |
| 2023          | 8%            | 6%    |

\* Litigation % is the projected ultimate number of claims litigated divided by the total number of claims.

Citizens has been experiencing a decrease in the non-catastrophe litigation rate for several years.

There are significant reductions in the 2023 accident year litigation rate and the Assignment of Benefit (AOB) rate.