

Florida House of Representatives Insurance and Banking Subcommittee

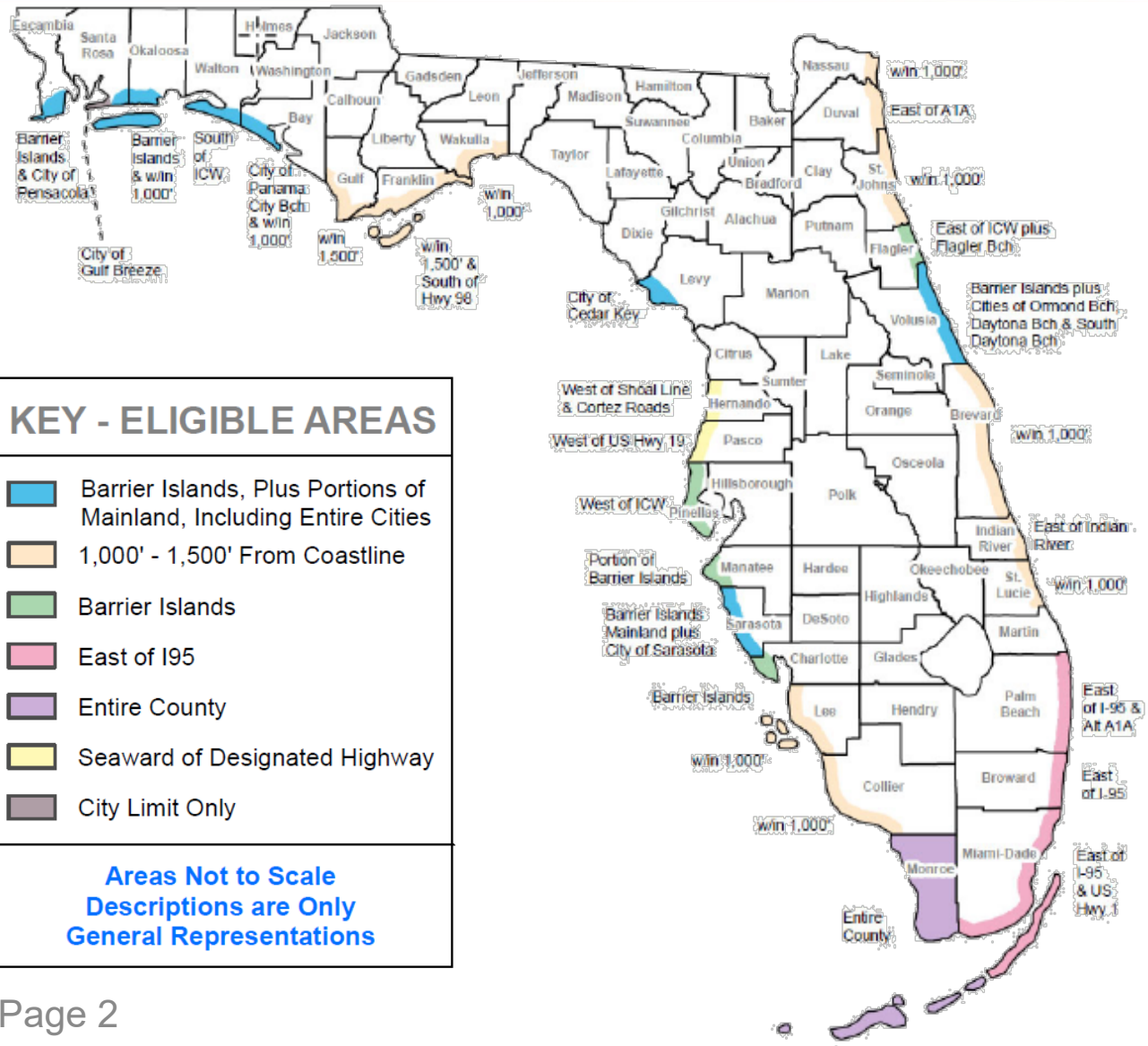
Windstorm Coverage

Tim Cerio – President, CEO & Executive Director

February 6, 2024

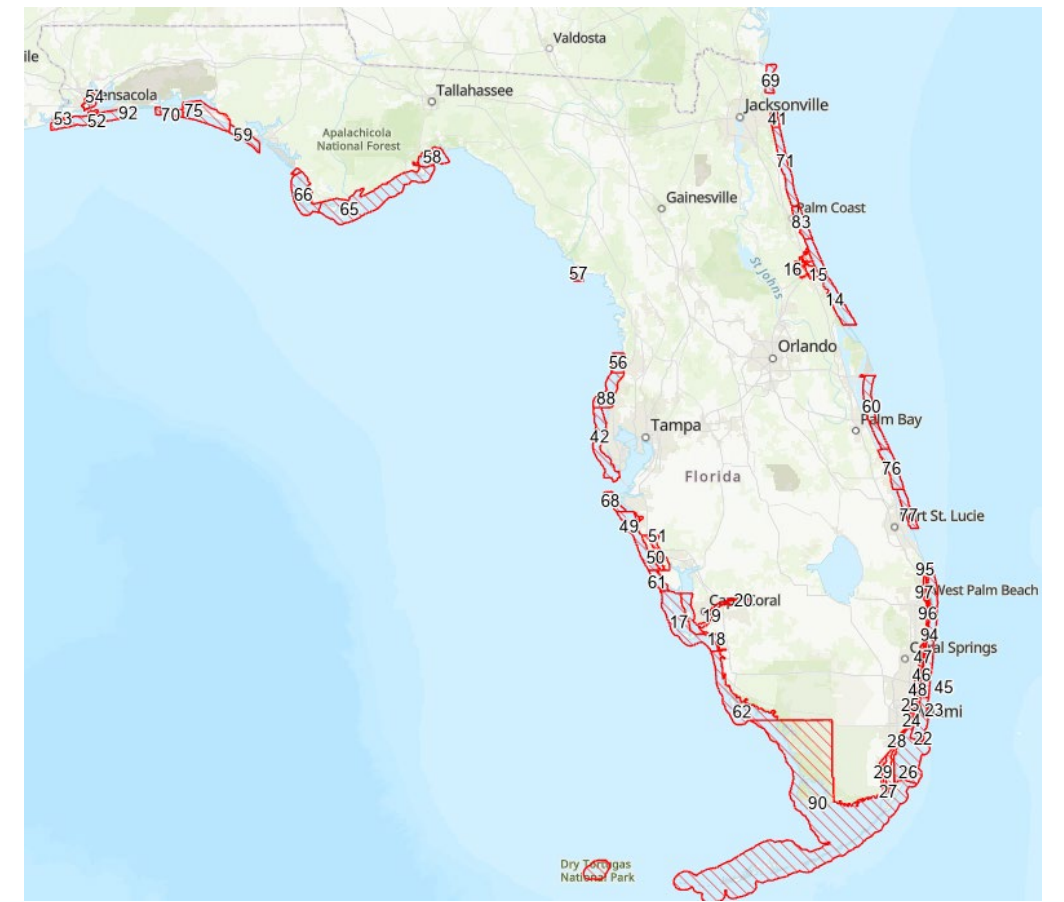


Wind-Only Eligible Areas



KEY - ELIGIBLE AREAS	
	Barrier Islands, Plus Portions of Mainland, Including Entire Cities
	1,000' - 1,500' From Coastline
	Barrier Islands
	East of I95
	Entire County
	Seaward of Designated Highway
	City Limit Only
<p>Areas Not to Scale Descriptions are Only General Representations</p>	

Wind-Only Territories, Drawn to Scale



Current Residential Market Share

Policy Type	Personal Residential				Commercial Residential			
	Exposure (In 000,000)	Policy Count	Market Share	Private Carriers Writing Over 10K Policies	Exposure (In 000,000)	Policy Count	Market Share	Private Carriers Writing at least \$1M in Exposure
Multiperil	\$ 424,753	1,182,212	15%	58	\$ 26,255	1,481	16%	18
X-Wind	\$ 8,795	34,848	5%	7	\$ 1,728	93	21%	8
Wind-Only	\$ 43,008	90,038	80%	1	\$ 43,640	2,628	100%	0
Total	\$ 476,556	1,307,098	15%	66	\$ 71,623	4,202	39%	26

*Market Share is based on total exposure data.

Quarterly and Supplemental Reporting System Reports, 9/30/2023. Florida Office of Insurance Regulation



Important Issues to Consider

1. Pricing
2. Wind claims settlement by the private industry
3. Reinsurance
4. Florida Hurricane Catastrophe Fund
5. Assessments

Pricing

Personal Residential Homeowners

Peril	Rate Indication
Wind	103.1%
Water	(28.3%)
All Other	(8.5%)
Sinkhole	(0.0%)
Total	40.5%

Commercial Residential Condominium Associations

Peril	Rate Indication
Wind	183.9%
All Other	(30.7%)
Sinkhole	(18.0%)
Total	87.2%

Wind Claims Settlement by the Private Industry

Potential issues with private insurers adjusting wind claims on Citizens' behalf:

1. Appropriate incentives require that the insurer adjusting the claim should be responsible for paying a significant portion of it.
2. Part of reinsurance pricing is based on an insurer's claims processes where the reinsurer must have confidence in the insurer's capability to settle claims appropriately. Additionally, data quality impacts pricing.
3. Predicting trends in claims will be a challenge if not impossible.
4. Detecting and fighting fraud requires close coordination between Citizens' analysts/actuaries and its claims adjusters.

Reinsurance

	Total Exposure (In 000,000)	Policy Counts	Reinsurance Cost (In \$000,000)	Increase in Reinsurance Cost from Citizens' 9/30/23
Citizens 9/30/2023 Data	\$ 618,100	1,407,810	\$ 650	-
FHCF 6/30/2023 Data	\$3,178,710	4,984,751	-	-
Citizens' Wind-Only 50% Growth	\$1,589,355	2,492,380	\$2,810	333%
Citizens' Wind-Only 75% Growth	\$2,384,032	3,738,560	\$4,180	555%
Citizens' Wind-Only 100% Growth	\$3,178,710	4,984,751	\$5,600	645%

Florida Hurricane Catastrophe Fund (FHCF)

If Citizens has the predominant share of wind policies in Florida, how would this impact the FHCF?

Will the FHCF function in the way the Legislature intended?

Assessments: Surplus Depletion Scenarios

(\$ in Millions)

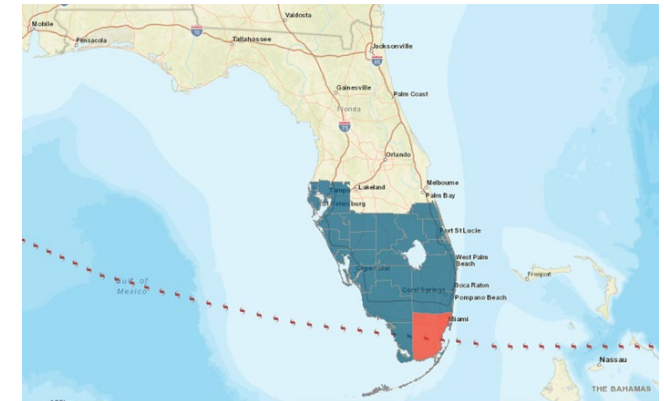
Scenario 1: Hurricane Andrew

	Current Citizens	All FL Residential Wind w/FHCF	All FL Residential Wind w/out FHCF
Estimated Loss & LAE	\$9,600	\$70,300	\$70,300
Surplus Remaining	\$1,593	\$0	\$0
Surplus Exposed	67%	100%	100%
Assessment	\$0	\$48,400	\$65,400

Scenario 2: Great Miami Hurricane of 1926

	Current Citizens	All FL Residential Wind w/FHCF	All FL Residential Wind w/out FHCF
Estimated Loss & LAE	\$18,900	\$103,300	\$103,300
Surplus Remaining	\$0	\$0	\$0
Surplus Exposed	100%	100%	100%
Assessment	\$3,274	\$81,400	\$98,400

Hurricane Andrew



Great Miami Hurricane of 1926

