

Homeowners Competitive Rate Analysis

November 17, 2021

*Produced by
Corporate Analytics*

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As the state-run insurer of last resort, Citizens provides homeowners coverage to those that cannot find affordable coverage in the private market. Citizens is Florida's second largest homeowners insurance writer behind Universal Property & Casualty Insurance Company based on direct written premium volume in 2020. This study was conducted to understand the pricing competitiveness of Citizens' compared to the admitted insurance market.

Rates are compared with 27 insurance companies using Citizens' policy data as of September 30, 2021. Two of the carriers (Florida Peninsula and Tower Hill) had more than one rating program, such as preferred, elite, or standard, where rates were provided for each individual program. For the purposes of this paper, the companies with multiple programs are considered as individual companies making it 30 companies for the comparison.

For this analysis, Citizens' multi-peril homeowner HO-3 policies were rerated using the approved rates which were effective October 1, 2021, for the 30 different companies. Every policy could not receive a quote from every carrier due to differences in the coverages offered by certain companies. For example, some companies might have minimum Coverage A limits, certain deductible options that are not offered, etc. For the vast majority of the companies, the rerating process provided quotes for at least 99% of Citizens' policies with the following exceptions:

1. Florida Family where 92% of Citizens' policies were rated.
2. Avatar where 93% of Citizens' policies were rated.
3. Bankers where 94% of Citizens' policies were rated.
4. Cypress Evergreen where 95% of Citizens' policies were rated.

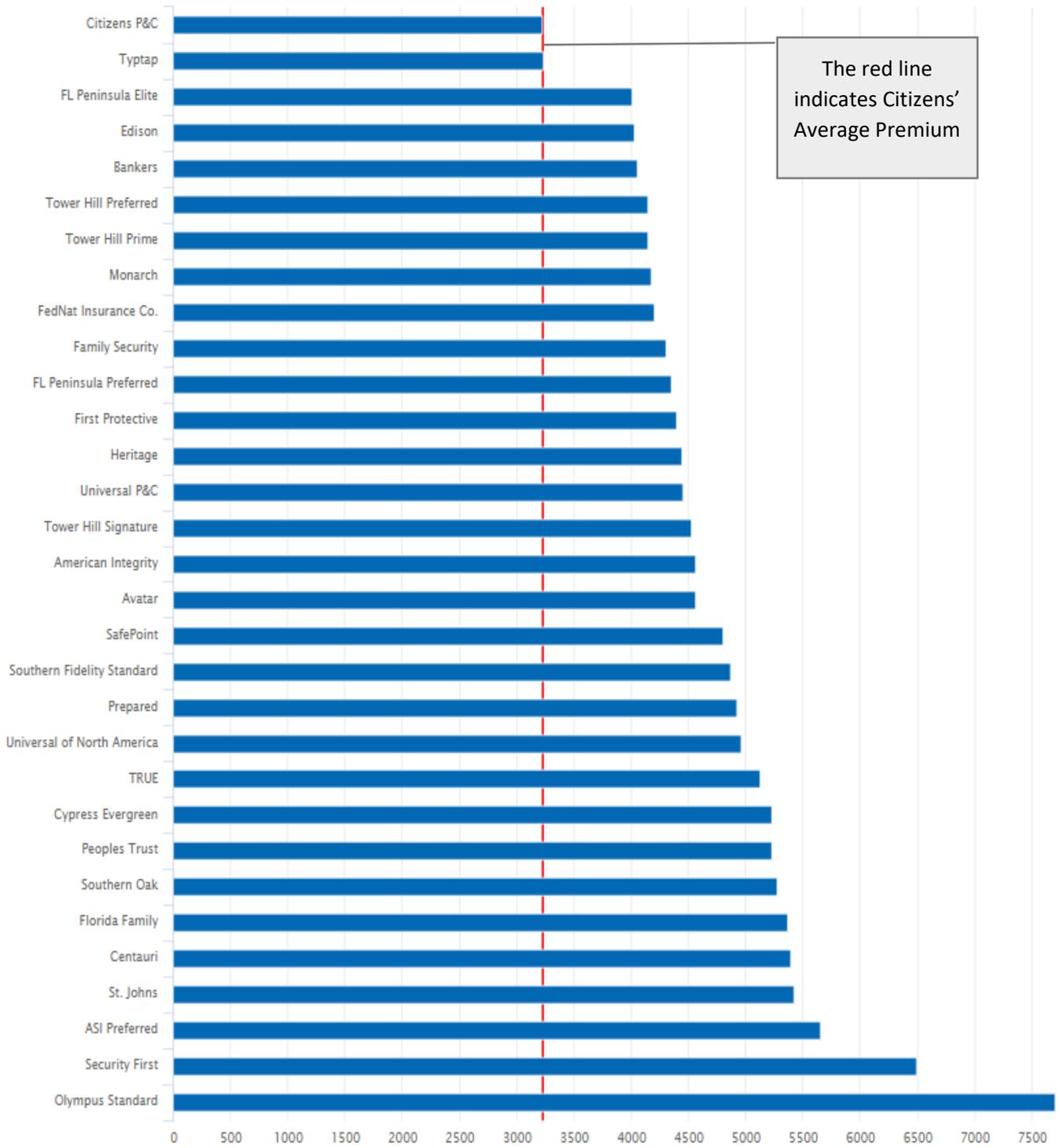
Average Premium Comparison

Citizens' statewide average premium for HO-3 policies was \$3,226, which is **31% below** the competitors' average premium. The figure on the following page compares this average premium to the average premium that would have been charged to Citizens' book of business by each of the 30 different insurers.

No companies had an average premium less than Citizens', making Citizens extremely competitive with the private market. Citizens appears more competitive now than it was one year ago. A 2020 study found that 69% of companies' average premium was at least 15% greater than Citizens'; now, it has increased to 97% of companies. The 2020 study found five companies with an average premium less than Citizens, and most of those are now no longer in business, or merged with another carrier:

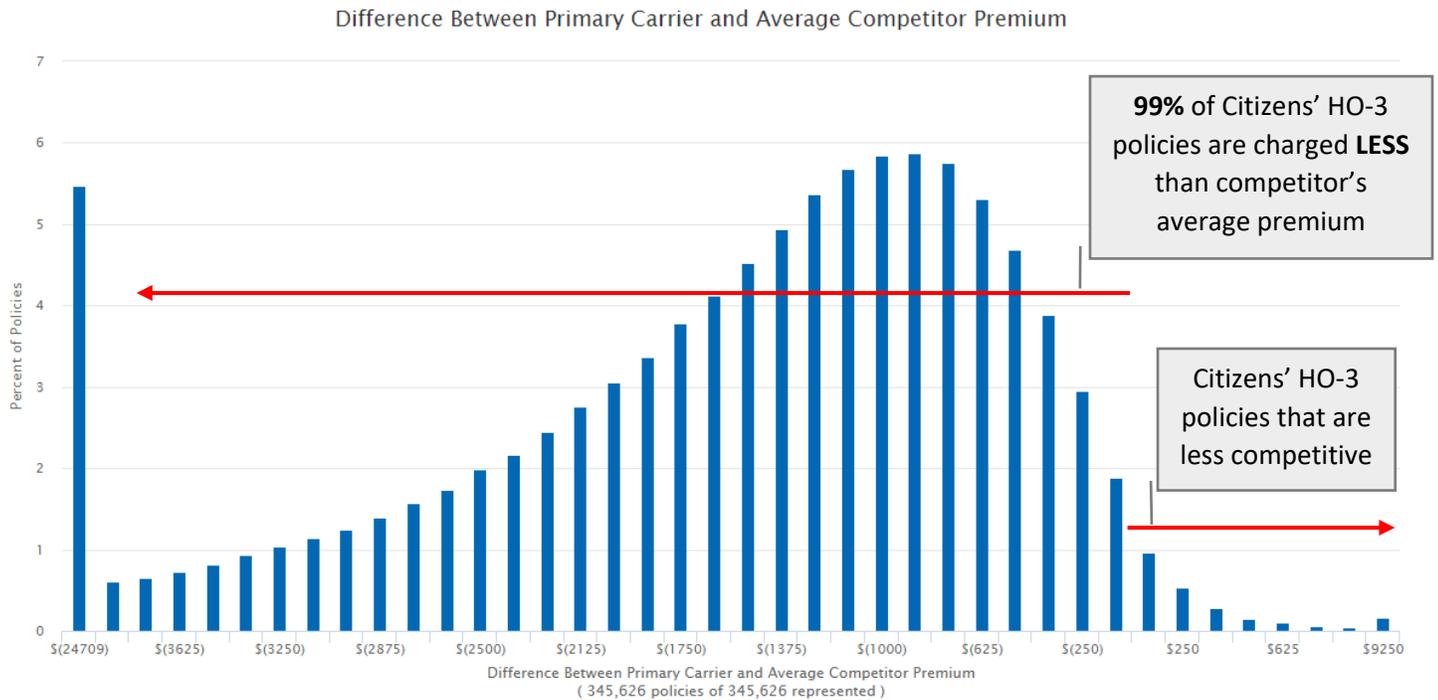
1. Gulfstream was 27% below Citizens in last year's study and was liquidated in July 2021.
2. Monarch was 11% below Citizens in last year's study. In 2017, it was acquired by FedNat, who announced in November 2021 that they were withdrawing from regions outside of Florida due to financial issues.
3. Capitol Preferred was 11% below Citizens in last year's study. In November 2020, the company merged with Southern Fidelity for financial reasons.
4. TypTap was 10% below Citizens in last year's study.
5. Southern Fidelity was 3% below Citizens in last year's study.

HO-3 Statewide Average Premium



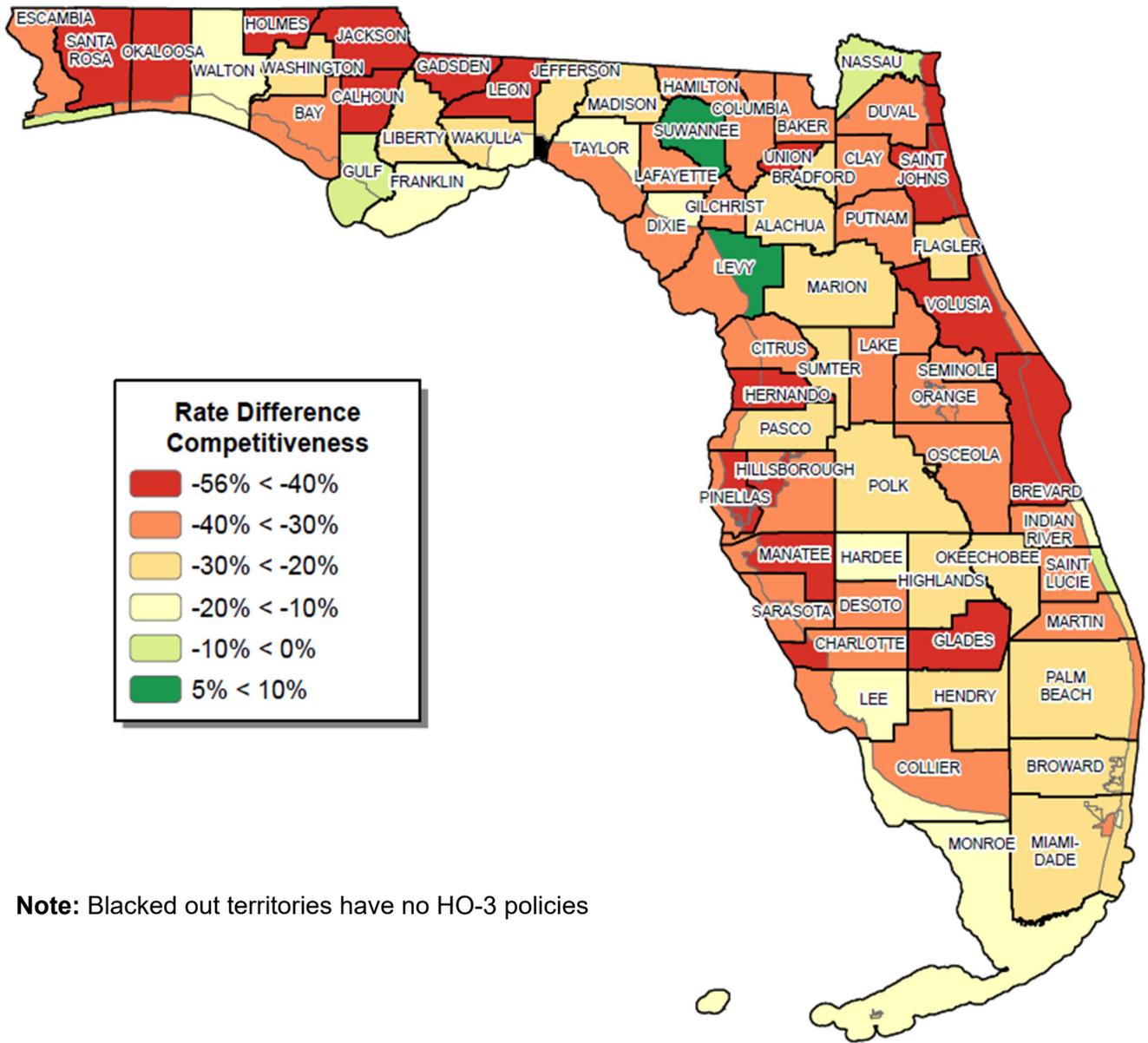
Difference between Citizens and Average Competitor HO-3 Premium

The histogram below provides the percent of policies by the average premium difference compared to the competitors. The graph shows the overall difference by the dollar amount. Policies to the left of zero are more competitive (the competitors' average premium is less than Citizens' average premium); policies to the right of zero are less competitive (the competitors' average premium is more than Citizens' average premium).



- For all policies, Citizens' average premium is **31% below** the competitors.
- Citizens' average premium is greater than the competitors by 15% or more for only 0.4% of the policies.

Percent Difference to HO-3 Average Premium by Citizens' Territories



HO-3 Statewide Difference to Competitors Average Premium by Citizens' Territory

The table below shows, by Citizens' territory, the percent differences in average HO-3 premium between Citizens and its competitors, along with the number of Citizens' policies. On average, Citizens charged more than the average competitors' rate in only **2 out of 107 territories**.

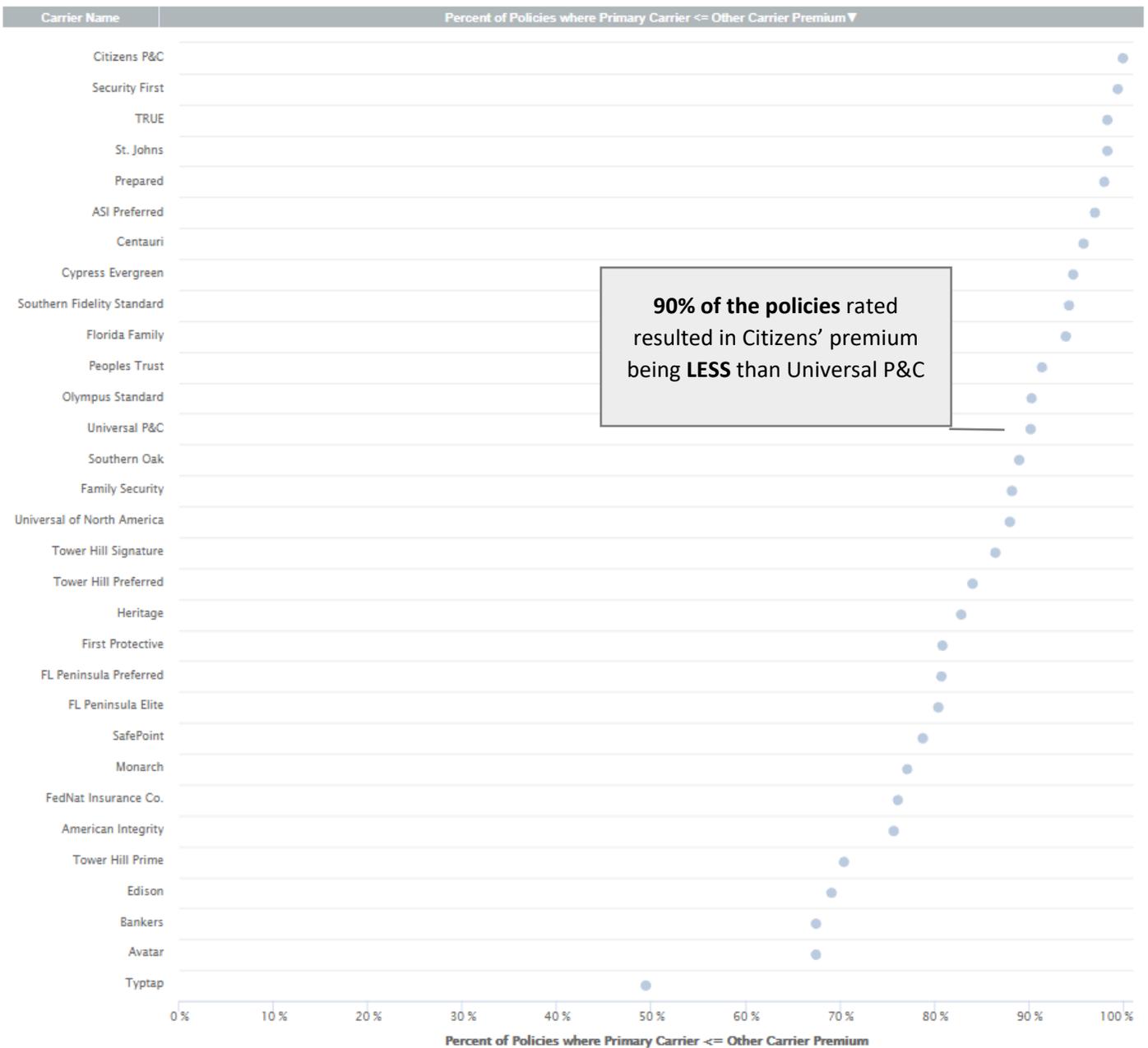
Territory	Policy Count	% Difference to Competitors Average Premium
Suwannee (933)	14	7%
Levy - Remainder (734)	23	6%
Escambia - Coastal (602)	30	(6%)
Gulf - Remainder (722)	9	(6%)
Gulf - Coastal (604)	22	(8%)
Nassau - Remainder (892)	52	(9%)
St. Lucie - Coastal (183)	115	(10%)
Dixie - Remainder (732)	16	(10%)
Taylor - Remainder (737)	29	(12%)
Indian River - Coastal (181)	44	(13%)
Franklin (603)	67	(14%)
Hardee (713)	46	(16%)
Walton - Remainder (726)	72	(17%)
Walton - Coastal (609)	150	(17%)
Monroe - Remainder (5)	1,029	(18%)
Collier - Coastal (541)	398	(18%)
Dade - Miami Beach (30)	363	(19%)
Lee - Remainder (554)	4,490	(19%)
Wakulla - Coastal (608)	27	(19%)
Sumter (921)	132	(20%)
Dade - Hialeah (33)	4,641	(21%)
Monroe - Key West (7)	109	(21%)
Alachua (192)	305	(21%)
Marion (792)	704	(21%)
Polk (50)	2,091	(22%)
Broward - Coastal (361)	278	(22%)
Madison (932)	12	(23%)
Wakulla - Remainder (725)	65	(23%)
Hendry (553)	205	(23%)
Broward - Remainder (37)	52,342	(24%)
Dade - Remainder (34)	71,010	(24%)
Broward - Hlwd & Ft Laud (35)	11,332	(25%)
Flagler - Remainder (701)	253	(25%)
Liberty (931)	11	(25%)
Palm Beach - Remainder (38)	35,606	(26%)
Dade - Coastal (31)	377	(27%)
Okeechobee (555)	175	(27%)
Martin - Coastal (182)	8	(28%)
Pasco - Remainder (736)	10,927	(28%)
Highlands (714)	1,104	(29%)
Washington (934)	50	(29%)
Jefferson - Remainder (793)	25	(30%)
Bradford (392)	22	(30%)
Manatee - Coastal (582)	190	(30%)
Collier - Remainder (551)	1,735	(31%)
Escambia - Remainder (43)	1,673	(31%)
Santa Rosa - Coastal (607)	10	(31%)
Desoto (712)	104	(32%)
Palm Beach - Coastal (362)	773	(32%)
Duval - Jacksonville (39)	2,095	(32%)
Lafayette (893)	3	(32%)
Columbia (293)	52	(32%)
Orange - Remainder (90)	6,806	(32%)
Lee - Coastal (542)	354	(32%)

Territory	Policy Count	% Difference to Competitors Average Premium
Charlotte - Remainder (711)	1,631	(32%)
St. Lucie - Remainder (562)	4,980	(32%)
Citrus - Coastal (591)	210	(33%)
Orange - Orlando (49)	813	(33%)
Baker (292)	26	(33%)
Okaloosa - Coastal (606)	401	(34%)
Bay - Coastal (601)	473	(34%)
Hillsborough - Excl Tampa (80)	13,656	(34%)
Hamilton (493)	7	(34%)
Volusia - Coastal (62)	507	(35%)
Clay (492)	396	(35%)
Sarasota - Remainder (715)	2,475	(35%)
Putnam (992)	103	(35%)
Indian River - Remainder (561)	1,903	(35%)
Gilchrist (923)	39	(35%)
Bay - Remainder (721)	865	(35%)
Pinellas - Coastal (42)	1,108	(35%)
Citrus - Remainder (731)	878	(35%)
Pasco - Coastal (595)	1,389	(35%)
Dixie - Coastal (592)	59	(36%)
Flagler - Coastal (531)	73	(36%)
Duval - Remainder (40)	1	(36%)
Taylor - Coastal (596)	118	(37%)
Lake (692)	1,201	(37%)
Dade - Miami (32)	7,577	(38%)
Martin - Remainder (10)	2,070	(38%)
Osceola (511)	3,411	(38%)
Seminole (512)	2,306	(38%)
Sarasota - Coastal (583)	1,619	(39%)
Levy - Coastal (594)	112	(39%)
Hernando - Coastal (159)	1,324	(40%)
Duval - Coastal (41)	239	(41%)
Manatee - Remainder (735)	2,624	(41%)
Calhoun (193)	19	(41%)
St Johns - Remainder (702)	372	(41%)
Nassau - Coastal (532)	102	(41%)
Volusia - Remainder (63)	3,100	(42%)
Hillsborough - Tampa (47)	6,830	(44%)
Santa Rosa - Remainder (724)	1,044	(44%)
St Johns - Coastal (533)	347	(44%)
Brevard - Remainder (64)	5,659	(44%)
Union (922)	8	(45%)
Leon (993)	528	(45%)
Okaloosa - Remainder (723)	1,599	(46%)
Brevard - Coastal (57)	3,199	(47%)
Charlotte - Coastal (581)	1,127	(47%)
Glades (552)	50	(47%)
Hernando - Remainder (733)	10,562	(47%)
Pinellas - Remainder (81)	27,923	(50%)
Gadsden (393)	189	(51%)
Jackson (693)	155	(51%)
Holmes (593)	53	(53%)
Pinellas - St Petersburg (46)	15,591	(56%)

Percent of HO-3 Policies with Citizens' Premium Less than or Equal to Competitor's Premium

The chart below shows the percent of policies with an equal or lower premium under Citizens than under each competitor. This number is calculated as follows: first, rate each of Citizens' policies under the competitor's rating manual. Then compare this premium to the one charged by Citizens. Count the fraction of policies for which the Citizens premium is less than or equal to the private insurer's premium. Repeat this for each insurer. The dots further to the left side indicate Citizens' rates are less competitive and dots on the right side indicate relatively more competitive rates.

HO-3 Percent of Policies where Citizens is Less than or Equal to Competitors



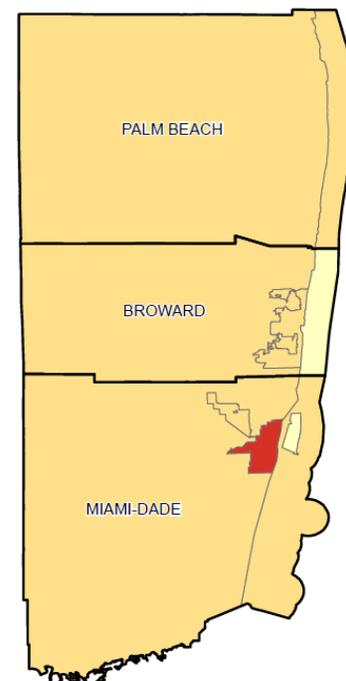
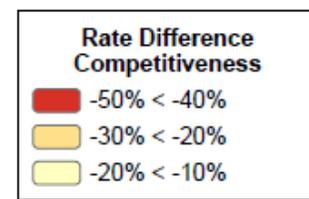
Tri-County Area Comparison

The homeowner's insurance market in the tri-county region (Palm Beach, Broward and Miami-Dade) is significantly different than the rest of the state due to water losses and associated litigation. This region also contains approximately 53% of Citizens' current HO-3 policy count. Within the last 2 years, a large number of carriers have started submitting their regional market share data to the Florida Office of Insurance Regulation under trade secret protection. This makes it challenging to identify carriers actively writing in this region. This study assumed the same carriers are active now that were found active in the 2019 analysis, when more companies made their market share public. The exception is Safepoint, which was no longer considered active because its state-wide market share has since decreased. Like the 2019 analysis, Edison was excluded because they do not provide non-catastrophic water loss coverage unless a rigorous property inspection is passed.

Below is a table and map of the territorial results for the differences between Citizens' average premium and those carriers previously identified as active in the tri-county region. Based on a weighted average using Citizens' 9/30/21 policies, Citizens' average premium is **28% less** than the following companies in the tri-county region.

Tri-County Percent Difference to HO-3 Average Premium by Citizens' Territories

	Broward	Miami-Dade	Palm Beach	Tri-County
<i>Citizens' Policy Count</i>	63,952	83,968	36,379	184,299
Citizens P&C	\$4,199	\$4,353	\$3,830	\$4,196
ASI Preferred	\$6,793	\$7,232	\$6,786	\$6,992
Avatar	\$4,491	\$5,150	\$5,170	\$4,925
FedNat	\$5,113	\$5,566	\$3,580	\$5,017
First Protective	\$5,408	\$5,339	\$5,746	\$5,443
FL Peninsula Preferred	\$5,033	\$6,144	\$4,678	\$5,469
Heritage	\$5,131	\$5,576	\$5,254	\$5,358
Olympus Standard	\$9,197	\$8,871	\$6,151	\$8,447
Peoples Trust	\$5,910	\$7,421	\$6,344	\$6,684
Southern Oak	\$6,079	\$6,403	\$6,103	\$6,232
St. Johns	\$6,516	\$7,155	\$5,390	\$6,585
Tower Hill Prime	\$5,675	\$5,466	\$4,288	\$5,306
Tower Hill Signature	\$5,829	\$6,476	\$4,372	\$5,836
TypTap	\$4,246	\$4,521	\$3,692	\$4,262
Universal P&C	\$5,629	\$5,717	\$4,404	\$5,427
Competitor Average	\$5,789	\$6,217	\$5,140	\$5,856
% Difference	(27%)	(30%)	(25%)	(28%)



Note: This map varies from the state map as it is based only on the carriers in the table.

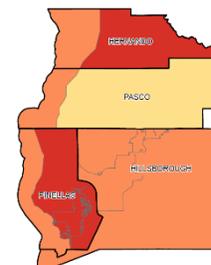
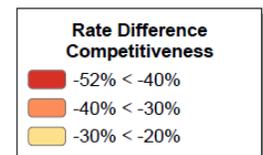
Sinkhole Prone Region Comparison

The region comprised of Hernando, Hillsborough, Pasco and Pinellas counties have just over 25% of Citizens' HO-3 policies. The homeowner's insurance market in the sinkhole prone region is significantly different than the rest of the state due to sinkhole losses. Similar to the Tri-County analysis, the identified carriers below were active in the region from the 2019 study. Because adding sinkhole coverage to an HO-3 policy can significantly increase the premium, policies with and without sinkhole coverage are analyzed separately from each other.

Policies without Sinkhole Coverage: Based on a weighted average using Citizens' 9/30/21 policies, Citizens' average premium is **44% less** than active companies in the Sinkhole Prone region for policies that exclude sinkhole coverage.

Percent Difference to HO-3 Average Premium by Citizens' Territories: WITHOUT Sinkhole Coverage

	Hernando	Hillsborough	Pasco	Pinellas	Sinkhole Region
Citizens' Policy Count	11,225	18,566	11,870	34,749	76,410
Citizens P&C	\$1,401	\$1,817	\$1,877	\$2,070	\$1,880
American Integrity	\$2,756	\$3,571	\$2,889	\$5,436	\$4,194
ASI Preferred	\$3,092	\$3,692	\$3,623	\$4,617	\$4,014
Avatar	\$7,619	\$2,738	\$4,931	\$4,491	\$4,593
FedNat	\$1,310	\$3,118	\$1,446	\$4,060	\$3,021
FL Peninsula Preferred	\$1,860	\$2,280	\$2,124	\$3,176	\$2,602
Heritage	\$1,860	\$2,498	\$2,574	\$4,258	\$3,217
Security First	\$2,818	\$3,618	\$2,984	\$4,740	\$3,912
St. Johns	\$3,601	\$3,715	\$3,700	\$4,266	\$3,946
Tower Hill Prime	\$1,183	\$2,361	\$1,942	\$3,775	\$2,766
TypTap	\$671	\$1,263	\$623	\$2,605	\$1,687
Universal P&C	\$2,575	\$2,873	\$2,538	\$3,741	\$3,172
Competitor Average	\$2,668	\$2,884	\$2,670	\$4,106	\$3,375
% Difference	(47%)	(37%)	(30%)	(50%)	(44%)

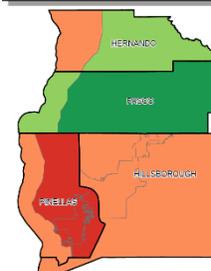
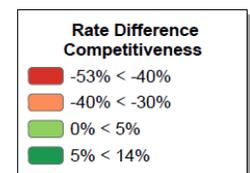


Note: This map varies from the state map as it is based only on the carriers in the table.

Policies with Sinkhole Coverage: Based on a weighted average using Citizens' 9/30/21 policies, Citizens' average premium is **36% less** than active companies in the Sinkhole Prone region for policies that include sinkhole coverage.

Percent Difference to HO-3 Average Premium by Citizens' Territories: WITH Sinkhole Coverage

	Hernando	Hillsborough	Pasco	Pinellas	Sinkhole Region
Citizens' Policy Count	661	1,920	446	9,873	12,900
Citizens P&C	\$3,537	\$2,655	\$4,313	\$2,502	\$2,973
American Integrity	\$4,126	\$5,587	\$3,938	\$6,472	\$5,518
ASI Preferred	\$5,110	\$4,973	\$4,341	\$5,250	\$5,021
Avatar	\$25,629	\$4,173	\$6,153	\$5,334	\$8,161
FedNat	\$1,600	\$4,101	\$2,037	\$4,759	\$3,712
FL Peninsula Preferred	\$6,006	\$3,685	\$8,299	\$4,384	\$5,061
Heritage	\$2,547	\$3,257	\$3,546	\$5,016	\$3,998
Security First	\$3,773	\$4,451	\$4,089	\$5,496	\$4,770
St. Johns	\$3,978	\$5,364	\$4,272	\$5,449	\$5,029
Tower Hill Prime	\$1,831	\$3,158	\$2,703	\$4,258	\$3,392
TypTap	\$2,349	\$2,372	\$2,465	\$3,380	\$2,842
Universal P&C	\$2,771	\$3,823	\$2,815	\$4,173	\$3,671
Competitor Average	\$5,429	\$4,086	\$4,060	\$4,906	\$4,652
% Difference	(35%)	(35%)	6%	(49%)	(36%)



Note: This map varies from the state map as it is based only on the carriers in the table.

Drivers of Competitiveness Decision Analysis

A decision tree is a graph that uses a branching method to illustrate possible outcomes of a decision. The purpose of this decision tree is to find the main drivers of competitiveness. The tree is calibrated with an algorithm that searches the policy data. It finds variables that determine whether Citizens' premium is higher or lower as compared with the private market. It uses these variables to segment policies into groups for which Citizens is less or more competitive.

The segments of policies are colored with the darker greens for the more competitive buckets, and lighter green for the less competitive. Homes located more than 1.7 miles from the coast and built before 1994 appears to be the most competitive; Citizens' average premium is **(\$679)** less than the competitors. Homes located less than 1.7 miles from the coast with coverage A greater than \$275K are the least competitive; Citizens' average premium is **(\$2,358)** less than the competitors.

The most important variables are listed in order below:

1. Distance to Coast
2. Year Built
3. Coverage A
4. Roof Shape
5. AOP Deductible
6. Construction

Segmentation by Dollar Amount Difference

