Citizens

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Citizens

- Citizens is the ceiling for rates for all carriers
- Citizens rates are locked in until Jan 2009
- No carrier can do a take out of Citizens unless it rates are lower
- Takeout carriers must have voluntary rates below Citizens as well
- Carriers have had to implement mitigation credits which are redundant and untested making it worse
- Long time larger carriers are woefully under priced
- There is no mechanism to achieve appropriate rate levels over time
- Carriers in surplus notes program must achieve volume levels and Need to under priced to get there
- A new business plan is needed to operate in Florida

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Citizens

I asked these same questions in the session yesterday on FHCF and some of you have had time to reflect.

- ❑Is there a way to reduce Citizens size?
- ❑Is there a way to get to the right price?
- ❑Is there a way to reduce FHCF dependency?
- ❑What happens the following year even if there is a federal bailout?
- ❑Is there a way to share the price burden and move some of the risk out of the state? What will it take to get us there?

Citizens

The Industry itself needs to make fundamental changes and this crisis will force some of those to the surface. What is Essential is industry participation in the process:

- ❑Changes in the claim payment system
- ❑Greater granularity in underwriting
- ❑More differentiation in the models
- ❑Product changes distinctive coverages
- ❑Timing and role for price regulation
- ❑Model Analytics addressing Citizens handling of claims Vs other carriers
- ❑FHCF changes
- ❑Accounting changes

Citizens

Some unintended consequences:

Did you know that this Legislature passed a bill allowing a multiline discount-i.e place the wind in HRA and give the AOP a discount or the auto-

Doesn't that sound like an incentive to only wind business in Citizens?

**And what about Citizens losses in a cat…….
FHCF impact; model impact**

Citizens

“Delusional Precision”

Actuarial work in the State of Florida