



# 2012 Depopulation Audits

## Introduction

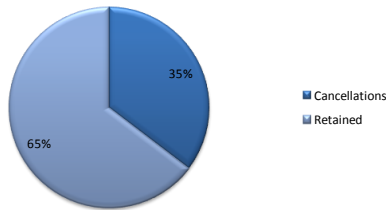
1. Testing covered all contracts with a date of assumption within calendar year 2012.
2. Each Assumption Agreement executed includes a provision whereby the takeout company (TOC) agrees to make available all records associated with the performance of compliance audits.
3. Article 4 provides the criteria to be evaluated during the performance of the audits and reads as follows;  
*“The Insurer shall remove the Removed Policies by Assumption in accordance with this Agreement and the Assumption Procedures and shall offer to renew the Insurer's Replacement Policy for a period of three (3) years subsequent to the expiration of the Removed Policy. During the aforementioned period, the Insurer's renewals of the Replacement Policy shall be at the Insurer's approved rates and on substantially similar terms or on such forms and rates as approved by the Office. No such Policy may be cancelled or non-renewed by the Insurer during this period except for nonpayment of premium or in accordance with the provisions of the Consent Order.”*
4. There were 7 participating TOCs and a total of 277,002 policies removed at the various dates of assumption within calendar year 2012.
5. A sample of 400 policies were reviewed for each of the 7 TOCs with testing covering post-assumption opt outs, policies in-force on the date of our sample, and policies cancelled or non-renewed with the TOC (“cancellations”).

## Summary of Procedures Performed

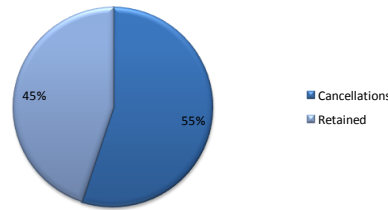
1. The insurer has a record of the policy within their policy system.
2. Post assumption opt-outs are properly supported by an opt-out form executed by the policyholder within the prescribed time period for the respective assumption.
3. Policies were properly offered a renewal, and for those accepting the coverage, proof that a payment has been received by the insurer to validate the existence of the policy.
4. Cancellations were cancelled for acceptable reasons under the Assumption Agreement or non-renewed at the election of the policyholder. Supporting documentation will be reviewed to authenticate the reason the policy is no longer in-force.
5. In addition, premium amounts offered by the TOC will be documented alongside the prior Citizens' premium for all policies in-force and cancelled and analyzed accordingly.

# 2012 Depopulation Audits

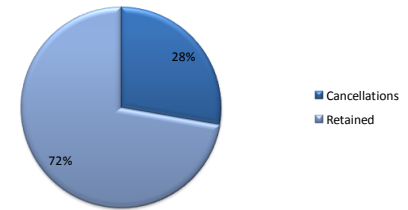
**American Integrity Insurance Company**  
Date Determining of 3/31/2014



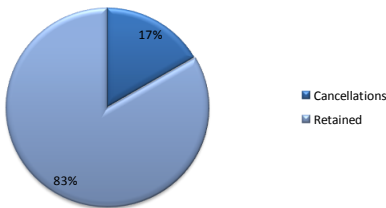
**First Community Insurance Company**  
Date Determining of 4/30/2014



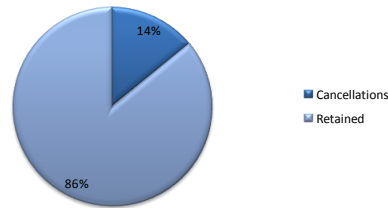
**Florida Peninsula Insurance Company**  
Date Determining of 4/30/2014



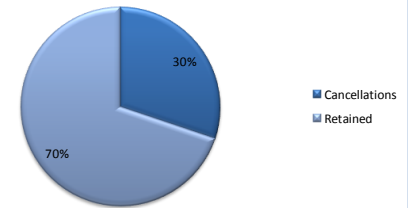
**Heritage Property Insurance Company**  
Date Determining of 3/31/2014



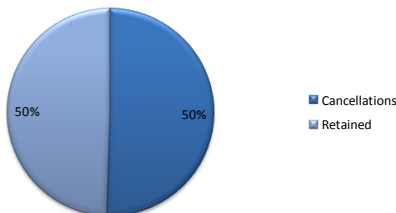
**Homeowners Choice Insurance Company**  
Date Determining of 12/31/2013



**Southern Fidelity Insurance Company**  
Date Determining of 3/31/2014



**Southern Oak Insurance Company**  
Date Determining of 3/31/2014



Company Name	Total	Opt Outs	Cancellations	Retained
American Integrity (AIIC)	29,346	3,650	9,082	16,614
First Community (FCIC)	2,998	570	1,337	1,091
Florida Peninsula (FPIC)	35,935	3,468	9,011	23,456
Heritage P&C (HPC)	42,722	5,749	6,143	30,830
Homeowners Choice (HOC)	59,968	5,762	7,592	46,614
Southern Fidelity P&C (SFPC)	80,769	8,604	21,766	50,408
Southern Oak (SOIC)	25,264	2,990	11,247	11,027
<b>Totals</b>	<b>277,002</b>	<b>30,793</b>	<b>66,178</b>	<b>180,040</b>

## Summary of Findings – Opt Out Testing

1. American Integrity Insurance Company – 15 policies assumed in error that were ultimately untagged at the insurers request; 3 policies untagged due to agency failing to respond to pre-opt out mailer.
2. First Community Insurance Company - 1 policy for which an executed opt-out form could not be located.
3. Florida Peninsula Insurance Company - no exceptions noted.
4. Heritage Property & Casualty – 1 policy assumed in error and subsequently untagged; no further exceptions.
5. Homeowners Choice - no exceptions noted.
6. Southern Fidelity Insurance Company – 1 policy for which an executed opt-out form could not be located.
7. Southern Oak Insurance Company – no exceptions noted.

## Summary of Findings – Renewal Testing

1. American Integrity Insurance Company – no exceptions noted.
2. First Community Insurance Company - no exceptions noted.
3. Florida Peninsula Insurance Company - no exceptions noted.
4. Heritage Property & Casualty – no exceptions noted.
5. Homeowners Choice - no exceptions noted.
6. Southern Fidelity Insurance Company – no exceptions noted.
7. Southern Oak Insurance Company – no exceptions noted.

## Summary of Findings – Cancellations and Non-Renewals

1. American Integrity Insurance Company – no exceptions noted.
2. First Community Insurance Company - only 18% of the sample was properly supported during testing.
3. Florida Peninsula Insurance Company - one exception noted during testing.
4. Heritage Property & Casualty – no exceptions noted.
5. Homeowners Choice - no exceptions noted.
6. Southern Fidelity Insurance Company – one exception noted during testing.
7. Southern Oak Insurance Company – no exceptions noted.

## Premium Metrics by TOC

