

CitizensAdvisor



Citizens sending letters to policyholders highlighting HB 7065 savings

TALLAHASSEE, FL – Thanks to reforms passed by the Florida Legislature last year, Citizens Property Insurance Corporation in February began sending the first of 110,000 letters informing policyholders of premium savings made possible by the passage of [HB 7065](#).

Following up on provisions included in HB 7065, Citizens recalculated its 2020 proposed rate filing to take into account the measure to curb litigation and assignment of benefits abuses that have been driving up rates for the past several years.

Taking the changes into account, Citizens then began [sending letters](#) notifying its policyholders impacted by the new filing throughout the year as their policies come up for renewal. The first mailing for AOB rate savings letters went out during the first week in February to 7,199 recipients. The remaining letters for December/January renewal policies will be mailed this week to 7,280 policyholders.

In addition to those who saw premium decreases, many others saw less significant rate increases than would have been levied if HB 7065 had not passed.

The passage of HB 7065 capped a multi-year effort to address runaway litigation and AOB abuse, especially surrounding nonweather related water loss claims, which after decades of stability skyrocketed in recent years. Initial results indicate the changes had an immediate impact, with the number of new AOB claims dropping dramatically since the bill went into effect July 1, 2019.

The new law provides additional safeguards for policyholders who change their minds or are unsatisfied with the work after signing an AOB, and more clearly defines the responsibility of vendors and insurers when assignments are in place. Finally, the law provides incentives for all parties to make reasonable settlement offers following a loss.

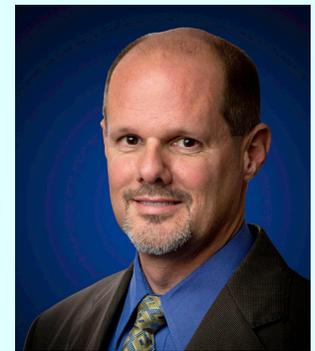
"The reforms have had an immediate impact on the number of new AOB claims received," said Barry Gilway, Citizens President/CEO and Executive Director. "The number of new AOB claims received has dropped by more than 50 percent.

February 21, 2020

Events

March 25 @ 9 a.m.
[Citizens Board of Governors](#)
Sheraton Tampa/Brandon

Spotlight



Jay Adams

Chief of Claims

Policies in Force

443,228

as of January 31, 2020

Citizens backs bills to focus use of contingency fee “multiplier”

TALLAHASSEE, FL – Citizens is lending its support to legislation limiting the award of contingency fee multipliers in claims litigation to “rare and exceptional” circumstances to help reduce runaway litigation costs that are raising rates for most policyholders.

Bills traveling in both chambers, [SB 914](#) by Senator Jeff Brandes, R-St. Petersburg, and [HB 7071](#) by Representative Mike Beltran, R-Lithia, would limit the use of such “multipliers” only to the most complex cases.

In most other cases, the bill would direct courts to base contingency fees solely on the “lodestar” approach, which is calculated by multiplying a reasonable number of hours based on similar cases and multiplying that number by reasonable hourly rate based on similar cases.

Limiting most cases to a lodestar standard would have a dramatic impact. For example, Citizens reached a \$35,000 settlement with a policyholder after making an original offer of \$29,000. The court awarded a \$349,715 lodestar-based fee, but added a 2.01 multiplier, bringing Citizens’ total plaintiff attorney cost to \$702,927 for the \$6,000 discrepancy. The case is under appeal.

Bill supporters, including the [Florida Justice Reform Institute](#), say the lodestar calculation is already adapted to adequately compensate attorneys in complex cases. They also countered arguments that eliminating the multiplier would make it impossible for plaintiffs to find attorneys to take a complex case on a contingency fee basis.

In response to ballooning litigation surrounding personal injury protection litigation, Florida lawmakers in 2012 eliminated the use of any fee multiplier in PIP cases. Despite taking away the multiplier, PIP litigation continues to increase, an indication that backers say shows additional incentives are not needed to assure access to the courts.

“Our experience is that lodestar-based payments inherently provide reasonable attorney fees,” said Christine Ashburn, Citizens Chief of Communications, Legislative External Affairs. “Limiting the multiplier to the few exceptionally difficult cases will continue to protect those Citizens policyholders with extremely complex cases, while helping reduce our legal costs that must be spread across all our customers through premiums paid by our customers.”

Citizens’ lobbyist registration renewals completed

TALLAHASSEE, FL – In 2018, Citizens began requiring all lobbyists representing principals seeking to influence Citizens’ policy and procurement decisions to [register](#) with the company. Information about lobbyists registered with Citizens is available on our website [Lobbyist Search](#) page.

The [lobbyist registration policy](#) was implemented in an effort to provide better transparency to the public about who is lobbying Citizens regarding its policies and procurements. It was instituted at the request of Florida Chief Financial Officer Jimmy Patronis and approved by the Citizens’ Board of Governors in 2018.

Lobbyists can register [online](#) and must renew their registrations annually. More than 150 lobbyists registered with Citizens between 2018-2019; as of February 2020, 88 lobbyists have renewed their registrations.

Lobbyists can check their registration status or register as a new lobbyist on the [Citizens website](#).

Quick Links

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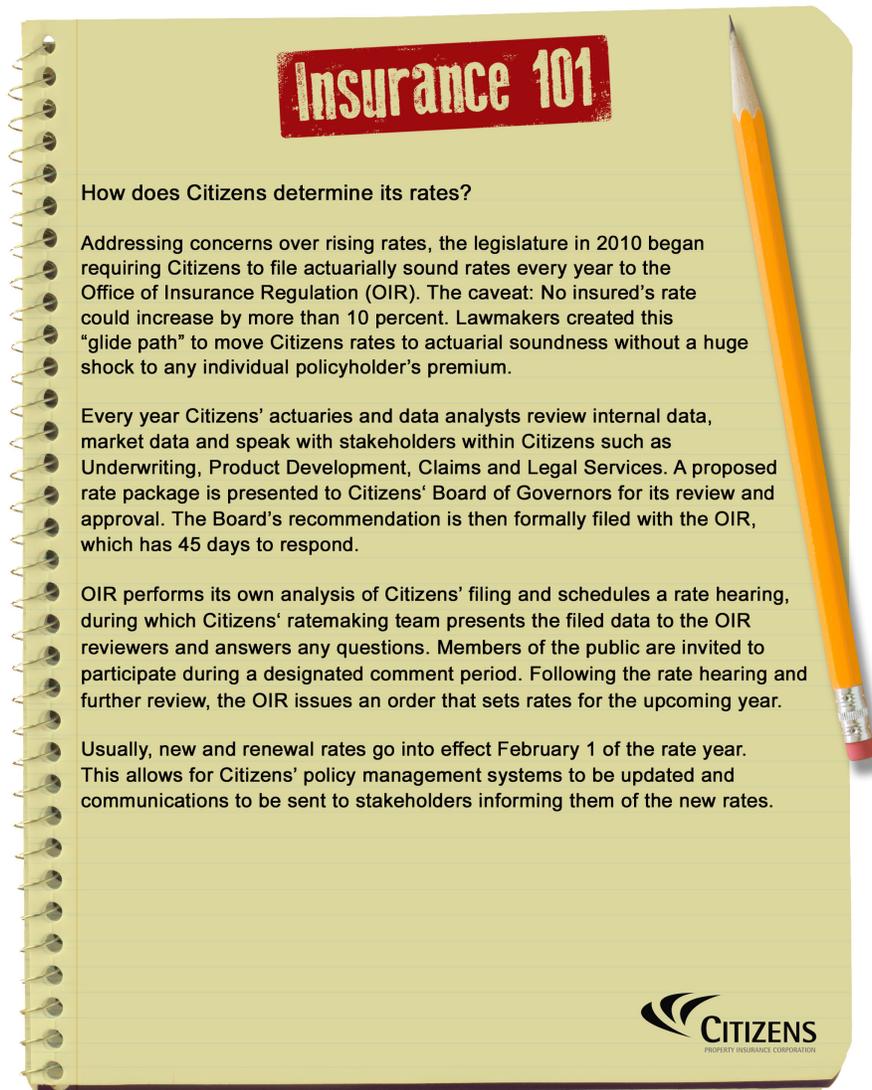
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[The Florida Channel](#)

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Insurance 101

How does Citizens determine its rates?

Addressing concerns over rising rates, the legislature in 2010 began requiring Citizens to file actuarially sound rates every year to the Office of Insurance Regulation (OIR). The caveat: No insured's rate could increase by more than 10 percent. Lawmakers created this "glide path" to move Citizens rates to actuarial soundness without a huge shock to any individual policyholder's premium.

Every year Citizens' actuaries and data analysts review internal data, market data and speak with stakeholders within Citizens such as Underwriting, Product Development, Claims and Legal Services. A proposed rate package is presented to Citizens' Board of Governors for its review and approval. The Board's recommendation is then formally filed with the OIR, which has 45 days to respond.

OIR performs its own analysis of Citizens' filing and schedules a rate hearing, during which Citizens' ratemaking team presents the filed data to the OIR reviewers and answers any questions. Members of the public are invited to participate during a designated comment period. Following the rate hearing and further review, the OIR issues an order that sets rates for the upcoming year.

Usually, new and renewal rates go into effect February 1 of the rate year. This allows for Citizens' policy management systems to be updated and communications to be sent to stakeholders informing them of the new rates.



News Links

[Thousands of Florida homeowners face insurance change](#)

Daytona Beach News Journal

[South Florida's Flood Maps Are Being Updated. Will You Get Hit With Paying For Insurance?](#)

WLRN Miami

[HCI Approved by Florida Regulator to Replace Anchor P&C Coverage for 43K Insureds](#)

Insurance Journal

[Watch out, homeowners. Your insurance rates are about to jump](#)

Sun Sentinel

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Sun Sentinel

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Politico

[Attorney fee limit heads to full House](#)

Florida Politics

[HCI Group Insurance Subsidiary Enters into Policy Replacement Agreement with Anchor Property & Casualty Insurance Company](#)

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