

CitizensAdvisor



Board Approves Proposed 2016 Rates

ORLANDO, FL – Citizens' Board of Governors approved a 2016 rate package on June 24 that lowers rates for nearly half of Citizens' personal lines policyholders.

By unanimous vote, the Board approved an overall rate increase of 3.2 percent for personal lines policyholders, with most of the increases going to property owners along the coast and in South Florida, where rates continue to be inadequate to cover potential claims.



Most inland policyholders, however, will see rate reductions under the proposal to be submitted in July to the Florida Office of Insurance Regulation, which must approve any rate changes. Inland homeowners' multiperil rates will drop an average 1 percent. Inland mobile home owners will see rates reduced by an average of 7.4 percent.

The average increase in multiperil rates for coastal homeowners will be 8.6 percent, while mobile home owners and condominium owners will see rates rise by up to 10.2 percent. Personal lines policyholders clustered in Palm Beach, Broward, Miami-Dade and Monroe counties will receive the bulk of higher rates, under the legislative glide path established to bring those rates in line with the private market.

"Every year, Citizens' actuaries calculate rates based on the same methodology used by insurance companies all over the world, which compares potential risk to the ability to pay claims," said Board Chairman Chris Gardner. "We are focused on maintaining a transparent process that both the public and the Office of Insurance Regulation can appreciate."

The overall increase is being fueled by a continued spike in water loss claims in Southeast Florida and the fact that most coastal policies with nearly adequate rates have found coverage with private market insurance companies. Since January 2014, nearly 550,000 policies have been transferred from Citizens to private companies. Down from a peak of approximately 1.5 million policyholders in 2012, Citizens currently provides coverage to 573,000 personal lines customers. Of those, rates are expected to drop for 255,000.

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July 1, 2015

Events

September 30 @ 9 a.m.
[Board of Governors](#)

Spotlight

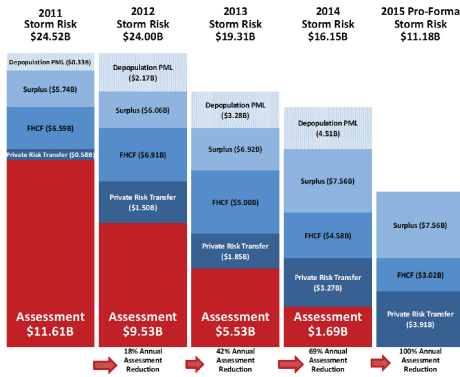


Craig Sakraida
Director of Claims

Policies in Force

597,999
as of June 26, 2015

Risk and Assessment Reductions



- Citizens' total storm risk for a 1-100 year event in the Coastal, PLA and CLA accounts decreased from \$24.52 billion in 2011 to \$11.18 billion in 2015, or 54 percent.
- Citizens' depopulation efforts in the Coastal Account, PLA and CLA have completely eliminated the need for any potential assessments for a 1-100 year event
- For all three accounts (Coastal, PLA, and CLA), Citizens' need for potential assessments for a 1-100 year event was \$11.61 billion in 2011 and is completely eliminated for 2015

Note: PMLs from 2011-2014 use a weighted average of 1/3rd Standard Sea Surface Temperature (SSST) and 2/3rd Warm Sea Surface Temperature (WSST). 2015 PMLs reflect only SSST.

*Values are not to scale



Affordable reinsurance and depopulation efforts over the last several years have allowed Citizens to boost its claims-paying ability. For the first time since its creation, Citizens now can handle a 1-in-100 year storm along the coast without having to levy assessments on Florida policyholders.

Citizens is required by law to recommend rates that are actuarially sound while also complying with the legislative glide path that caps rate increases at 10 percent, excluding coverage changes and surcharges.

The Citizens [2016 Rate Kit](#) is available on the [Media Resources](#) page of www.citizensfla.com.

Quick Links

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[The Florida Channel](#)

[Board of Governors](#)

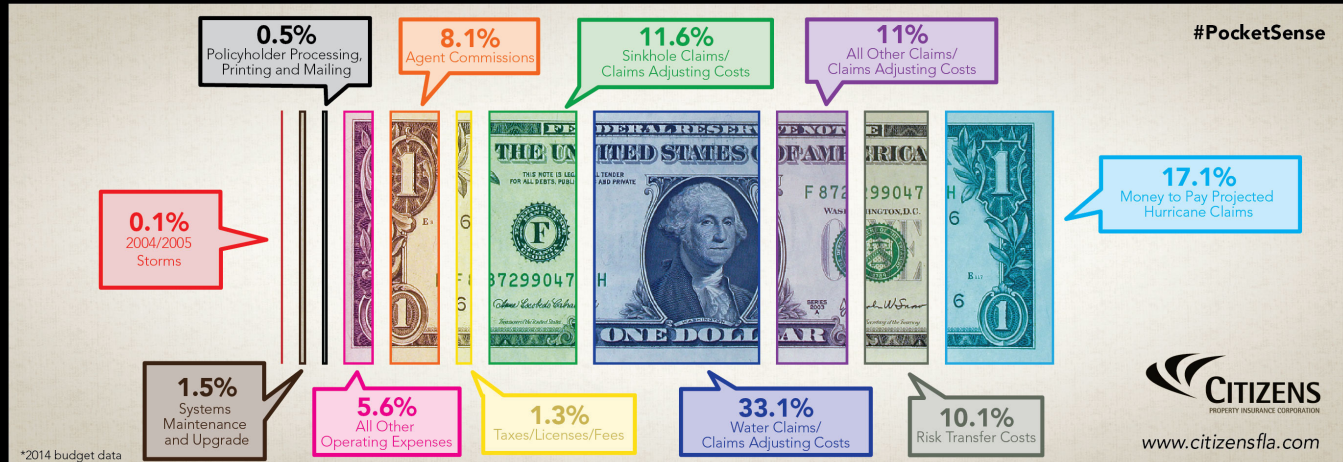
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Did You Know ...

Where does my premium dollar go?



Citizens Is Ready – CAT Training Vital Before Disaster Strikes



An effective catastrophe (CAT) response depends on an educated workforce, and many of those workforce members for Citizens are the independent adjusters who must know our latest systems, processes, policies and emergency-specific responses.

Citizens conducts year-round preparedness training and mock disaster exercises for both staff and independent adjusters. Participants are evaluated to help assign roles and also to determine which event qualifies for CAT response, perhaps the most intensive service the company provides.

In addition to off-site training for adjusters, Citizens annually identifies internal business unit-specific catastrophe response functions that require testing. On-site exercises are held to stress test various functions to ensure they will work correctly in the event of an actual catastrophe.

"It's a never-ending process of teaching, training and testing," said Craig Sakraida, Director of Catastrophe Operations. "We want to make sure all of our workforce – including our independent partners – are ready if Mother Nature decides to call."



News Links

[Citizens Rates Rising in South Florida; water claims blamed](#)
Sun Sentinel

[Citizens: Florida's Largest Insurer to Ask For Overall Rate Hike](#)
AP

[Citizens seeks 3 percent average rate hike, but some rates would drop around Tampa Bay](#)
Bradenton Herald

[Citizens policyholders in Lee, Collier likely to pay more](#)
News-Press

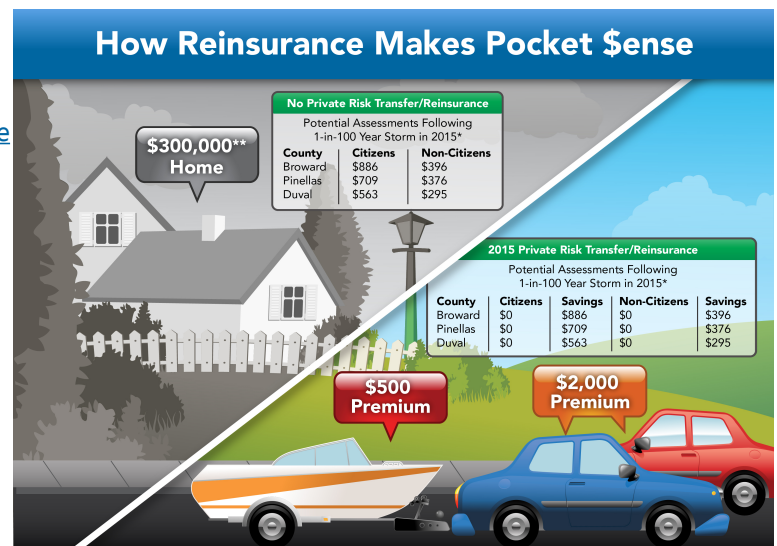
[Florida Citizens reinsurance rate savings show steep price declines](#)
Artemis

[Spring Hill man faces prison time for NOT disclosing sinkhole issues to buyer](#)
WFLA

[Crews stabilizing 3 sinkholes in Port Richey](#)
Bay News 9

[Florida remains lightning leader of the nation](#)
Gainesville Sun

#PocketSense



Note: Scenario assumes assessments would be collected over a 10-year period.
*For boat, home and auto policies combined. **Total insured value of home.
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