

# CitizensAdvisor



## OIR: Florida Insurers in Good Shape to Handle Multiple Storms

TALLAHASSEE, FL – All Florida property insurance companies have the financial resources necessary to protect their policyholders following a 1-in-100 year hurricane and even handle a series of major storms, according to reports released recently by state insurance regulators.

The Office of Insurance Regulation, which collected data from 112 insurance companies, determined all the companies have the reinsurance, capital and surplus to pay policyholder claims following a storm of the century. The agency reached its conclusion following an annual data request from private insurers and Citizens.

Furthermore, all 67 Florida-based participants of OIR's revamped Catastrophe Stress Test would retain more than the minimum capital and surplus amounts required by law following any of three historical hurricane scenarios, including a repeat of the 2004 season when Florida was buffeted by four hurricanes.

Taken together, the reports should provide comfort to consumers, many of whom have returned to private insurance companies under a legislatively created Depopulation program that has helped shrink Citizens Property Insurance Corporation's policy count from its peak of nearly 1.5 million policies in October 2012 to under 580,000.

"Florida's insurance companies have benefitted from an influx of capital into the reinsurance market, which has allowed them to lower rates, boost surplus and protect against catastrophes," said Florida Insurance Commissioner Kevin McCarty in a statement. "Floridians should have confidence not only in the results of this year's Catastrophe Stress Test, but also in the development of this tool to assess the risk of hurricanes."

The stress test looked at three different hurricane scenarios:

- The 1921 Tampa Hurricane
- The 1947 Fort Lauderdale Hurricane
- The 2004 season (Charley, Frances, Ivan and Jeanne.)

To pass the test, companies had to show the ability to pay claims in response to the storms while maintaining OIR's minimum capital reserve requirements following the payouts.

Florida Chief Financial Officer Jeff Atwater, who earlier this year requested a more rigorous and transparent stress test of Florida insurance companies, said the findings confirm that Florida's private insurance market is robust and ready to provide coverage to its policyholders.

"Consumers deserve to have confidence in their carrier, and we'll continue to share information that shows the processes that are undertaken to test their financial strength," Atwater said.

A copy of the full report is available [here](#) and on the Florida Office of Insurance Regulation [website](#).

November 4, 2015

### Events

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

### Spotlight



**Don Glisson**  
Vice Chairman,  
Citizens Board of  
Governors

### Policies in Force

**533,664**

as of October 30, 2015

# OIR Seeks Industry Data on Water Claims, Assignment of Benefit Costs

TALLAHASSEE, FL – Responding to concerns over an alarming increase in losses, the Florida Office of Insurance Regulation has ordered Florida’s largest property insurers to submit detailed information on water loss claims, mitigation services, litigation and assignment of benefits.

Insurance regulators have given the state’s largest 25 property insurance companies until December 7, to provide responses on issues ranging from how claims are filed and how much is paid, to detailed claims information, including names and addresses of the water mitigation companies, contractors, public adjusters and attorneys representing policyholders on claims going back to January 2010.

OIR also has requested specific geographic information on where losses are occurring across the state.

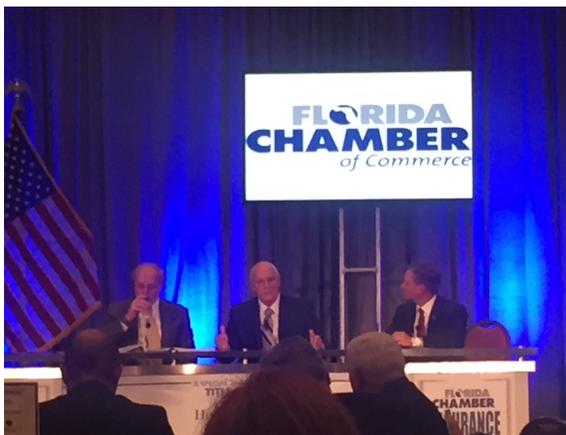
Citizens, the state’s insurer of last resort, has experienced a rapid rise of water loss claims since 2012, particularly in Miami-Dade County where the frequency and severity of water loss claims far exceeds any other region in the state.

Citizens President, CEO and Executive Director Barry Gilway welcomed the request, saying he’s confident the OIR investigation will provide data from private companies that corroborates Citizens’ analysis that water claims are the leading driver of rates across the state, especially in South Florida.

“As the state’s non-profit insurer of last resort, Citizens is doing all it can to keep premiums as low as possible for our policyholders,” Gilway said. “The surprising increase in the frequency and severity of water loss claims, particularly in Miami-Dade County, over the past several years makes it more difficult for us to control the need for rate increases.”

A Citizens analysis of premium costs shows that water loss claims account for 33 cents of every premium dollar paid by its Florida customers. But in Miami-Dade, more than half of every premium dollar goes to pay for water loss claims.

“The bottom line is this. Were it not for water losses, most Miami-Dade customers would see a decrease in rates for 2016,” Gilway said. “As it stands, however, the average homeowners’ rate in Miami-Dade will climb by more than 6 percent.”



In late October, the Florida Chamber of Commerce held the 2016 Insurance Summit in Orlando. Citizens President, CEO and Executive Director Barry Gilway updated the attendees on the progress of the depopulation program and assessment elimination. Chief Risk Officer John Rollins explained the impact of water claims and Assignment of Benefits on rates and consumers.

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# Citizens to Expand Clearinghouse to Condo Unit Policies

TALLAHASSEE, FL – Building on the success of its residential program, Citizens in December will expand its Property Insurance Clearinghouse to condominium unit owners, many of whom will now have immediate access to multiple private alternatives.

Beginning December 14, new applications for condominium unit policies will be shopped through the computerized system that attempts to match customers with offers of coverage from private insurance companies. Existing Citizens condominium policies automatically will be shopped through the clearinghouse to identify private market offers before Citizens can renew the policies.

With this addition, the clearinghouse will work to identify private market coverage options for the three most numerous policy types—homeowners, dwelling-fire and condominium units—which combined represent 57 percent of Citizens personal lines policies.

“Over \$4.7 billion of exposure, and the commensurate assessment potential for Florida consumers, has been avoided or eliminated because of the clearinghouse,” said Adam Marmelstein, Citizens Director of Market Services, who oversees the clearinghouse program. “The recent addition of two more companies, for a total of 14, helps ensure that the clearinghouse is expanding its ability to help consumers find policies in the private market.”

Launched in 2014, the clearinghouse helps homeowners seeking to purchase new or renewal coverage with Citizens identify private market options that may provide equal or, in some cases, more comprehensive coverage at comparable premiums.

Under the legislatively created program, policies are shopped through the clearinghouse to determine if they are eligible for Citizens coverage.

New customers are deemed ineligible for Citizens coverage if a private company offers a comparable policy at a premium not more than 15 percent higher than Citizens. Existing Citizens customers are ineligible for Citizens coverage if a private offer of comparable coverage is received at a premium equal to or less than the Citizens renewal premium.

More information on the clearinghouse is available on the Citizens [website](#).

## News Links

[Florida stress tests insurers reinsurance agreements, including ILS](#)  
Artemis

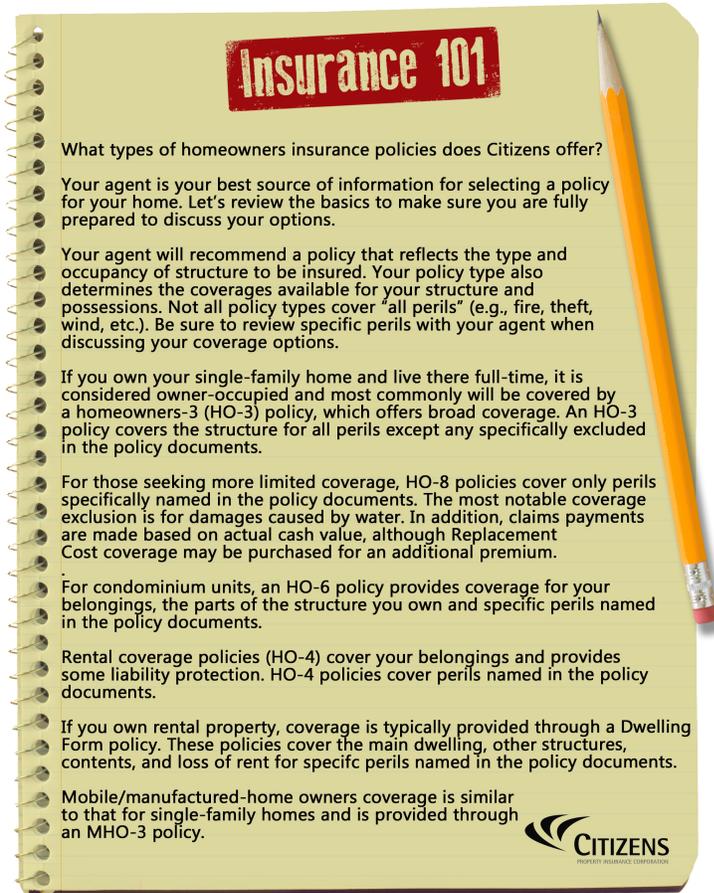
[State regulator gives Florida property insurers high marks in hurricane 'stress tests'](#)  
Tampa Bay Times

[Insurers vow to keep up fight against benefits abuses](#)  
Sun Sentinel

[Insurance attorney at Florida Chamber summit: Assignment of benefits = "sinkholes lite"](#)  
Florida Politics

[Citizens edges towards becoming an insurer of last resort](#)  
Intelligent Insurer

[Atlantic Hurricane Season enters final stretch with no-hit record intact](#)  
Insurance Journal



**Insurance 101**

- What types of homeowners insurance policies does Citizens offer?
- Your agent is your best source of information for selecting a policy for your home. Let's review the basics to make sure you are fully prepared to discuss your options.
- Your agent will recommend a policy that reflects the type and occupancy of structure to be insured. Your policy type also determines the coverages available for your structure and possessions. Not all policy types cover "all perils" (e.g., fire, theft, wind, etc.). Be sure to review specific perils with your agent when discussing your coverage options.
- If you own your single-family home and live there full-time, it is considered owner-occupied and most commonly will be covered by a homeowners-3 (HO-3) policy, which offers broad coverage. An HO-3 policy covers the structure for all perils except any specifically excluded in the policy documents.
- For those seeking more limited coverage, HO-8 policies cover only perils specifically named in the policy documents. The most notable coverage exclusion is for damages caused by water. In addition, claims payments are made based on actual cash value, although Replacement Cost coverage may be purchased for an additional premium.
- For condominium units, an HO-6 policy provides coverage for your belongings, the parts of the structure you own and specific perils named in the policy documents.
- Rental coverage policies (HO-4) cover your belongings and provides some liability protection. HO-4 policies cover perils named in the policy documents.
- If you own rental property, coverage is typically provided through a Dwelling Form policy. These policies cover the main dwelling, other structures, contents, and loss of rent for specific perils named in the policy documents.
- Mobile/manufactured-home owners coverage is similar to that for single-family homes and is provided through an MHO-3 policy.

