

CitizensAdvisor



Federal Disaster Aid Targets Panhandle

TALLAHASSEE – Following urgent requests by Gov. Rick Scott, federal disaster relief was approved this week for thousands of Florida Panhandle residents whose homes were damaged by April rains that affected more than 4,000 homes in Escambia and Santa Rosa counties.

President Barack Obama on Tuesday approved disaster relief funding, a day after Scott requested the assistance following visits to the water-logged region. Florida Panhandle residents and business owners are still cleaning up after nearly two feet of rain drenched Escambia and Santa Rosa counties within 24 hours.

Citizens does not offer flood insurance but has received approximately 210 claims from policyholders for damage caused by high winds and lightning strikes during last week's rain, which left large parcels underwater and destroyed roads, bridges and other structures. Citizens is using its social media outlets to inform followers where to turn for help. Like us on [Facebook](#) and follow us on [Twitter](#).

Citizens Makes Historic Reinsurance Package

TALLAHASSEE – Continuing its efforts to reduce assessment risk for all Floridians, Citizens' Board of Governors on April 24 approved a \$3.1 billion risk transfer program for the 2014 hurricane season. The program capitalizes on favorable market conditions to increase reinsurance coverage at a dramatically lower price.

Following weeks of negotiations and strong global demand, Citizens raised its reinsurance protection by nearly 70 percent from previous levels while anticipating growth in 2014 surplus of roughly \$600 million. After these new risk-transfer transactions are closed, Citizens will have approximately \$3.1 billion in reinsurance available, in the event of a major storm or series of storms during the 2014 hurricane season.

The two-pronged risk-transfer package includes a total capital markets risk transfer of \$1.75 billion in catastrophe bonds issued by Everglades Re Ltd., a Bermuda-based company. The 2014 issuance of \$1.5 billion is the largest single catastrophe bond issuance in history.

Citizens also has bolstered its participation in the traditional reinsurance market with the expected purchase of approximately \$1.3 billion in coverage for the 2014 hurricane season, including approximately \$750 million that covers aggregate losses in the event of multiple storms.

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May 9, 2014

Events

[Claims Committee Meeting](#)
June 4 @ 1 p.m.

[Board of Governors Meeting](#)
June 25 @ 9 a.m.

Spotlight



Jennifer Montero
Chief Financial Officer

[View Bio](#)

Citizens Makes Historic Reinsurance Package

The risk-transfer package further reduces the burden on all Florida policyholders, who can be assessed if Citizens exhausts its ability to pay claims. For 2014, assessments in the event of a 100-year storm would be approximately \$2.4 billion, a nearly 80 percent decrease from the \$11.6 billion assessment risk only three years ago.

The \$3.1 billion reinsurance package will cost Citizens approximately \$300 million in 2014, roughly equal to the amount spent in 2013 for \$1.85 billion in reinsurance coverage.

Following the transactions, Citizens will enter the 2014 hurricane season with the ability to pay all claims in the event of approximately a 70-year storm, without the need to assess Florida policyholders.

Legislature Passes SB 1672 to Further Reduce Citizens Exposure

TALLAHASSEE – Florida lawmakers adjourned May 2 after passing a wide-ranging measure that makes a number of changes to Citizens Property Insurance Corporation to lower exposure and improve oversight.

The bill, SB 1672, was sponsored by Sen. David Simmons (R – Altamonte Springs) and the Senate Committee on Banking and Insurance. SB 1672's companion was HB 1109 by Rep. John Wood (R – Winter Haven). The final approved bill provides the following:

Commercial Coverage

- Requires Citizens to cease offering new commercial residential policies providing multiperil coverage in the Coastal Account and, instead, allows it to continue offering commercial residential wind only and ex-wind policies. Provides that Citizens can continue to renew a commercial residential multiperil policy on a building insured by Citizens as of June 30, 2014 under a multiperil policy. This change was made at Citizens request to address the rating anomaly that was elevated as a result of the Weston takeout.

Oversight and Reporting

- Directs that Citizens procurement protests must be transmitted to the Division of Administrative Hearings so that the Board is not required to act as the hearing officer in Citizens procurements (this was done at Citizens request following a recommendation by Citizens General Counsel, Dan Sumner). Specifies that the Citizens Board of Governors is the "agency head" for purposes of issuing a final order.
- Changes date of Citizens report regarding non-catastrophic loss ratios from January 15 to March 1 to allow results to be compiled through December 31 of the preceding year.
- Deletes annual report of net PML, financial options and potential assessments completed by OIR. Requires Citizens to compile an annual report of borrowing capacity, claims-paying capacity, and bonding/debt financing ability in May of each year.

Inspection Requirements

- Prohibits mitigation inspectors from offering or delivering compensation to insurance agents for referrals. Prohibits agents, customer representatives and employees of insurance agencies from accepting such compensation. Prohibits agents from directly or indirectly *accepting* compensation, inducement or rewards from an inspector for a referral.
- Allows insurers to exempt from independent verification mitigation forms completed by authorized mitigation inspectors that have quality assurance programs approved by Citizens. Provides that, unless material changes have been made to the structure, a mitigation verification form provided to Citizens is not subject to independent verification or reinspection if the form was signed by an authorized mitigation inspector and submitted to and reviewed and verified by a quality assurance program approved by Citizens.

Claims and Repairs

- Prohibits contractors from paying, waiving, or rebating all or part of an insurance deductible on a covered property for which the payment of repairs will be made from proceeds of a property insurance policy. Imposes penalties, third-degree felony.
- Prohibits a public adjuster or apprentice from entering into a contract, or accepting a power of attorney that vests in the PA the authority to choose entities that will perform the repair work.

Policies in Force

940,103

as of April 18, 2014.

Quick Links

[Newsroom](#)

[Legislative Resources](#)

[Outreach Form](#)

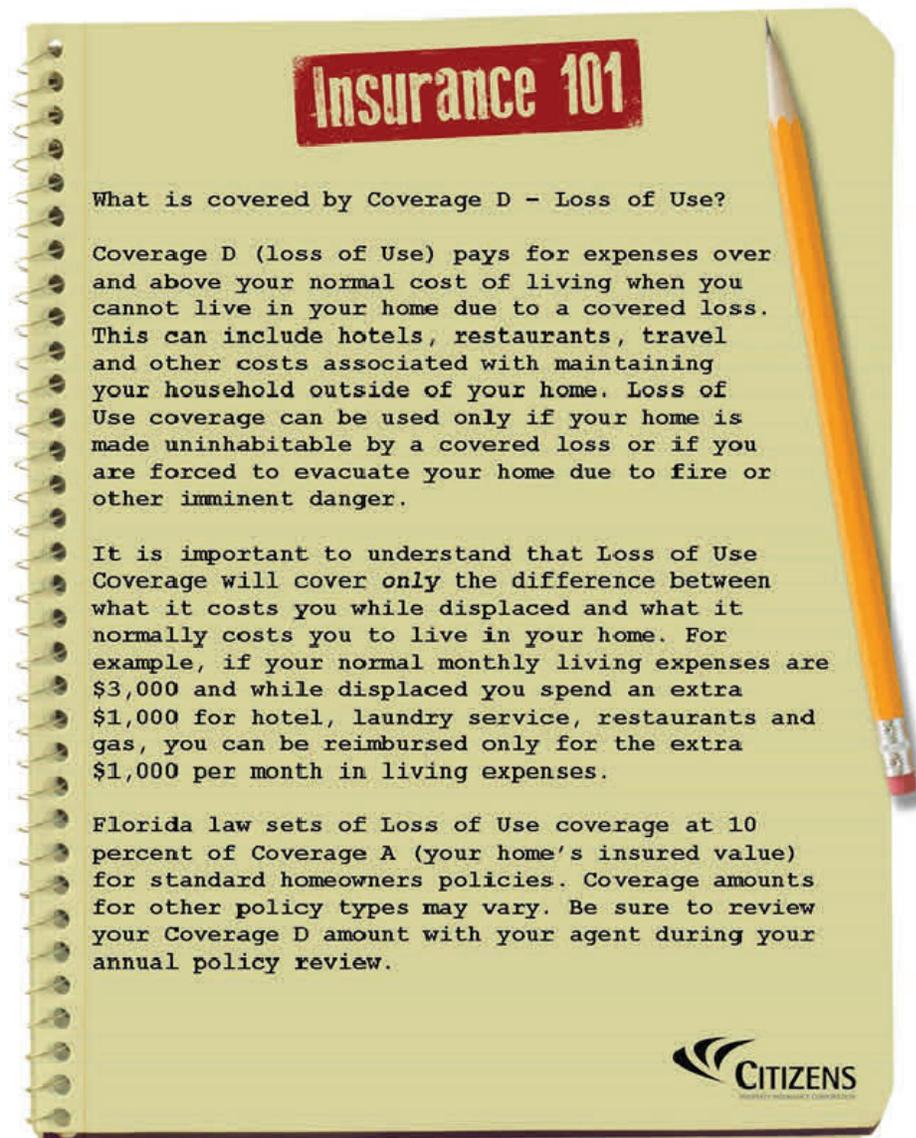
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What is covered by Coverage D - Loss of Use?

Coverage D (loss of Use) pays for expenses over and above your normal cost of living when you cannot live in your home due to a covered loss. This can include hotels, restaurants, travel and other costs associated with maintaining your household outside of your home. Loss of Use coverage can be used only if your home is made uninhabitable by a covered loss or if you are forced to evacuate your home due to fire or other imminent danger.

It is important to understand that Loss of Use Coverage will cover only the difference between what it costs you while displaced and what it normally costs you to live in your home. For example, if your normal monthly living expenses are \$3,000 and while displaced you spend an extra \$1,000 for hotel, laundry service, restaurants and gas, you can be reimbursed only for the extra \$1,000 per month in living expenses.

Florida law sets of Loss of Use coverage at 10 percent of Coverage A (your home's insured value) for standard homeowners policies. Coverage amounts for other policy types may vary. Be sure to review your Coverage D amount with your agent during your annual policy review.



News Links

[Record Cat Bond Grows Again, Cuts Insurer's Costs](#)

Wall Street Journal

[Everglades Re 2014 Completes, officially the Largest Catastrophic Bond Ever](#)

Artemis

[Citizens Sponsors "Largest Single Catastrophic Bond Issuance in History"](#)

Property Casualty 360

[Citizens Upgrades Personal Lines Claims Handling System](#)

Property Casualty 360

[Watered-down Citizens Bill Passes Senate, Heads to Gov. Scott](#)

The Current

[Florida's Federal Aid may be Available this Week](#)

Pensacola News Journal

[Insurer Redlines New Business in Palm Beach, Broward, Miami-Dade Counties](#)

Palm Beach Post