

CitizensAdvisor



Citizens Applauds Legislature for SB 76 Passage

TALLAHASSEE, FL – Citizens Property Insurance Corporation applauds the Florida Legislature for taking meaningful steps to address rising insurance rates caused in large part by unnecessary litigation.

Florida lawmakers passed [SB 76](#) by [Sen. Jim Boyd, R-Bradenton](#), a compromise measure that included many provisions from [HB 305](#) by [Rep. Bob Rommel, R-Naples](#), which now goes to Florida Gov. Ron DeSantis for his approval.

Barry Gilway, Citizens' President/CEO and Executive Director, thanked the bill sponsors, Sen. Boyd and Rep. Rommel, for their tireless efforts to strengthen the Florida domestic insurance market and reduce the flow of customers back to Citizens, the state's insurer of last resort.

"Citizens is growing at an unsustainable rate, putting our customers and Floridians on the financial hook when a big storm hits the state," Gilway said. "Passage of SB 76 is an encouraging sign that the Florida Legislature understands the severity of the situation and is willing to take meaningful steps forward, especially as it relates to litigation."

The bill makes a number of changes that affect the entire industry, including an attorney fee structure based upon the difference between the initial offer and the final payment. The bill also prohibits public adjusters, contractors, or their representatives from offering financial incentives to policyholders for roofing inspection and repairs.

For Citizens, the bill raises the current 10% cap on annual premium increases by 1% per year over the next five years. The phased-in expansion of the glidepath to 15% will allow Citizens to make its rates more competitive with private insurance coverage.

The bill would steer potential Citizens policyholders to private insurance carriers if a private policy premium were within 20% of the comparable Citizens policy premium. The bill would also require Citizens to factor into its rates the reinsurance costs necessary to protect its surplus from a 1-in-100 year storm.

Since October 2019, Citizens has seen its policy count jump from 420,000 to 584,000 and is now seeing increases of more 5,000 new policies per week. At this pace, company officials expect the policy count to approach 750,000 by the end of 2021.

May 21, 2021

Events

June 22 @ 10 a.m.
[Information Systems Advisory Committee](#)
Zoom Webinar

June 23 @ 10 a.m.
[Market Accountability Advisory Committee](#)
Zoom Webinar

June 30 @ 1 p.m.
[Claims Committee](#)
Zoom Webinar

July 14 @ 9 a.m.
[Board of Governors](#)
Zoom Webinar

Spotlight



Mark Kagy
Inspector General

DeSantis Appoints Three to Citizens Board

TALLAHASSEE, FL – Florida Gov. Ron DeSantis appointed three new members to the Citizens Board of Governors last week as the company prepares to enter the 2021 hurricane season.

The new board members replace departing members Bette Brown, John Holton and Will Kastroll, gubernatorial appointees whose terms had expired after years of incredible service to Citizens and the people of Florida.

Jillian Hasner is a Boca Raton resident and President/CEO of Take Stock in Children. She has been involved with the Florida Chamber of Commerce Foundation, Leadership Florida, United States Global Leadership Coalition and the Florida Federal Judicial Nominating Commission for the Southern District. She earned a bachelor's degree in business administration from Nyack College.

Erin Knight lives in Coral Gables. She is President of Monument Capital Management. Previously, she was Miami Market President for Stonegate Bank and a Senior Vice President with Regions Bank. She has volunteered with the Junior League of Miami, March of Dimes, The Miami Foundation and the Baptist Health Foundation. She earned a bachelor's degree in political science from Florida State University.

A resident of Coral Springs, Nelson Telemaco is CEO of Proximity Works. Previously, he was Senior Vice President at Sampo International, Principal at Allianz Risk Transfer and Vice President at American International Group. He graduated from the University of Pennsylvania with a bachelor's degree in economics.

"I'm looking forward to bringing our new members up to speed as we enter the 2021 hurricane season and address the multiple challenges facing the Florida property insurance market," said Barry Gilway, Citizens President/CEO and Executive Director.

"I would also like to express my gratitude to the departing board members for their incredible commitment, oversight and guidance during their years on the Board."

Policies in Force

597,484
as of May 14, 2021

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- [Online Sunshine](#)
- [The Florida Channel](#)
- [Board of Governors Materials](#)



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What's in Your Kit?

Hurricane Preparedness Kit

Build your hurricane kit with the following items:

 <input type="checkbox"/> Reusable ice packs to keep food cold if the power goes out	 <input type="checkbox"/> Battery-powered flashlights or lanterns	 <input type="checkbox"/> Self-contained first-aid kit, including prescription medications for three days	 <input type="checkbox"/> Food and water for three days for each person	 <input type="checkbox"/> Weather band radio to monitor weather alerts	 <input type="checkbox"/> Tarps or flexible, waterproof sheeting in case your home is damaged
 <input type="checkbox"/> Batteries and car chargers for phones and mobile devices	 <input type="checkbox"/> Games and toys	 <input type="checkbox"/> Pet supplies and medications	 <input type="checkbox"/> Cash for post-storm purchases	 <input type="checkbox"/> Important household documents (insurance policy, immunization records, bank information)	 <input type="checkbox"/> A 10-day supply of prescription medications for each household member and a list of medical contacts

For more hurricane kit information, visit <https://www.floridadisaster.org/planprepare/hurricane-supply-checklist/>
#HurricanePrep



Click image to enlarge

Cabinet Appoints Kagy as New Citizens IG

TALLAHASSEE, FL – The Florida Cabinet in early May unanimously appointed Mark Kagy as Citizens’ Inspector General (IG), a role he has served on an acting basis since 2018.

The Office of Inspector General (OIG) was created by statute in 2013 to *provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency*. The Florida Cabinet, acting as the Financial Services Commission, has sole responsibility for hiring and firing.

The OIG has the responsibility to initiate, direct, coordinate, participate in and perform audits, reviews, evaluations, studies and investigations designed to assess management practices, compliance with laws, rules and policies, and program effectiveness and efficiency.

The Inspector General reports to and is under supervision of the chair of the Board of Governors. The Executive Director or corporation staff may not prevent or prohibit the Inspector General from initiating, carrying out or completing any audit, review, evaluation, study or investigation.

“We congratulate Mark on this well-deserved permanent appointment,” said Carlos Beruff, Chairman of the Citizens Board of Governors. “He has provided invaluable service to the corporation and the board of governors over the past three years, and I look forward to working with him going forward.”

Kagy spent 18 years within offices of inspectors general at the Florida Department of Children and Families, the Florida Lottery, the Florida Department of Transportation and Citizens. He was hired in December 2014 by former IG Bruce Meeks as Director of Investigations to help create an OIG at Citizens. He became acting Inspector General in February 2018.

During a public interview at May’s Cabinet meeting, Kagy said Citizens plays a critical role in Florida’s property insurance market and has the potential to impact all Florida homeowners with assessments if it exhausts its ability to pay claims.

“This is why it is critical for Citizens to be operating with the highest level of ethics, integrity and accountability.” Kagy said. “Citizens is the people’s insurance company.”

Going forward, Kagy said he is working to seek accreditation for Citizens’ OIG, a certification he hopes to achieve within the next 12 months.

Citizens’ Board Unanimously Approves \$2.6 Billion in Risk Transfer

TALLAHASSEE, FL – Citizens Board of Governors have unanimously authorized Citizens to move forward on a \$2.6 billion risk transfer program to protect Citizens’ surplus in the event of a major storm or series of storms during the 2021 hurricane season.

The proposed risk transfer program reflects Citizens’ strategy to eliminate the potential of an assessment in a 1-in-100-year storm, preserve surplus, use aggregate coverage to address the impact of multiple storms and to optimize the use of both the traditional and capital markets, Citizens Chief Financial Officer Jennifer Montero told Board members at their May 11 meeting.

Coming off the heels of a turbulent 2020 reinsurance market, Montero said the global reinsurance market conditions are improving, but the Florida market is still experiencing dislocation due to litigation and social inflation, as well as continued adverse development.

Since October 2019, Citizens has seen its policy count jump from 420,000 to 584,000 and is now seeing increases of more than 5,000 new policies per week. At this pace, company officials expect the policy count to approach 750,000 by the end of 2021.

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For the Coastal Account, Citizens plans to transfer approximately \$1.7 billion of storm risk to the global traditional reinsurance markets and capital markets in 2021. Such coverage would protect 60% of Citizens' surplus in a 1-in-100 year event. Of that, approximately \$1.1 billion would come from traditional reinsurance and \$600 million from capital markets.

For the Personal Lines Account, Citizens plans to transfer \$926 million to the global traditional reinsurance and capital markets in 2021. The program would protect 30% of Citizens' surplus following a 1-in-100 year storm. Of that, approximately \$566 million would come from traditional reinsurance and \$360 million from capital markets.

News Links

[Hurricane Zeta reclassified at 7th major hurricane of the 2020 season, tying the 2005 record](#)
Sun Sentinel

[Florida Legislature Passes Major Changes to Auto, Property Insurance Markets](#)
Insurance Journal

[Storm season on the horizon, insurance market in crisis as homeowners face huge increases](#)
Palm Beach Post

[Hurricanes Are Not Just A Coastal Problem](#)
WUSF News

[Florida Citizens aims to near double new cat bond to \\$950m in size](#)
Artemis

[Legislature passes homeowner insurance overhaul, allowing higher Citizens rate hikes](#)
Florida Politics