

CitizensAdvisor



Citizens Bills Moving in Both Chambers

TALLAHASSEE, FL – A pair of measures supported by Citizens Property Insurance Corporation to return the company to its role as Florida’s insurer of last resort have advanced with bipartisan support in both chambers.

The [Appropriations Subcommittee on Agriculture, Environment, and General Government](#) approved [SB 1728](#) by [Sen. Jim Boyd \(R-Bradenton\)](#) a comprehensive bill related to Citizens that attempts to bring Citizens’ rates more in line with comparable private market policies.

Glide Path

The bill proposes several changes to Citizens’ “glide path.” The “glide path” is the term commonly used to refer to the statutory limitation on rate increases that may be imposed on an individual Citizens policyholder in a given year.

The bill would:

- Limit the glide path (currently 11%) to Personal Lines residential policies covering an insured’s primary residence and any Commercial Lines residential policy. Other properties would be charged the actuarially indicated rate.
- Prevent policyholder from renewing a Citizens policy if a private offer is made for comparable coverage within 20% of the Citizens renewal rate. Under current law, Citizens policyholders remain eligible for coverage unless the offer from an authorized insurer is less than the policyholder’s Citizens renewal premium.
- Policyholders receiving private market options through Citizens’ Depopulation Program would be ineligible to remain at Citizens if the private offer rates were within 20% of the policy’s renewal premium. Currently, a policyholder may reject a private offer for any reason.

Roofs

Regarding roof replacement, the bill allows insurers to offer coverage based on depreciated and actual cash value. The bill sets out requirements if such options are offered, including requiring full replacement for roofs less than 10 years old. The bill would require notification and establish maximum annual depreciation rates.

Marketing Efforts

Finally, the bill attempts to place some parameters on contractor marketing practices. The bill allows contractors to market their services to potential customers, if such communication includes the following disclosures:

- The consumer is responsible for payment of any insurance deductible.
- It is insurance fraud punishable as a felony of the third degree for a contractor to pay, waive or rebate all or part of an insurance deductible applicable to payment to the contractor for repairs to property covered by a property insurance policy.
- It is insurance fraud punishable as a felony of the third degree to intentionally file an insurance claim containing any false, incomplete or misleading information.

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February 28, 2022

Events

March 2 @ 12:30 p.m.

[Consumer Services Committee](#)
[Zoom Webinar](#)

March 9 @ 9 a.m.

[Information Systems Advisory Committee](#)
[Zoom Webinar](#)

March 9 @ 11 a.m.

[Market Accountability Advisory Committee](#)
[Zoom Webinar](#)

March 10 @ 1 p.m.

[Claims Committee](#)
[Zoom Webinar](#)

March 18 @ 11 a.m.

[Finance and Investment Committee](#)
[Zoom Webinar](#)

March 22 @ 2 p.m.

[Audit Committee](#)
Orlando Marriott Lake Mary
[Zoom Webinar](#)

Immediately following Audit

[Actuarial & Underwriting Committee](#)
Orlando Marriott Lake Mary
[Zoom Webinar](#)

Immediately following A&U

[Exposure Reduction Committee](#)
Orlando Marriott Lake Mary
[Zoom Webinar](#)

March 23 @ 8:30 a.m.

[Board of Governors](#)
Orlando Marriott Lake Mary
[Zoom Webinar](#)

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Other Provisions

SB 1728 increases the insurance expertise required of certain appointed members of the Citizens Board of Governors and requires that the Citizens Executive Director must have the qualifications necessary to serve in that role for an insurer that has a certificate of authority to transact insurance in Florida.

The [House Insurance and Banking Committee](#) passed a companion bill [HB 1307](#) by [Rep. Tommy Gregory \(R-Bradenton\)](#).

The House bill differs somewhat from SB 1728. Here are the major differences. The bill:

- Sets up a policy surcharge schedule based upon the number of Citizens policyholders. The surcharge is paid by Citizens' policyholder to offset a deficit.
- Eliminates the ability of Citizens to include the cost of reinsurance in its rate calculations if it does not purchase reinsurance.
- Eliminates Citizens' policyholders' ability to decline take-out offers from authorized insurers if the premium provided in the take-out offer is not more than a set percentage than Citizens' premium. This begins at 5% and increases incrementally to 20% by 2026. The bill also requires that Citizens notify policyholders of the fact that they have received such an offer and that the offer renders their risks ineligible for Citizens' coverage.
- Establishes that surplus lines insurers may participate in Citizens' take-out program subject to the insurers meeting certain financial requirements and having a depopulation, take-out, or keep-out plan approved by the Office of Insurance Regulation (OIR).

News Links

[It May Cost Floridians Thousands To Replace Storm-Damaged Roofs](#)
Sun Sentinel (via InsuranceNewsNet)

[Rates for Florida's Citizens Insurance to Start Climbing Feb. 1](#)
Insurance Journal

[Your home insurance coverage costs so much because big-money forces are at war](#)
Sun Sentinel (Subscription)

[Citizens Property seeks 11% hike in home insurance rates](#)
News Service of Florida (via Orlando Sentinel)

[Following Surfside tragedy: 'Why are we punishing homeowners who are completely innocent?'](#)
Florida Phoenix

[Citizens' Policies Jump as Lawmakers Look for Answers](#)
News Service of Florida (Subscription)

[Wilton Simpson says lawmakers will 'fail' citizens if they don't tackle homeowner insurance 'crisis'](#)
Florida Politics

[Hurricane fund reform could save Floridians \\$1 billion yearly, opponents claim otherwise](#)
The Capitolist

[Florida Senate Committee Approves Actual-Cash-Value Roof Bill](#)
Insurance Journal

[Proposed bills would tighten eligibility to keep Citizens Insurance](#)
Orlando Sentinel (Subscription)

[Florida House, Senate seek to address state's troubled homeowners insurance market](#)

News Service of Florida (via Daytona Beach News-Journal)

Spotlight



Stephen Mostella

Vice President -
Underwriting

Policies in Force

784,706

as of February 25, 2022

Quick Links

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[The Florida Channel](#)

[Board of Governors
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Citizens' Assessments: Florida's "Hurricane Tax"

TALLAHASSEE, FL – Citizens plays a unique role in Florida's property insurance market by providing coverage to eligible policyholders who can't find it at comparable rates in the private market.

One reason Citizens is often the least expensive option is the way we're built. Unlike a private insurance company, Citizens is required by law to levy assessments on its customers if funds set aside to pay claims have been exhausted after a major storm or series of less severe storms.

For Citizens policyholders, those assessments can be substantial. While Citizens remains in a strong financial position, it's important that they understand the assessment process and how it impacts them.

Here's how assessments work:

- If Citizens depletes its surplus and incurs a deficit, it must levy a Citizens Policyholder Surcharge of up to 15% per account for each of Citizens' three accounts – the Personal Lines, Coastal and Commercial Lines accounts. If a deficit is incurred in each of the three accounts, policyholders would see a 45% surcharge. These surcharges are added to your annual premium.
- If a deficit remains in the Coastal Account after levying the Citizens Policyholder Surcharge, Citizens must levy a regular assessment of up to 2% assessable statewide premium (excluding Citizens' policies), including homeowners, auto, specialty and surplus lines policies. This means, for example, that you could also see an increase on your automobile policy even though your auto is not insured with Citizens.
- If a deficit remains in the Personal Lines and Commercial Lines accounts, and in the Coastal Account after levying the 2% regular assessment, Citizens must levy an emergency assessment of up to 10% per account per year for each of Citizens' three accounts of assessable statewide premium. This includes Citizens and private-market policyholders for as many years as necessary until the deficit is eliminated.

That can add up. For a single policy with a \$3,000 premium, Citizens' policyholder surcharge alone could mean an additional \$1,350 bill when policyholders may already be recovering from a catastrophic loss.

Citizens purchases reinsurance and sells bonds to protect its \$6.5 billion surplus and reduce the chance that its customers will be hit by a "hurricane tax" when they are least able to afford it. Since 2015, Citizens has had sufficient claims paying ability to handle a 1-in-100-year storm without having to seek assessments.

But the risk of assessment is real, especially as Citizens continues to see its policy count rise in the face of challenges in the private market. Citizens' customers can reduce their assessment risk by finding coverage with another company. Policyholders should consult their agent who is in the best position to help find options that best fit their needs.

Additional information on assessments and surcharges is available on the [Citizens website](#).

Who Will Pay Citizens' Assessments After the Next Hurricane?

We all could.

If Citizens is required to charge assessments following a major catastrophe, nearly every policyholder in Florida could be required to foot the bill – even if you aren't a Citizens customer or you don't own a home. That's because Citizens assessments can be charged on nearly every type of property and casualty policy, including, but not limited to, homeowners, renters, auto, boat and pet insurance policies.

For more information about how Citizens assessments could affect your bottom line, visit www.citizensfla.com/assessments.

Call Citizens First to report a claim 24/7 at our toll-free claims reporting hotline 866.411.2742.

Up to 45% Home*

2% Pets

2% Boat

2% Auto

*Up to 45 percent for Citizens policyholders and 2 percent for non-Citizens policyholders

Click image to enlarge.