

CitizensAdvisor



2022 Legislative Update: Session Wrap Up

TALLAHASSEE, FL – The 2022 Legislative Session ended on Monday, March 14, with lawmakers unable to reach agreement on a Citizens-backed measure to address challenging market conditions that have led to explosive growth for the state-backed insurer.

Last-minute negotiations failed to settle differences between the chambers over the wide-ranging package that included eligibility changes to Citizens' Depopulation Program and Property Insurance Clearinghouse and other proposals to make Citizens more competitive with the private market.

"We were extremely disappointed that no property reform was passed during this session," said Barry Gilway, President, CEO and Executive Director. "Unfortunately, without significant reform, Floridians can expect the rate increases most are experiencing to continue. They will also be more limited in the choice of companies interested in providing coverage."

A handful of other insurance-related items did pass both chambers and will be presented to Gov. Ron DeSantis within the next several weeks for his approval.

Bills of interest that passed:

[HB 749](#) by Rep. Chuck Clemons, R-Jonesville

The bill makes a number of changes relating to public adjusters, including establishing a new maximum fine amount of \$20,000 per act for a public adjuster, public adjuster apprentice or an unlicensed individual who commits certain prohibited acts during a state of emergency declared by the Governor. The bill also makes it easier for insurers to collect legal fees when fraud has been committed.

[HB 837](#) by Rep. Matt Willhite, D-Wellington

The bill extends the Hurricane Loss Mitigation Program within the Division of Emergency Management for 10 years.

[HB 959](#) by Rep. Chip LaMarca, R-Lighthouse Point

This is a comprehensive bill addressing the Department of Financial Services (DFS). Among its provisions, the bill provides DFS with additional authority for investigation of licensees; allows unaffiliated insurance agents to adjust claims without surrendering their appointments; revises state statutes regarding fingerprints in background checks to comply with federal law; and creates notice requirements for insurance agencies that stop doing business.

[HB 1023](#) by Rep. Tom Fabricio, R-Hialeah

The bill amends the Florida Insurance Guaranty Association (FIGA) statute to state that property and casualty insurers are not required to recoup the cost of assessments levied by the Office of Insurance Regulation (OIR) on behalf of FIGA.

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March 25, 2022

Events

March 31 @ 1 p.m.
[Public Rate Hearing](#)

July 2022
[Board of Governors](#)

Spotlight



Ken Tinkham

Deputy General Counsel -
Corporate Legal

Policies in Force

802,260

as of March 18, 2022

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An insurer that declined to recoup an assessment would still make payments to FIGA but would not be permitted to record the assessment as an asset on its annual financial statement. The board may ask the OIR to permit payments on a quarterly basis.

[SB 1058](#) by Rep. Travis Hutson, R-Palm Coast

The bill authorizes the State Board of Administration to provide Catastrophe Fund coverage to authorized insurers or Citizens for the policies of unsound insurers that Citizens or an authorized insurer assumes or for which it otherwise provides coverage.

[HB 7071](#) by Rep. Bobby Payne, R-Palatka

The bill is a robust tax package that includes the extension of the Disaster Preparedness Holiday from 10 days to two weeks. HB 7071 also adds a two-year exemption for impact-resistant windows, doors and garage doors from July 1, 2022, to June 30, 2024, for residential properties.

Bills of interest that did not pass:

[SB 186](#) by Sen. Jeff Brandes, R-St. Petersburg: Citizens Property Insurance Corporation

[SB 468](#) by Sen. Keith Perry, R-Gainesville: Insurance Omnibus

[SB 1910](#) by Sen. Joe Gruters, R-Sarasota: Contingency fee multipliers

[HB 1307](#) by Rep. Tommy Gregory, R-Bradenton: Citizens Property Insurance Corporation

[SB 1402](#) by Sen. Danny Burgess, R-Zephyrhills: Domestic insurers

[SB 1728](#) by Chairman Jim Boyd, R-Bradenton: Property insurance

[SB 1850](#) by Sen. Annette Taddeo, D-Miami: Election of Commissioner of Insurance

[SB 1926](#) by Sen. Linda Stewart, D-Orlando: Disposition of insurance proceeds

[HB 5015](#) by Rep. Danny Perez, R-Miami: Evaluation of significant state risks

Citizens Board Calls for Cost Savings as Market Challenges Continue

LAKE MARY, FL – Citizens Board of Governors on March 23 urged staff to strengthen the company's financial position as the state's insurer of last resort face challenges brought on by increased policy count, litigation and a continued weak private insurance market.

Despite Citizens' overall financial health – the company has \$6.5 billion in reserves - Citizens Chairman Carlos Beruff said Citizens must look for ways to cut costs and/or raise revenues to stem underwriting losses as the Florida market continues to experience challenges.

Citizens, like other carriers, has posted underwriting losses since 2015. Citizens investment portfolio has offset those losses and allowed the company to post positive net income since 2019. Citizens in 2021 posted net income of \$81.1 million despite an underwriting loss of \$166.5 million.

"We just want to be solvent so when a CAT event comes, we are not sticking Floridians with a Citizens assessments across the state," Beruff said. "That is my mission."

Citizens is already taking actions to reduce exposure, including increased inspections, policy changes and robust public education efforts. Among his suggestions, Beruff urged the company to review its administrative costs and contracts with suppliers to see if savings can be realized.

While Citizens can make changes to administrative costs, revenue increases may not keep pace with the increased exposure that accompanies policy growth. Nine out of 10 times, Citizens rates are lower than comparable private policies.

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Citizens is restricted by law to annual rates increases of 11% or less. Meanwhile, private companies have been raising premiums at higher rates. Proposals to slow Citizens policy count growth did not pass the 2022 Legislative session.

“Until we get some legislative relief...we are stuck chasing our tails,” said Citizens Board member Scott Thomas.

In other action, Citizens Chief Financial Officer Jennifer Montero updated board members on Citizens risk transfer options for the 2022 hurricane season. Citizens is in the process of purchasing risk transfer to reduce the risk of Citizens policyholder surcharges and assessments on all property insurance policyholders in the event of a major storm or series of storms.

Citizens is in a strong financial position as it pursues risk transfer options. Montero is expected to return to the board in May with a set of recommendations for its approval. The 2022 hurricane season begins June 1.

Home Inspections Critical for Proper Coverage

JACKSONVILLE, FL – Citizens has begun inspecting more properties under an expanded property inspection program to help confirm that homes are in an insurable condition and all features have been accounted for.

We’re ramping up our free inspection program for numerous reasons. At the top of the list is making sure properties meet minimum underwriting guidelines so potential issues are identified before a loss occurs. This allows policyholders to address deficiency issues – a hidden leak or damaged roof, for example – ahead of time.

Generally, Citizens will order new-business inspections within the first 30 days of issuance. Renewal inspections will be scheduled prior to policy renewal.

Citizens has contracted with a handful of inspection firms to conduct these inspections. They are:

- C&E Information Services
- Mueller Services Inc.
- Sutton Inspection Bureau Inc.

Note: Additional inspection companies may be added later.

Here’s How It Works

Citizens will send policyholders a separate email if their policy has been selected for an inspection. Their agent will also be notified that clients have been selected for inspection. Seasonal residents should contact their agent and Citizens with their availability.

The inspection company will then contact customers via email, phone or mail if the policy has been selected for inspection. Their communication will include the type of inspection to be conducted.

Inspectors will adhere to COVID-19 protocols and provide identification when they arrive. Insureds or their representative need to be present for an interior inspection. They do not need to be present for an exterior-only inspection provided access is available to the entire exterior of the home.

Once the inspection is complete, the agent will receive a copy of the report. Customers will be contacted *only* if there is an issue that needs to be addressed. The agent will be their point of contact.

These free inspections may help policyholders avoid major problems in the future by verifying that their property meets minimum underwriting guidelines and brings Citizens closer to private market standards. Agents will be there to assist customers throughout the process, and we’re also [here to help](#).



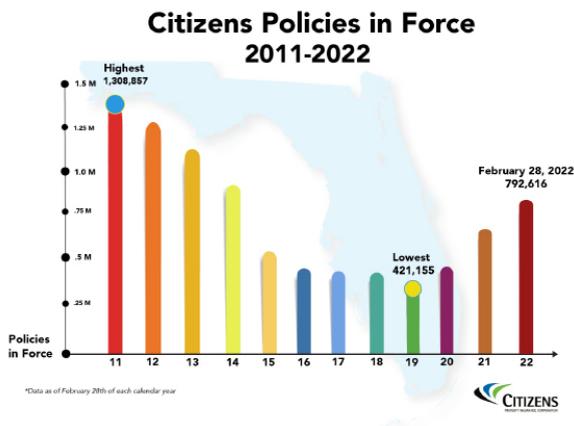
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Citizens By the Numbers

Citizens' policy count is a direct reflection on the health of the private insurance market. When the market is healthy, we shrink. When the market faces challenges, like it does today, our policy count goes up.

Here is a comparison of Citizens' policy counts over the past decade:

- February 2013: 1,284,995 policies
- February 2014: 941,221 policies
- February 2015: 595,671 policies
- February 2016: 485,588 policies
- February 2017: 449,757 policies
- February 2018: 437,868 policies
- February 2019: 421,155 policies
- February 2020: 443,522 policies
- February 2021: 552,340 policies
- February 2022: 792,616 policies



Click image to enlarge.

News Links

Property Insurance Reform

[Florida Legislature leaves without addressing property insurance crisis](#)

Tampa Bay Times

[Homeowners insurance: Florida Legislature fails to pass major reform bills. What happens now?](#)

TCPalm

[Republican State Sen. Jeff Brandes Upset Homeowners Insurance Crisis Wasn't Addressed During Legislative Session](#)

CBS4 Miami

[Insurance reform died last week. Will lawmakers come back to address it in Special Session?](#)

Florida Politics

Surfside Condominium

[Lawmakers unable to find common ground on reforms after deadly Surfside condo collapse](#)

News Service of Florida (Pensacola News Journal)

[After Insurance, Condo Bills Fail, Florida Lawmakers Talking Special Session](#)

Insurance Journal

[Florida Legislature can't agree on bill to increase aging condo inspections](#)

Tampa Bay Times

[Florida lawmakers fail to pass safety legislation after Surfside tragedy](#)

The Hill

Other

[Slide takes over 140K St. Johns Insurance policies](#)

Florida Politics

[Demotech Gives New Kid, Slide, a Top Financial Rating, Thanks to Capital Raised](#)

Insurance Journal

[Legislature includes 'Home Hardening' initiative in tax package, priority of Jimmy Patronis](#)

Florida Politics

[Florida Class Action Wants Answer: Must Insurer Pay Attorney Fees for Pre-Suit Notices?](#)

Insurance Journal