

CitizensAdvisor



Citizens 2022 Reinsurance Plan

TALLAHASSEE, FL – As of June 1, Citizens Property Insurance Corporation’s reinsurance program totaled \$2.51 billion of coverage to help protect its surplus during the 2022 hurricane season. The program is comprised of \$1.25 billion from traditional reinsurance and \$1.26 billion in CAT bond coverage from the capital markets.

Citizens continues to evaluate its available options to complete the placement of its reinsurance program for 2022.

Tight market capacity hindered Citizens’ goal to secure \$3.44 billion to protect surplus in the event of a 1-in-100-year storm in both Coastal and Personal lines accounts. Citizens secured \$941 million in new traditional reinsurance to protect its coastal account policies. The placement represents about 76% of what Citizens was attempting to purchase.

Capacity was especially tight for policies located further inland. Citizens was able to obtain \$308 million in traditional reinsurance to protect policies in the Personal Lines Account (PLA), which is growing rapidly due to challenging conditions in the private market. Citizens also secured a \$200 million catastrophe bond to pay claims in the PLA. Citizens had originally planned to purchase \$2.19 billion in new coverage for policies in the PLA.

Citizens Chief Financial Officer Jennifer Montero, who led Citizens’ team during negotiations, said the state-created insurer remains in a strong financial position to pay claims. That said, Citizens purchased less risk transfer than it originally planned because it was not willing to pay what it considered unreasonable rates for coverage.

“We came up with fair prices and we have stuck with them,” Montero said. “We will not chase capacity at these exorbitant prices. We’re not trying to take advantage of the market, and we don’t want the market to take advantage of us.”

June 17, 2022

Events

June 23 @ 1 p.m.
[Claims Committee](#)
[Zoom Webinar](#)

July 12 @ 1 p.m.
[Audit Committee](#)
The Alford Inn
[Zoom Webinar](#)

Immediately following Audit
[Finance and Investment Committee](#)
The Alford Inn
[Zoom Webinar](#)

Immediately following FIC
[Actuarial & Underwriting Committee](#)
The Alford Inn
[Zoom Webinar](#)

Immediately following A&U
[Exposure Reduction Committee](#)
The Alford Inn
[Zoom Webinar](#)

July 13 @ 8:30 a.m.
[Board of Governors](#)
The Alford Inn
[Zoom Webinar](#)

Immediately following Citizens BOG
[FMAP Board of Governors](#)
The Alford Inn
[Zoom Webinar](#)

Florida's 2022 Special Session: What Happened?

TALLAHASSEE, FL – The Florida Legislature during a special session on property insurance completed its work last month on a package of initiatives that will go a long way toward shoring up the Florida market and providing some relief for Florida consumers.

While the reforms did not include Citizens-specific changes, these efforts will improve the stability of the Florida market by reducing litigation and abuse, providing additional reinsurance protections to carriers, and protecting thousands of consumers from policy cancellations and nonrenewals.

Leaders in both the Senate and House of Representatives have signaled issues specific to Citizens will be considered as Phase II of the overall plan to create a more stable property insurance market.

Citizens is working with internal teams on the implementation of the provisions of [SB 2D](#) and [SB 4D](#), which impact Citizens. The initial implementation kick-off meeting took place prior to the Memorial Day holiday.

Here is a general summary of what happened during the special session.

Attorney Fees

This legislation prevents contractors, public adjusters and law firms from charging attorney fees in claims involving assignment of benefit (AOB) contracts. The policyholder retains the right to collect for legal expenses in AOB cases.

Lawmakers limited the ability of the courts to apply fee multipliers to "rare" and "exceptional" cases, which is consistent with federal law.

Roof /Coverage/Deductibles

House and Senate negotiators produced a compromise on roof replacement coverage following an unsuccessful attempt in the regular session.

The compromise prevents insurers from cancelling or nonrenewing policies based solely on age for roofs less than 15 years old. For older roofs, the bill allows policyholders to maintain coverage if a licensed inspector confirms the roof has at least five years of useful life remaining.

The Legislature tightened requirements for the full replacement of damaged roofs by increasing the threshold for full replacement from 25% to 50% damage to the roof.

Regarding policies, insurers can now offer an optional roof deductible based on actual cash replacement value. The deductible cannot exceed 2% of coverage A or 50% of the replacement cost for a new roof. The insurer must adjust the premium to reflect the change.

These deductibles are waived in certain cases, including a total loss, hurricane damage or if the damage is less than 50% of the roof's replacement cost. Insurers must continue to offer traditional policy coverage in which standard deductions apply.

Contractor Advertising

Contractor advertising must clearly state that the consumer is responsible for payment of any insurance deductible and that filing a false claim is a felony. Any marketing must also state that it is a felony for contractors to pay deductibles or offer rebates.

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Spotlight



Jennifer Montero
Chief Financial Officer

Policies in Force

892,636
as of June 10, 2022

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[The Florida Channel](#)

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Reinsurance

The bill authorizes \$2 billion to create an additional level of free reinsurance coverage for insurers that kicks in following less-severe storms. The Reinsurance to Assist Policyholders program – RAP – helps private carriers save on what is typically their largest expense. If triggered, RAP funds will reimburse private insurers based on their market share. Most private insurance companies will be required to access RAP once over the next two years and pass any savings to their policyholders. As Florida's residual carrier, Citizens is excluded from participating, per statute.

Condominiums

Although not originally part of the call, the Legislature added provisions to SB 4D aimed at preventing a repeat of the tragic 2021 Surfside condominium collapse. Among the changes, the state will now require inspections for all high-rise condominiums over 30 years old that are higher than three stories. Coastal condos would require more frequent inspection. Condo associations would no longer be able to postpone needed structural repairs and must be more transparent with condo owners regarding inspections.

Other provisions:

- Provide \$150 million for the My Safe Florida Home Program for mitigation grants, inspections, education and consumer awareness. Grants will be matched on the basis of \$2 provided by the state for every \$1 provided by the application up to \$10,000. The matching program expires on October 1, 2024.
- Require the Office of Insurance Regulation (OIR) to more closely track and publish its findings related to the financial health of insurance companies, insolvencies and disciplinary actions.
- Create a Property Insurance Stability Unit at the Florida OIR to monitor financially challenged insurers. The unit must also provide semiannual reports on the health of the Florida property insurance market.
- Require insurance companies to provide more information to the OIR by eliminating the trade secret protections for statewide data.
- Require insurance companies to respond to a claim more quickly.



News Links

[Citizens Policy Count Up 45 Percent in Year](#)

News Service of Florida/WFSU

[Regulation essential to success & sustainability of embedded insurance: AM Best](#)

Reinsurance News

[Amid turbulence in FL property insurance market, homeowners still have options - but not many](#)

Florida Phoenix

[Another Sunshine State insurer falls: Southern Fidelity enters receivership](#)

PropertyCasualty360

[Florida's Litigated Claims Dropped 14% from April to May for Largest Carriers](#)

Insurance Journal

[Florida Plaintiffs Claim Victory After Dropping Suit to Block SB 76's Solicitation Ban](#)

Insurance Journal

[Hurricane Andrew still impacts Florida building code](#)

WFLA

Hurricane Season is Here. Are You Ready?

TALLAHASSEE, FL – It's June, and hurricane season is here. Now is the best time to make sure plans are in place to protect your family and your home when the wind starts to blow. Citizens has assembled a list of resources to help you get ready and guide you through all phases of the process.

To keep you informed, Citizens has partnered with the Florida Public Radio Emergency Network (FPREN) to bring the latest news about catastrophic weather impacting your area. Following a storm, FPREN updates can be heard on public radio stations and on the [Florida Storms](#) mobile website.

The Citizens website also features a [Storm Tracker feed](#), which delivers real-time [National Hurricane Center](#) updates directly to your desktop and mobile device. Citizens also offers storm preparation and response information through Facebook and Twitter at [@citizens_fl](#).

Going into the 2022 hurricane season, policyholders should:

- Pack a [disaster supply kit](#), learn their [evacuation route](#) and develop a [family communication plan](#) that includes emergency contact information. Don't forget to [create a plan for your pets](#)! Not all emergency shelters allow pets.
- Fill their vehicle with fuel, bring in lawn furniture and clean up their yard to minimize flying debris.
- Register for [myPolicy](#), Citizens' online and mobile-friendly policyholder self-service tool, to report a claim, view and download policy documents (excluding claim documents) or make a payment. Verify that Citizens has up-to-date contact and mortgage information.
- Review their policy to learn about applicable deductibles. Contact their agent with questions about coverage options and/or to make changes. To obtain general information about [coverages](#) and [deductibles](#), visit the [Learning](#) section of our website.
- Ensure that all key [property and family information](#) (insurance policies, health records, financial records, pet records, identification details, [home inventory](#), etc.) is stored in a safe, waterproof and easy-to-access location.
- If directed to weather out the storm at home, find a spot away from windows and doors to hunker down. An interior room or closet is a good space. Keep disaster supplies and family documents close.

More information on how to prepare your family in the event of a storm can be found on the [Citizens website](#).

If you experience property damage, visit [myPolicy](#) to report a claim.

Don't have access to a computer or a mobile device? We are here for you. If you have any additional questions or policy needs, contact Citizens at 866.411.2742 weekdays from 8 a.m.-5:30 p.m. ET for further assistance or to file a claim 24/7.

What's in Your Kit?
Hurricane Preparedness Kit

Build your hurricane kit with the following items:

Reusable ice/ice packs to keep food cold if the power goes out	Battery-powered flashlights or lanterns	Self-contained first-aid kit, including pet medications	Food and water for three to seven days for each person and pet	Weather band radio to monitor weather alerts	Tarps or flexible, waterproof sheeting in case your home is damaged
Batteries and car chargers for phones and mobile devices	Games and toys	Pet supplies and food	Cash for post-storm purchases	Important household documents (insurance policy, immunization records, bank information)	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

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FLORIDA PUBLIC RADIO EMERGENCY NETWORK

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