

CitizensAdvisor



Citizens Is Ready to Back Up Private Carriers

TALLAHASSEE, FL – Citizens will step in to assist property insurance policyholders adversely impacted by recent private-insurer rating downgrades under a temporary plan announced last month by the Florida Office of Insurance Regulation (OIR).

Responding to warnings by the Demotech rating agency that at least 17 private domestic insurance companies could face rating downgrades, OIR's action will ensure that policyholders continue to receive coverage through their current insurer.

Citizens President, CEO and Executive Director Barry Gilway said Citizens worked closely with the OIR, the Governor's office, the Chief Financial Officer's office and other stakeholders to build a safety net that would satisfy Fannie Mae and Freddie Mac. The federal mortgage loan guarantee programs require that mortgages backed by them are insured by A-rated companies or the liability is completely backed by a financially secure reinsurer. Under the plan, Citizens and the Florida Insurance Guaranty Association (FIGA) would play that reinsurer role.

"As Florida's insurer of last resort, Citizens is ready to do what it can to stabilize the Florida property insurance market and ensure that Floridians have access to the coverage they need to protect their families and their homes," Gilway said. "It's part of our mission, and we are prepared to do whatever is required."

In broad terms, the OIR plan authorizes Citizens to enter into agreements with insolvent private companies if OIR determines the company meets Florida Insurance Code requirements despite a Demotech downgrade. If a downgraded company becomes insolvent, Citizens will assume liability for qualified claim amounts not covered by FIGA, the state's insurance safety net.

The plan is intended as a temporary stopgap to support the market through the 2022 hurricane season and is set to expire on June 1, 2023. Details, including FAQs, are available on the [OIR website](#).

August 15, 2022

Events

August 30 @ 10 a.m.
[Information Systems Advisory Committee](#)
[Zoom Webinar](#)

August 31 @ 10 a.m.
[Market Accountability Advisory Committee](#)
[Zoom Webinar](#)

August 31 @ 12:30 p.m.
[Consumer Services Committee](#)
[Zoom Webinar](#)

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

September 20 @ 1 p.m.
[Audit Committee](#)
[World Golf Village Renaissance](#)
[Zoom Webinar](#)

Immediately following Audit
[Finance and Investment Committee](#)
[World Golf Village Renaissance](#)
[Zoom Webinar](#)

Immediately following FIC
[Actuarial & Underwriting Committee](#)
[World Golf Village Renaissance](#)
[Zoom Webinar](#)

Immediately following A&U
[Exposure Reduction Committee](#)
[World Golf Village Renaissance](#)
[Zoom Webinar](#)

September 21 @ 8:30 a.m.
[Board of Governors](#)
[World Golf Village Renaissance](#)
[Zoom Webinar](#)

Citizens Board of Governors Meets

WINTER PARK, FL – The Citizens Board of Governors welcomed new members during a relatively light quarterly meeting in July that included updates on Citizens’ risk transfer program, outreach efforts and recently approved rates that will go into effect later this year.

Board Chairman Carlos Beruff kicked off the meeting by welcoming Jason Butts and JoAnne Leznoff to the Board. Both were appointed by House Speaker Chris Sprowls.

Barry Gilway, Citizens’ President, CEO and Executive Director, provided an update on the state of the Florida insurance market. Gilway estimated that Citizens will approach 1.2 million policies by the end of the year as private insurance companies continue to shed policies.

Recent legislative reforms will certainly help improve the market, but those changes will take some time – 12 to 18 months – to have a significant impact. Recent figures show the frequency of litigation declining, but Citizens’ pending litigation count continues to rise due to the increase in policy count, which has doubled since June 2020 to more than 1,000,624 policies as of August 5, 2022.

Citizens’ Chief Financial Officer Jennifer Montero reported that her team was successful in securing \$2.51 billion in coverage for the 2022 hurricane season. That figure includes \$1.45 billion in new coverage and \$1.06 billion of renewal coverage at a cost of approximately \$215 million. In all, Citizens remains in a strong financial position, with \$13.4 billion in claims paying ability.

Citizens’ General Counsel Tim Cerio outlined a proposal being sent to the OIR that would allow either party in certain claims disputes to request an administrative hearing instead of going to the civil courts. If approved, the change would result in quicker decisions in many litigated cases, which now take an average of 435 days to resolve. The average administrative hearing is concluded within 150 days.

A full list of [agenda items](#) is available on the Citizens website. Following the regular Board meeting, members reconvened briefly to fulfill their governing role of the Florida Market Assistance Program, the state-created property insurance referral service. The [next Board meeting](#) is scheduled for September 21, 2022.

Spotlight



Kelly Booten
Chief Operating Officer

Policies in Force

1,000,624
as of August 5, 2022

Quick Links

- [Newsroom](#)
- [Legislative Resources](#)
- [Outreach Form](#)
- [Online Sunshine](#)
- [The Florida Channel](#)
- [Board of Governors Materials](#)



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WHAT IS A HURRICANE DEDUCTIBLE?

The Hurricane deductible is an out-of-pocket expense you are responsible for, and must be exceeded, before Citizens will pay for covered damage under your policy.

HOW DOES IT WORK?

For example, if your home is insured for \$250,000 and has a 2% Hurricane deductible you are responsible for \$5,000 in repairs. In the event of a total loss, Citizens pays up to the policy limits.*



It's important to remember that Hurricane deductibles are applied on a calendar-year basis. During a busy hurricane season, you only will be required to pay your Hurricane deductible once – even if you make repairs from multiple named storms. Keep receipts for hurricane repairs even if you don't reach your deductible.



*Individual policy coverage limits may result in payouts above \$245,000. Ask your agent for details.

WHEN DOES THE HURRICANE DEDUCTIBLE KICK IN?

Citizens applies Hurricane deductibles to claims when a tropical storm or hurricane watch or warning has been issued by the National Weather Service for any part of the State of Florida.



Questions?

Ask your agent what options are available with your policy coverages.

Call Citizens First

866.411.2742
Report your claim online via myPolicy at citizensfa.com/mypolicy
24 hours a day, seven days a week



[Click image to enlarge.](#)

OIR Approves Citizens' 2022 Rates

TALLAHASSEE, FL – The Florida Office of Insurance Regulation (OIR) in late June approved 2022 rates for Citizens after rolling back some of the rate increases approved by Citizens' Board of Governors earlier in the year.

Following a public hearing and previous revisions, the OIR approved a 6.4% average increase for homeowners multiperil coverage. Citizens had requested a 10.7% increase. The regulator also trimmed Citizens request for wind-only rates by reducing Citizens' 10% recommendation to 9.8%.

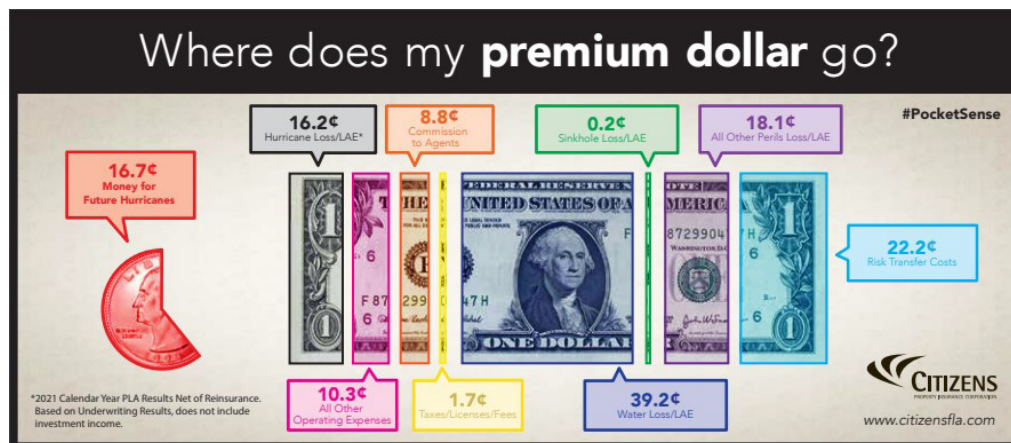
The new rates will begin taking effect on October 1, 2022, for Commercial Lines customers and November 1, 2022, for Personal Lines policyholders.

[Average rates and premiums](#) vary widely across Florida.

In recommending lower rates for these particular policies, the OIR noted that a small percentage of Citizens policyholders would be eligible for rate reductions, a factor that prompted the agency to approve a lower rate than what Citizens had recommended.

Citizens' Board of Governors approved a slate of rate recommendations in December, directing Citizens actuaries to do what they could to close the gap between Citizens' premium prices and comparable private market policies. At that time, Citizens rates were, on average, about 37% lower than comparable private policies.

"We need to take a look at all our options to stop this unsustainable trajectory," Citizens' Board Chairman Carlos Beruff said in December.



Ashburn Recognized by LAAIA

HOLLYWOOD, FL – The Latin American Association of Insurance Agencies (LAAIA) in July named Citizens' Chief of Communications, Legislative and External Affairs, Christine Ashburn, its Mary B. Fernandez Insurance Woman of the Year for 2022. Ashburn was honored at the group's annual convention held in Hollywood, Florida, alongside Insurance Man of the Year Award winner, Senator Jeff Brandes

The association praised Ashburn's leadership and breadth of industry knowledge, saying she is well-known and highly respected among Florida's top property insurance experts and lawmakers. She is often requested to provide insights that help guide and shape property insurance reforms and regulations, both for Citizens and the state's insurance industry at large.



Ashburn is also responsible for leading programs to advance Citizens' ability to carry out its mission and support its policyholders. She steadfastly upholds and manages the corporation's brand identity as well as all aspects of internal and external communications.

Property Insurance Stability Report Now Available

TALLAHASSEE, FL – Wondering what the average homeowner's premium is in Broward County? Or whether litigation rates are increasing across the state? Answers to these questions are only a click away.

The Florida Office of Insurance Regulation last month released the [Property Insurance Stability Report](#) to provide up-to-date market information on Florida's insurance market.

The semi-annual report contains data from multiple state and national resources, including the National Association of Insurance Commissioners (NAIC), on a wide range of topics regarding litigation practices and outcomes, average homeowners' and condo owners' premium by county, and the availability of global reinsurance.

The report also looks at private market conditions, profitability and trends while tracking insurers experiencing financial difficulties that may impact their ability to provide coverage for Florida property owners.

The reports will also track the progress of recently passed legislation by following the impact of [SB 76](#), passed in 2021, and [SB 2D](#), which was approved earlier this year. The next report is due January 1, 2023.

News Links

[Florida's latest insurance crisis was decades in the making](#)

Tampa Bay Times

[Demotech Downgrades Three in Florida; AM Best, KBRA Say They're Available](#)

Insurance Journal

[Overdue or Overboard? Florida Divided on Demotech's Planned Downgrades](#)

Insurance Journal

[No risk to Citizens' reinsurance from Florida OIR temporary arrangement](#)

Artemis

[Florida Citizens surpasses 1 million insurance policies again](#)

Artemis

[Goodbye Courtroom? Florida Citizens Wants Claims Disputes Heard by Admin Judges](#)

Insurance Journal

[Thousands of South Florida Citizens customers to get rate break](#)

Sun Sentinel

[Governor, Florida Cat Fund Board Agree to Raise Premiums for Insurers](#)

Insurance Journal