

# CitizensAdvisor



## Board Approves 2023 Rate Recommendations

TALLAHASSEE, FL – Citizens Property Insurance Corporation’s Board of Governors on March 29 approved 2023 rate recommendations that reflect the impacts of reinsurance costs, litigation and recent legislative reforms.

Board members recommended rates for 2023 that call for a statewide average increase of 14.2% for all Personal Lines policies – homeowners, condominium units, dwellings, renters and mobile homes. Individual premiums may increase by more than that because of higher replacement costs due to inflation in the construction market.

Homeowner policy rates would increase by an average of 13.9%. Condo owners would see an average 14.6% increase. If approved by the Office of Insurance Regulation (OIR), the 2023 rates would go into effect for new and renewal personal residential policies beginning November 1.

“No one wants their rates to go up. We completely understand that,” said Tim Cerio, Citizens’ President/CEO and Executive Director. “But the fact is that Citizens’ rates remain actuarially unsound and artificially low. This inadequacy is unsustainable and heightens the risk of assessments on all Florida insurance consumers.”

An analysis of homeowners multiperil rates conducted in November 2022 found Citizens’ statewide average premium was 44% below premiums charged by nine private companies representing 24% of the market.

Explicit adjustments were made in the 2023 recommendations to account for the anticipated savings from the passage of [SB 2-A](#) by the Florida Legislature in December 2022, which lowered Citizens’ uncapped rate need by 36.8%. After taking those savings into account, Citizens’ proposed rates for Personal Lines policies remain 57.9% below the uncapped rate needed to be actuarially sound.

Citizens is required by law to recommend actuarially sound rates while complying with a legislative glide path that caps individual rate increases at 12% in 2023 and 13% in 2024 for primary residences, excluding coverage changes and surcharges. The 2023 recommendations also consider legislative reforms passed in December 2022, including a provision to allow increases of up to 50% for nonprimary residences.

**April 19, 2023**

### Events

**May 16 @ 1:30 p.m.**  
[Board of Governors](#)  
[Zoom Webinar](#)

### Spotlight



#### **[Ricky Polston](#)**

General Counsel and  
Chief Legal Officer

### Policies in Force

**1,256,076**

as of April 14, 2023

# Citizens Hires Former Florida Supreme Court Justice Ricky Polston as New General Counsel

TALLAHASSEE, FL – Citizens Property Insurance Corporation’s Board of Governors on March 29 unanimously approved the appointment of retiring Florida Supreme Court Justice Ricky Polston to become Citizens’ new General Counsel and Chief Legal Officer.

“When the stars align, best stay out of the way,” Chairman Carlos Beruff said. “Justice Polston’s accounting, insurance litigation and judiciary experience make him uniquely qualified to lead Citizens’ legal team as General Counsel. We are lucky to have him.”

Appointed in 2008 to Florida’s highest court, Polston served as chief justice from 2012 to 2014. During his 15-year tenure, he rendered hundreds of decisions during a period of dramatic change in the Florida real estate, banking and insurance markets. With the 2023 legislative session in progress and hurricane season around the corner, Polston began his new duties April 3.

“Justice Polston brings an incredible level of integrity, legal acumen and insurance expertise to Citizens as we address the challenges and opportunities facing our company and the industry as a whole,” said Tim Cerio, Citizens’ President/CEO and Executive Director. “He is a tremendous addition to our leadership team, and I’m looking forward to working with him as we move forward.”

A graduate of Chipola College and Florida State University (FSU), Polston worked as a certified public accountant before earning his law degree in 1986 from the Florida State University College of Law. He spent the next 14 years in private practice, specializing in commercial litigation before being appointed to the First District Court of Appeal in 2001.

In addition to his judicial duties, Polston has been an adjunct professor at the FSU College of Law since 2003, teaching various courses including Insurance Law, Florida Constitutional Law and Florida Alternative Dispute Resolution.

A Florida Panhandle native who grew up in Graceville, Polston and his wife, Deborah Ehler Polston, have been married 45 years, have 10 children – including an adopted sibling group of six – and numerous grandchildren.

“I’m grateful to the Board for their confidence and support,” Polston said. “After a fulfilling career in the Florida judiciary, I’m excited to join CEO Tim Cerio and the strong leadership team at Citizens for this new chapter of my professional life. Citizens is critical to bringing stability to Florida’s insurance market.”

## Quick Links

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# Citizens Extends Time for UPC Customers to Apply, Submit Repair Contracts

TALLAHASSEE, FL – Assisting former United Property & Casualty (UPC) customers recovering from Hurricane Ian, Citizens Property Insurance Corporation will allow UPC policyholders with existing damage 90 days after becoming Citizens policyholders to provide signed contracts for repairs.

On March 30, Citizens' President/CEO and Executive Director Tim Cerio announced that former UPC policyholders will have until June 27, 2023, to provide proof that repair contracts have been entered even if repairs have not begun.

"Because of reported contractor shortages in southwest Florida after Hurricane Ian, Citizens is allowing UPC applicants who have existing damage to their home 90 days to submit a contract to repair the damage," Cerio said. "We think this is the right thing to do and can help those still suffering hardship in the aftermath of Ian."

In addition, Citizens allowed new UPC customers until April 17, 2023, to apply for Citizens coverage, which retroactively took effect back to March 29, 2023, which is UPC's policy termination date under a liquidation order issued in February.

"This will allow agents additional time to assist consumers shopping for replacement coverage," Cerio said.

UPC was ordered into liquidation in February. The Florida Department of Financial Services was appointed as Receiver of UPC, and all policies are being cancelled effective 12:01 a.m. on March 29, 2023. The liquidation order affected approximately 59,000 UPC policyholders.

## Who Will Pay Citizens' Assessments After the Next Hurricane?

**1**

**CITIZENS POLICYHOLDER SURCHARGE**

Citizens has three accounts for its policies: Personal Lines, Coastal and Commercial Lines accounts. Suppose a devastating storm or series of storms leaves a deficit in one or more account (meaning there is a need for additional funds to pay claims in an account). In that case, Citizens is required to levy a **Citizens Policyholder Surcharge of up to 15% per account** for each account in which there is a deficit. If a deficit is incurred in each of the three accounts, policyholders could pay up to a **45% surcharge** in addition to their annual premium.

**Up to 45% of your premium**

**2**

**REGULAR ASSESSMENT**

Now suppose a deficit remains in the Coastal Account after the full amount of the Citizens Policyholder Surcharge is levied. In that case, a regular assessment will be levied of up to **2% of premium** on assessable policies in the private market (and not on Citizens' policies). Policies subject to the regular assessment include private-market homeowners policies, auto, specialty and surplus lines policies.

**2% of policy premiums (including renters, auto, boat and pet insurance)**

**3**

**EMERGENCY ASSESSMENT**

A final tier of assessments, called an emergency assessment, is charged if a deficit remains in the Personal Lines, Commercial Lines and/or in the Coastal accounts (after levying the 2% regular assessment). In this situation, 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.

**Up to 30% of your premium**

**Citizens Policyholder Surcharge = 1 year**  
**Regular Assessment = 1 year**  
**Emergency Assessment = 1 or more years until deficit is eliminated**

Click image to enlarge.

## News Links

[Florida Citizens budgets \\$725m for additional \\$4.2bn risk transfer for 2023](#)  
Artemis

[Citizens Insurance proposes average 14% statewide rate hike](#)  
Sun Sentinel

[Homeowners experience insurance claim nightmare following Hurricane Ian](#)  
Bay News 9

[Citizens Insurance to give UPC customers more time to apply for coverage, submit repair contracts](#)  
My News 13

[Florida homeowners will face a projected 40 percent increase in property insurance rates](#)  
WUSF

[Florida lawmakers have new plan for insurance crisis: 'Insurer accountability'](#)  
Tampa Bay Times

[NOAA: Ian officially Florida's costliest hurricane](#)  
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