

Legislative Update

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Legislative Changes Specific to Citizens

Summary of Important Changes in SB 2A

Flood Insurance

Effective 4/1/23 (NB) & 7/1/23 (Renewals)

Requires that all personal lines residential risks who have coverage with Citizens must also have flood insurance.

Clearinghouse

Effective Q1

- Renewal eligibility threshold will change from “equal to or less than” to “20%” of Citizens premium in order to remain eligible for coverage with Citizens.
- 36-month rule is no longer available to bring a customer back to Citizens as a renewal customer.

Depopulation

Effective June 20, 2023 Assumption

If the policyholder receives an offer from a takeout carrier within 20% of the Citizens renewal premium for comparable coverage, they are not eligible to remain with Citizens and may not opt out of the assumption.

Secondary Residences

Effective Q4

For any new or renewal personal lines policy written on or after 11/1/2023, which does not cover a primary residence, the rate to be applied in calculating premium is not subject to the glidepath.

Competitive Rates

Effective Q4

Citizens rates must be actuarially sound and not competitive with approved rates charged in the admitted voluntary market.

Merging of Accounts

Effective upon becoming a law

Provides Citizens with the authority to combine accounts once outstanding financing obligations no longer exist and allows for the creation of a single account called the Citizens account.

In Flood Hazard Areas

Who:

Insureds with properties in Special Flood Hazard Areas (as defined by National Flood Insurance Program (NFIP) (e.g., A, AO, AH, A1-A30, AE, A99, V, V1-V30, VE) with wind coverage must maintain a flood policy.

When:

New Business: Effective 4/1/23
Renewal Business: Effective 7/1/23

Out of Flood Hazard Areas

Who:

Insureds with properties in or out of the Special Flood Hazard Area, with wind coverage, must maintain a flood policy. "Valued" means: Coverage A for dwellings, Coverage A+C for condominium unit owners, and Coverage C for tenant contents and cooperative unit-owner risks.

When:

Effective 1/1/24: Properties valued at \$600,000 or more;
Effective 1/1/25: Properties valued at \$500,000 or more;
Effective 1/1/26: Properties valued at \$400,000 or more;
Effective 1/1/27: All properties regardless of value.

Flood Coverage Requirements

The minimum required coverage is the maximum provided by the NFIP (Coverage A: \$250,000 and Coverage C: \$100,000). Customers with a Coverage A limit lower than \$250,000 or Coverage C limit lower than \$100,000 will need to secure flood coverage at the following limits:

Dwellings: Equal to or greater than Citizens' separate Coverage A and C limits

Condo Owner: Equal to or greater than Citizens' separate Coverage A and C limits

Tenant Contents: Equal to or greater than Citizens' Coverage C limits

If the above limits are not available from the NFIP, the maximum of \$250,000 coverage A and \$100,000 coverage C will be accepted.

Required Documents

- 1.) A signed *Policyholder Affirmation Regarding Flood Insurance* (CIT FW01) form; **AND**
- 2.) Proof of flood coverage
 - a.) A copy of the flood application with proof of payment; or
 - b.) A copy of the flood policy declarations; or
 - c.) A copy of an underlying multiperil policy with the flood endorsement.



Policyholder Affirmation/Impact

Policyholder Affirmation Regarding Flood Insurance

Citizens Property Insurance Corporation does NOT offer flood insurance, and your Citizens policy will NOT cover losses from the peril of flood.

Florida law prohibits Citizens from offering flood insurance. It also requires that you secure and maintain flood insurance on your property from an insurer other than Citizens as a condition of coverage with Citizens. (Other conditions of coverage also apply.)

Please consult with your agent to obtain the necessary flood insurance from another insurer. You may purchase coverage from the National Flood Insurance Program (NFIP) or coverage that is comparable to this coverage and is provided by another insurer.

Policyholder Affirmation Statement

I understand that a policyholder making a claim for water damage against Citizens has the burden of proving that the damage was not caused by flooding.

By my signature below, I affirm that I must secure and maintain flood insurance in accordance with the information provided below for my property to be eligible for a policy with Citizens.

Applicant/Insured Signature

Date

Printed Name

Policy or Application Number

Agent Signature

Date

Any person who knowingly and with intent to injure, defraud or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree.

Requirements for Flood Coverage and Effective Dates

Florida law requires flood coverage as follows:

Policyholders whose property is insured by Citizens and is located within the special flood hazard area defined by the Federal Emergency Management Agency (FEMA) must have coverage in place:

- a. At the time of the initial policy issuance for all new personal lines residential policies issued by Citizens on or after April 1, 2023.
- b. By the time of the policy renewal for all personal lines residential policies renewing with Citizens on or after July 1, 2023.

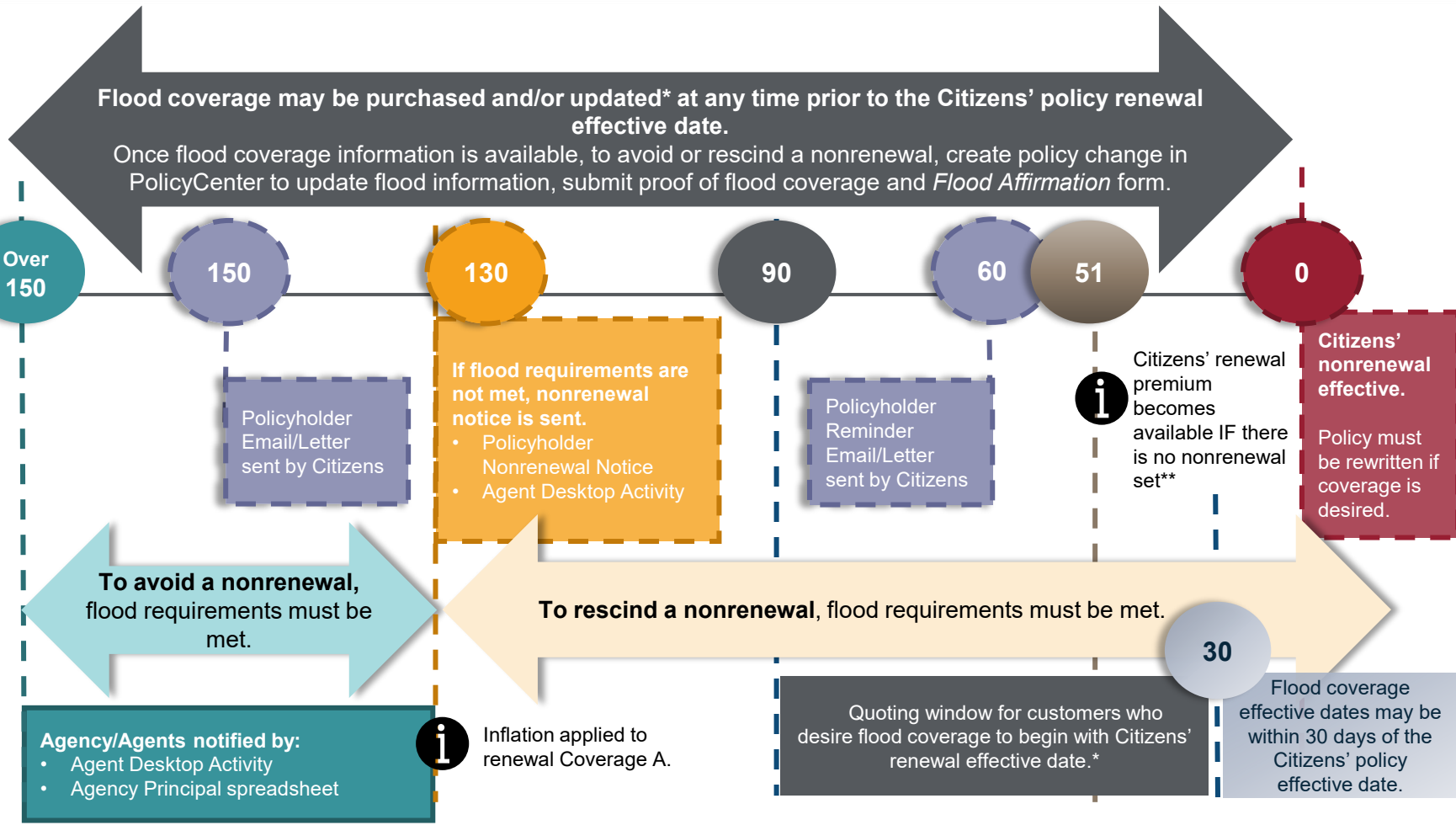
Policyholders whose property is located outside of the special flood hazard area must have flood coverage in place for Citizens policies effective on or after:

- a. January 1, 2024, for property valued at \$600,000 or more.
- b. January 1, 2025, for property valued at \$500,000 or more.
- c. January 1, 2026, for property valued at \$400,000 or more.
- d. January 1, 2027, for all other personal lines residential property insured by Citizens.

Segment	# of Policies
No Flood	208,175
Insufficient	49,636
Meets Req	32,500
	290,311

Data as of January 2022

Renewal Timeline



* NFIP requires a 30-day waiting period unless application is due to a loan transaction. Agent may submit up to 90 days in advance of the Citizens renewal date.

** Citizens' renewal premiums will only be available if a nonrenewal is rescinded.

Education:

Agent Webinars



When: 1/31/23 & 2/2/23 (four sessions)

Attendees: 2,761

Number of Questions Answered Live: 805

Job Aid: “Managing Your Citizens’ Renewals in Special Flood Zones”

Webinar Recording: Posted on 2/8/23

Communications:



PLB: “Flood Insurance Requirements for Citizens’ New Business” 1/23/23

PLB: “Flood Insurance Requirements for Renewal Eligibility” 1/27/23

AA: “Action Required: Submit Proof of Flood Insurance for Renewing Policies” 2/8/23

Campaign:



Agency Field Management (AFM) engagement on a campaign to certify the understanding of agencies with 100 or more policies affected by renewal flood in the months of July, August or September. There are 126 affected agencies we will be certifying.