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Citizens' Board Defers 2019 Rate Recommendations

MAITLAND, FL – Citizens Property Insurance Corporation's Board of Governors on Wednesday voted to defer action on [2019 proposed rates](#) until December to give water loss policy language changes time to take effect and South Florida policyholders more time to recover from Hurricane Irma.

Acknowledging concerns raised by consumer advocates and state leaders, the Board voted unanimously to defer action on a proposed 7.9 percent statewide increase for personal lines policyholders – homeowners, condominium unit owners and renters – which would have taken effect on February, 1, 2019.

The 2019 proposed rates called for increases in homeowners multiperil premiums in 60 of 67 counties. Statewide rate increases are being fueled largely by increased litigation.

“Our policyholders have been and always will be Citizens’ top priority,” said Citizens Chairman Chris Gardner. “This consumer-friendly action reflects that priority, especially following the devastation brought on by Irma.”

Citizens is required by state law to submit a slate of actuarially sound rates to the Office of Insurance Regulation annually for approval. Rates for 2018 began taking effect May 1, 2018, after being deferred in response to Hurricane Irma, which made landfall in September 2017.

On Tuesday, Florida Chief Financial Officer, Jimmy Patronis, sent a [letter to board members](#) acknowledging the actuarial need for the 2019 proposed rates but urging board members to defer action in an attempt to cushion Hurricane Irma victims and address nonhurricane related losses without impacting rates for Citizens policyholders.

Citizens has so far received more than 65,000 personal lines claims from Hurricane Irma. Total losses in personal lines exceeds \$875 million. Total Irma losses, including those from commercial policyholders, is expected to approach \$1.2 billion.

Christopher B. Gardner, Chairman, Orange County • Gary Aubuchon, Lee County
Bette Brown, Monroe County • Blake Capps, Martin County • Marc W. Dunbar, Leon County • James Holton, Pinellas County
John McKay, Manatee County • Freddie Schinz, Okaloosa County • John Wortman, St. Johns County
Barry Gilway, President/CEO and Executive Director

“It is important that we consider the ongoing recovery of Florida residents following Hurricane Irma last year, “ said Bette Brown, consumer representative on the Board of Governors, appointed by Governor Rick Scott. “As you know, Irma impacted residents throughout the state, most notably in South Florida and the Florida Keys.”

The deferral allows Citizens to review initial results of a newly established managed repair program that kicks off August 1, 2018. The program was created to address rising costs linked to water-loss claims, assignment of benefits and increased litigation, the effects of which appear to be spreading from South Florida to other parts of the state.

Beginning August 1, 2018, Citizens will limit payment on nonweather related water losses – a broken pipe, a leaking water heater – to \$10,000, including \$3,000 for emergency water mitigation services on homeowners multiperil (HO-3) and dwelling policies (DP-3) policies. Most policyholders will not be affected by this change as the costs for emergency water removal and permanent repairs on a nonweather water loss typically do not exceed \$10,000.

Customers who choose to take advantage of Citizens' [Managed Repair Program](#) will not be subject to the \$10,000 sublimit. Participants in the Managed Repair program can choose from a group of qualified, local contractors. Citizens will work directly with the service provider to monitor performance and ensure all covered repairs are completed to the customer's satisfaction. Upon completion, the repairs will have a three year warranty.

Policy changes accompanying the program aim to ensure that policyholders who do not participate in the Managed Repair Program have at least \$7,000 available for permanent repairs after completing emergency water remediation measures, while reducing the potential for AOB-driven litigation, which can cause lengthy delays and is driving rate increases across the state.

Citizens is looking forward to working with CFO Patronis, OIR Commissioner David Altmaier, and the Legislature during the 2019 session to address meaningful reforms, including changes to Florida's one-way attorney fee statute.

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In 2002, the Florida Legislature created Citizens Property Insurance Corporation (Citizens), a not-for-profit alternative insurer, whose public purpose is to provide insurance to, and serve the needs of, property owners who cannot find coverage in the private insurance market.

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