

CITIZENS PROPERTY INSURANCE CORPORATION
2312 KILLEARN CENTER BLVD., BUILDING A
TALLAHASSEE, FLORIDA 32309



TELEPHONE: (850) 513-3756 FAX: (850) 513-3903

FOR IMMEDIATE RELEASE
June 24, 2015

Contact: Michael Peltier
(850) 513-3774
(850) 264-7702 cell

Citizens Board Approves Proposed 2016 Rates

ORLANDO, FL – Citizens Property Insurance Corporation’s Board of Governors on Wednesday approved a 2016 rate package that lowers rates for nearly half of Citizens’ personal lines policyholders while responding to increased water loss claims and continued inadequate rates for its remaining policyholders along the coast.

By unanimous vote, the board approved an overall rate increase of 3.2 percent for personal lines policyholders, with most of the increases targeting property owners along the coast and in South Florida, where rates continue to be inadequate.

Most inland policyholders will see rate reductions under the proposal to be submitted in July to the Office of Insurance Regulation, which must approve any rate changes. Inland homeowners will see an average 1 percent drop in multiperil rates while inland mobile home owners will see rates reduced by 7.4 percent.

Coastal homeowners will see average multiperil increases of 8.6 percent while mobile home owners and condominium owners will see rates rise by up to 10.2 percent. Personal lines policyholders clustered in Palm Beach, Broward, Miami-Dade and Monroe counties will see the bulk of higher rates under the Legislative glide path established to bring those rates in line with the private market.

“Every year, Citizens’ actuaries calculate rates based on the same methodology used by insurance companies all over the world, which compares potential risk to the ability to pay claims,” said Chris Gardner, Chairman of Citizens Board of Governors. “We are focused on maintaining a transparent process that both the public and the Office of Insurance Regulation can appreciate.”

The overall increase is being fuelled by a continued spike in water loss claims in southeast Florida and the fact that most coastal policies with nearly adequate rates have found coverage with private market insurance companies.

Chris Gardner, Chairman, Orange County • Gary Aubuchon, Lee County
Bette Brown, Monroe County • Juan Cocuy, Palm Beach County • Don Glisson, Jr., St. Johns County
Jim Henderson, Seminole County • James Holton, Pinellas County • Freddie Schinz, Okaloosa County
John Wortman, St. Johns County • Barry Gilway, President/CEO and Executive Director

Since January 2014, nearly 550,000 policies have been transferred from Citizens to private companies. From a 2012 peak of nearly 1.5 million policyholders, Citizens continues to protect 573,000 personal lines customers as the state's insurer of last resort. Of those, 255,000 are expected to see lower rates.

Affordable reinsurance and depopulation efforts over the past several years have allowed Citizens to boost its claims paying ability. For the first time since its creation, Citizens can now handle a 1-in-100 year storm along the coast without having to levy assessments on Florida policyholders.

Citizens is required by law to recommend rates that are actuarially sound while complying with a legislative glide path that caps rate increases at 10 percent, excluding coverage changes and surcharges.

Citizens has prepared a 2016 rate kit to provide members of the press with information about its 2016 rate filing. Additional information and answers to common questions about Citizens' rates and premiums are included in *Citizens 2016 Rates Frequently Asked Questions*. Also included in the kit are several documents that provide useful information about Citizens' costs and projected rate need for 2016.

The Citizens 2016 Rate Kit is available on the Media Resources page of www.citizensfla.com.

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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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