

CitizensAdvisor



Citizens Board approves 2019 rates reflecting AOB reforms

MAITLAND, FL – Citizens Board of Governors in June approved revised 2019 recommended rates that reflect critical legislative reforms to reduce unnecessary litigation and assignment of benefit abuse. The reforms, most of which became effective July 1, will allow Citizens to provide rate reductions to more than 67,000 policyholders.

The passage of [HB 7065](#) caps a multi-year effort to address runaway litigation and AOB abuse, especially surrounding nonweather related water loss claims, which after decades of stability skyrocketed in recent years. The bill required Citizens to revise its 2019 recommended rates to reflect those changes.

By unanimous vote, the board approved a statewide average increase of 2.3 percent for homeowners multiperil policyholders, compared to an 8.5 percent recommended increase approved in December 2018 that did not reflect the passage of HB 7065.

Taking the [changes into account](#), nearly 44,000 additional homeowners, condo unit owners, dwelling and mobile homeowners policyholders will see rate decreases. Nearly 110,000 others will see lower rate increases than were estimated in December 2018.

"The 2019 recommended rates are a direct result of meaningful legislative reforms passed earlier this year to combat rising premiums that have placed an increasingly heavy burden on our policyholders," said Gary Aubuchon, Interim Chairman of Citizens Board of Governors.

The legislation bolsters consumer protections by providing additional safeguards for policyholders who change their minds or are unsatisfied with the work after signing an AOB, and more clearly defines the responsibility of vendors and insurers when assignments are in place. Finally, the law provides incentives for all parties to make reasonable settlement offers following a loss.

Citizens' team of Christine Ashburn, Chief of Communications, Legislative and External Affairs and Candace Bunker, Director of Legislative and Cabinet Affairs did tremendous work behind the scenes to ensure all parties could agree on bill provisions.

Ashburn commended the leadership of Governor Ron DeSantis, Chief Financial Officer Jimmy Patronis, Senate President Bill Galvano and House Speaker Jose Oliva for their support. Senator Doug Broxson and Representative Bob Rommel - the bill sponsors - were also critical to success.

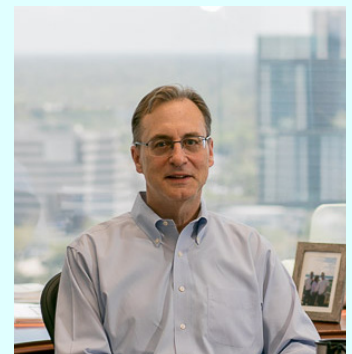
"Consumers now have protections in the law that will make a real difference in curbing opportunities for abuse," Ashburn said. "This was a total team effort by all stakeholders who remained committed over the past several years."

July 9, 2019

Events

September 25 @ 9 a.m.
[Citizens Board of Governors](#)
Sheraton Orlando North

Spotlight



Brian Donovan

Senior Director – Chief Actuary

Policies in Force

420,349

as of June 28, 2019

Other insurance laws take effect

TALLAHASSEE, FL – The session produced other important insurance legislation. [HB 301](#) incorporated a litany of changes including revising the Florida Hurricane Catastrophe Fund (FHCF) loss adjustment expense reimbursement from 5 percent to 10 percent for contracts effective on or after June 1, 2019.

Additionally, the law allows homeowner's property insurance for a dwelling with a replacement cost of \$700,000 or more to be covered by a surplus lines insurer following a single coverage rejection instead of three. This matches Citizens' coverage limitation in most Florida counties and may mitigate the volume of coverage Citizens writes in Miami-Dade and Monroe.

Finally, the law permits Citizens and other insurers to notify policyholders of the insurer's right to mediation when the policy is issued or renewed instead of waiting until a claim is filed.

Citizens spreads the word on AOB reform

TALLAHASSEE, FL – Following the passage of [HB 7065](#), Citizens has taken several steps through traditional mail, email and social media to inform policyholders, agents and media outlets of the major provisions that went into effect July 1. Included in those efforts is a letter sent to nearly 429,300 policyholders informing them of the changes. A copy of the letter can be found [here](#).

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AOB Reform Saves You Money

The 2019 Florida Legislature enacted legislation aimed at bringing more transparency to the assignment of benefits (AOB) process. The new law boosts consumer protections and requires Citizens to refile 2019 annual rates to reflect projected savings from the bill.



Data based on typical homeowners multiperil policies in force 06/30/18
 *Average home replacement cost \$100,001 to \$200,000

News Links

[Tropical depression likely to develop in Gulf of Mexico this week from unlikely place](#)
Tampa Bay Times

[Homeowners blame 'Assignment of Benefits' for gutted homes, no repairs](#)
ABC Action News

[Citizens Insurance Reduces Rate Hike](#)
CBS Miami

[Citizens to cap Florida rate increases at 4.7% following AOB reforms](#)
Reinsurance News

[Citizens halves Florida homeowners rate change thanks to AOB reform](#)
Artemis

[Citizens' rates going up in Broward, Palm Beach counties](#)
Sun Sentinel

[Insurers Take Note: Florida's New Assignment of Benefits Law](#)
JD Supra

['Omnibus Prime' insurance bill gets Governor's signature](#)
Florida Politics