

# CitizensAdvisor



## Citizens Board Approves Rate Adjustments for February

ORLANDO, FL – Citizens Property Insurance Corporation’s Board of Governors earlier this month approved rate adjustments that will raise average premiums by an additional 2.3% in February 2022 to take into account recent legislation aimed at slowing the growth of the state’s insurer of last resort.

By unanimous vote, the Board agreed to modify rates that have already been approved by the Office of Insurance Regulation and become effective for new and renewal policies beginning August 1, 2021. If approved by OIR, policies renewing after February 1, 2022, will now see average increases of 7.6%.

February’s increase takes into account provisions of [SB 76](#), signed into law in June, that increase Citizens’ glide path from 10% to 11% in 2022 and require the company to factor in additional reinsurance cost estimates when calculating rates.

“These necessary adjustments reflect the efforts of the Florida Legislature to return Citizens to its role as a residual insurance company,” said Citizens’ Chairman Carlos Beruff. “Unfortunately, we have become the first choice, or only choice, in too many regions of the state.”

For Citizens, SB 76 bill raises the current 10% cap on annual premium increases by 1% per year over the next five years to make Citizens’ rates more competitive with private insurance coverage. The bill also requires Citizens to factor into its rates the reinsurance costs necessary to protect its surplus from a 1-in-100-year storm and steers policyholders to private insurance carriers if a private policy premium is within 20% of the comparable Citizens policy premium.

Since October 2019, Citizens has seen its policy count jump from 420,000 to more than 640,000 and is now seeing increases of more 5,000 new policies per week. At this pace, company officials expect the policy count to exceed 750,000 by the end of 2021.

July 29, 2021

### Events

**September 22 @ 9 a.m.**  
[Board of Governors](#)  
TBD

### Spotlight



**Scott Crozier**  
VP - Underwriting and  
Product Development

### Policies in Force

**654,069**  
as of July 23, 2021

## Product Changes in the Works

TALLAHASSEE, FL – A number of policy changes have begun or will be implemented over the next several months following the passage of SB 76. Here is a brief summary of changes to Personal Lines eligibility:

### SB 76 Changes

- Private market quotes must be more than 20% greater than Citizens' quote to be eligible for coverage, up from 15% previously. Changes have been approved and were implemented July 1, 2021.
- Update policyholder application language to reflect the change in Citizens' maximum allowable premium increase from 10% to 11%. The increase goes into effect beginning February 1, 2022.

### Additional Product Changes (effective 02.01.22)

- Eliminate the exception that allows owner-occupied risks with lower coverage amounts to be written in Dwelling programs. These risks will be required to be written in a Homeowners program unless prohibited by underwriting issues.
- Modify Homeowners HO-8 program eligibility to allow owner-occupied risks not eligible for HO-3 due to nonweather water losses.
- Update new business eligibility rules requiring new applicants to provide a 4-point inspection for homes over 20 years of age, rather than the current over 30 year requirement.

## Citizens to Beef Up Inspections to Ensure Underwriting Guidelines Met

TALLAHASSEE, FL - Citizens will begin inspecting more properties before offering new policies or renewing existing coverage in an effort to reduce potential losses, more accurately set rates and enhance depopulation efforts - under a measure approved by Citizens' Board of Governors in July.

Specifically, the plan calls for Citizens to increase the percentage of inspections it conducts to verify coverage eligibility from 1% to at least 6% of all policies to bring Citizens more in line with industry inspection standards.

The increased inspection rate is expected to lower losses by identifying properties that do not meet minimum underwriting guidelines, have an inappropriate policy or are receiving mitigation credits that should not apply.

Boosting inspection frequency will also enhance Citizens' depopulation efforts by providing more information to private carriers considering the assumption of Citizens policies. Citizens is looking at ways to enhance depopulation efforts as its policy count continues to grow by more than 5,000 per week.

Timely inspections are a major incentive for companies that are considering taking policies from Citizens.

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# Citizens Welcomes New Board Members

TALLAHASSEE, FL – The Citizens Board of Governors welcomes three new members following appointments made in June by Gov. Ron DeSantis to replace members whose terms of service had expired.

Jillian Hasner of Boca Raton currently serves as president and chief executive officer of Take Stock in Children. She has been involved with the Florida Chamber of Commerce Foundation, Leadership Florida, United States Global Leadership Coalition and the Florida Federal Judicial Nominating Commission for the Southern District. She becomes the consumer representative on the Board. Her term expires in 2023.

Coral Gables-based Erin Knight works as president of Monument Capital Management. Previously, she was Miami Market president for Stonegate Bank and a senior vice president with Regions Bank. Knight has volunteered her time with the Junior League of Miami, March of Dimes, The Miami Foundation and the Baptist Health Foundation. Her term expires in 2022.

Nelson Telemaco of Coral Springs is currently chief executive officer of Proximity Works. Previously, he was senior vice president at Somp International, principal at Allianz Risk Transfer and vice president at American International Group. His term expires in 2023.

Source: Office of Florida Governor Ron DeSantis



## News Links

### [Citizens Board approves rate hike](#)

News Service of Florida/Tampa Bay Times

### [Citizens braces for influx of policies](#)

News Service of Florida/Florida Trend

### [Dropped insurance policies leave Florida homeowners scrambling](#)

MyNews13 Orlando

### [Collapse Raises New Fears About Florida's Shaky Insurance Market](#)

The New York Times

### [Condo insurance may be tougher to get after Surfside collapse](#)

Sun Sentinel

### [Roofing firms join challenge to insurance law](#)

News Service of Florida/Florida Realtors

### [Rescue Efforts Fell Short for Gulfstream Insurance](#)

Insurance Journal