



CitizensAdvisor

Higher Building Materials Costs, Inflation to Impact 2022 Premiums

TALLAHASSEE, FL – Think of insurance rates as units of measure. The insurance rate represents how much must be charged for a unit of risk to cover potential losses, administration costs and other expenses. For 2022, the Florida Legislature has capped Citizens rate increases at 11%.

A premium, on the other hand, is the amount a policyholder must pay to insure their home. The premium is based on the insurance rate but also considers other factors including replacement costs, which are impacted by inflation and building material costs. Unlike insurance rates, annual premium increases are not capped by law.

Every year, property insurers, including Citizens, adjust replacement costs to reflect inflation. For 2022, inflation adjustments for renewal policies are much higher than previous years due largely to higher building material costs brought on by COVID-19-related shutdowns. Meanwhile, historically low mortgage rates have pushed up real estate prices across the state.

These inflation adjustments may increase by 10-25% for Personal Lines policy renewals effective on or after January 1, 2022. Because Citizens has a responsibility to its policyholders with replacement cost coverage to make sure they have the resources to rebuild after a total covered loss, some Citizens policyholders will see premiums rise by more than 11% in 2022.

In some cases, the inflation factor will result in a replacement cost that exceeds Citizens applicable maximum replacement cost set by the Florida Legislature (less than \$1,000,000 in Miami Dade and Monroe counties, less than \$700,000 everywhere else). In such cases, policyholders will receive a notice of nonrenewal. Citizens has been in contact with its agents across the state, urging them to review the current coverage limit(s) to ensure adequate coverage exists for their customers.

Agents can complete a new cost estimate for Personal Lines policies or provide an alternate valuation document. Policyholders should work with their agents to determine their best coverage options and to make sure they have adequate coverage to protect what may be their most valuable financial asset – their home.

November 24, 2021

Events

December 2 @ 1 p.m.
[Claims Committee](#)
[Zoom Webinar](#)

December 7 @ 10 a.m.
[Information Systems Advisory Committee](#)
[Zoom Webinar](#)

December 8 @ 11 a.m.
[Market Accountability Advisory Committee](#)
[Zoom Webinar](#)

December 8 @ 1 p.m.
[Consumer Services Committee](#)
[Zoom Webinar](#)

December 14 @ 1 p.m.
[Audit Committee](#)
Renaissance Tampa International Plaza
[Zoom Webinar](#)

Immediately following Audit Finance and Investment Committee
Renaissance Tampa International Plaza
[Zoom Webinar](#)

Immediately following FIC Actuarial & Underwriting Committee
Renaissance Tampa International Plaza
[Zoom Webinar](#)

Immediately following A&U Exposure Reduction Committee
Renaissance Tampa International Plaza
[Zoom Webinar](#)

December 15 @ 8:30 a.m.
[Board of Governors](#)
Renaissance Tampa International Plaza
[Zoom Webinar](#)

Citizens to Begin Collecting FIGA Surcharge in 2022

JACKSONVILLE, FL – Responding to recent insolvencies in the Florida private property insurance market, Citizens will begin collecting a temporary surcharge from policyholder to be deposited into the Florida Insurance Guarantee Association (FIGA), the state-backed group that handles claims of insolvent companies.

In August, FIGA's Board of Directors certified the need for a 0.70% assessment on its member insurers. The assessment is necessary to secure funds for the payment of covered claims related to new insolvencies. Florida's private insurance market has faced a challenging 2021, with most private insurers continuing to post net operating losses. Since January, five companies have become insolvent, requiring FIGA assistance.

FIGA member insurers will be required to collect an equivalent surcharge on new and renewal policies with effective dates beginning January 1, 2022, through December 31, 2022, and remit payments to FIGA on a quarterly basis.

Citizens has alerted its agents across the state and provided information to ensure they are prepared to answer questions from customers regarding the temporary FIGA surcharge.

Spotlight



Scott Crozier

VP - Underwriting and Product Development

Policies in Force

731,041

as of November 19, 2021

Quick Links

News Links

['It's almost certainly a trap': Roofing contractors use new tactics to control insurance claims](#)
WFTV

[Senator will push for more insurance reforms in coming legislative session](#)
Florida Record

[Florida Insurers Take Heart from Appeals Court Rejection of Large Attorney Fee](#)
Insurance Journal

[Jacksonville among US Cities Most Vulnerable to Costly Hurricane Damage](#)
The Center Square

[No answers yet at feds' first public hearing on Champlain Towers collapse probe](#)
Miami Herald

[Insurers Deny Surfside Claims, Sue Engineering Firm; Firm Counter-sues](#)
Insurance Journal

[From ground to sky, US condo collapse probe gaining steam](#)
Associated Press



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Citizens Honors its Military Veterans



From left to right, top row: Joanne Nicholls, Justin Hope, Marjorie Sanders, Scott Crozier. Bottom row: Areanni Mosley, Barry Gilway, Leo Hart, David Freeman

TALLAHASSEE, FL – Throughout November, Citizens brought attention to the scores of veterans whose experience, dedication and training while in the U.S. Armed Forces has benefitted the company as they carry on their lives as civilians.

Citizens President, CEO and Executive Director Barry Gilway extended his gratitude to the more than [60 U.S. veterans at Citizens](#) for the sacrifices they and their families made for our country and recognized the unique contributions they bring to Citizens. Military service is a unique experience that cannot be duplicated, Gilway said.

"You just learn so much about yourself, and there is no other way you can get it," said Gilway, a U.S. Army combat veteran. "There is a very unique aspect that military service brings to the table. By the end of your service, you really know – and this is critical – how to work as a team."

U.S. military veterans are spread throughout the Citizens organization as veterans take the skills they learned in the service of our country and use them in civilian life. Citizens vets say the lessons they learned in the military have helped them in their careers.

"The Navy 'grew me up,'" said Susan Law, a Navy veteran. "I lived in a small farming town with a population of 210. I learned so many things during my service: Work ethic, looking my best, and solving problems. Those skills have never left me."

"Teamwork and a focus on customer service were stressed during my 20-year military career," said Ray Norris. "I enjoyed that part of my experience, which carried over into my civilian career. At Citizens, that experience was welcomed."

Other veterans hoped that the attention paid to veterans in November would carry over throughout the year. There are currently more than 19 million men and women who are currently serving or have served in the U.S. Armed Forces. While representing less than 10% of the population, they have impacted all our lives.

"I wish that the men and women of America that gave an oath of service to protect our citizens and our freedoms are shown the level of respect and gratitude from everyone that they so deservedly have earned," said Michael Guerra, Citizens Director of Claims.

How Citizens Estimates Repair Costs

Citizens is committed to helping you recover from a loss under your insurance policy. Here are a few simple steps you can take to help make the claims process a little smoother.



Additional Living Expenses (ALE)



Loss Inspection



Repair Estimate



Initial Claims Payment



Supplemental Payments

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