

CitizensAdvisor



Citizens Board Recommends Maximum Rate Increase

TAMPA, FL – Citizens Property Insurance Corporation’s Board of Governors on December 15, 2021, recommended an across-the-board rate increase of up to 12% for 2022 after members expressed concern over Citizens’ continued growth and inability to slow it down.

Board members modified a staff recommendation, changing it to a statewide increase of 11% for policies renewing from August 1 to December 31, 2022, and 12% for policies renewing after January 1, 2023, to comply with new caps put in place by the Florida Legislature earlier this year. The recommendations will be forwarded to the Office of Insurance Regulation, which must approve any rate increase.

Citizens is expected to surpass 1 million policies next year and will be the least expensive or only option for many Floridians as private companies continue to sustain losses and cut policyholders. In November, Citizens’ policies were found to be cheaper than private market options 97% of the time. Since January, Citizens’ policy count has grown from 541,000 to 745,000, a 37.7% increase.

Citizens’ Chairman Carlos Beruff said the widening premium gap – coupled with high litigation rates – is making it virtually impossible for Citizens to shrink and return to its role as Florida’s residual insurer. The recommendation to apply the maximum allowable rate increase is necessary to stem the flood of policies to Citizens.

“We need to take a look at *all* our options to stop this unsustainable trajectory,” Beruff said. “Any solution is going to require legislative action to provide Citizens with the tools and flexibility to return to its role as an insurer of last resort.”

Florida’s property insurance market continues to face challenges. The 52 private companies writing 79% of property insurance policies in Florida lost \$847 million through the third quarter of 2021. Meanwhile, Florida leads the nation in litigation. Despite accounting for only 8% of policies in 2019, Florida accounts for 76% of all litigation nationwide.

“We have a litigation system that is truly, absolutely out of control,” said Barry Gilway, Citizens’ President/CEO and Executive Director.

Citizens is required by law to recommend actuarially sound rates while complying with a legislative glide path. In 2021, the Florida Legislature increased the rate cap on individual policies to 11% in 2022 and 12% in 2023, excluding coverage changes and surcharges.

The Board modified the staff’s actuarially determined recommendations to account for the wide gap between Citizens’ premiums and those charged by private insurance companies in the same market. Citizens prepared a [2022 rate kit](#), which provides detailed information about its initial 2022 rate filing, including [county-by-county estimates](#) for specific policy types and frequently asked questions.

January 6, 2022

Events

March 23 @ 9 a.m.
[Board of Governors](#)

Spotlight



Christine Ashburn

Chief - Communications,
Legislative & External
Affairs

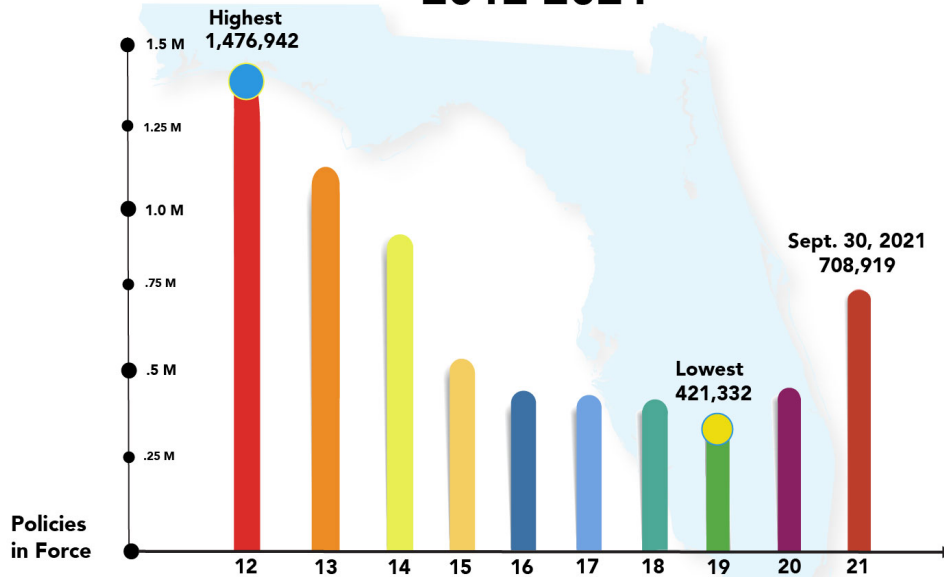


Candace Bunker

Director - Legislative &
Cabinet Affairs

By the Numbers

Citizens Policies in Force 2012-2021



*Data as of September 30 of each calendar year



Policies in Force

754,474

as of December 31, 2021

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Building Costs Impact Premiums

JACKSONVILLE, FL – Higher building material costs are impacting policyholder premiums as Citizens adjusts replacement costs upward to ensure customers can rebuild after a total loss.

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 in previous years due largely to higher building material costs brought on by COVID-19-related disruptions.

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.

News Links

[Citizens Property seeks 11% hike in home insurance rates](#)
News Service of Florida/Miami Herald

[Your home insurance coverage costs so much because big-money forces are at war](#)
Sun Sentinel (Subscription)

[Citizens Insurance customers to pay hundreds of dollars more next year](#)
Sun Sentinel (Subscription)

[Grand jury: After Surfside collapse, require frequent inspections, stricter association rules](#)
Miami Herald

[Citizens' Board Requests Larger Than Expected Rate Hike for Florida Homeowners](#)
Insurance Journal

Assessments at a Glance

[Assessments](#) are charges that Citizens and non-Citizens policyholders can be required to pay, in addition to their regular policy premiums. Assessments are charged in three tiers, beginning with the Citizens Policyholder Surcharge. Each additional tier is charged only if the level before is insufficient to eliminate Citizens' deficit.

Assessment Tiers*

* \$2,000 annual premium

1. Citizens' Policyholder Surcharge

- One-time assessment
- Citizens' policyholders only
- Up to 45% of premium

2. Regular Assessment

- One-time assessment
- Private-market policyholders, including but not limited to homeowners, auto and specialty and surplus lines policies
- Up to 2% of the remaining shortfall (for the Coastal Account only)

3. Emergency Assessment

- Single- or multiyear assessment
- Citizens' and private-market policyholders
- Up to 30% of premium per year until any remaining deficit is eliminated

