

2021 Rate, Rating Rules and Form Changes

May 26, 2021

The Florida Office of Insurance Regulation (OIR) has approved changes to rates, rules and forms. The changes apply to new and renewal policies with effective dates on or after August 1. The major changes are outlined below.

Removal of Coinsurance and Agreed-Value Options

The OIR approved removing coinsurance and agreed-value options because Citizens requires 100% insurance to value for all commercial risks.

Rate and Rating Rule Changes

The base rate changes vary by policy type and currently are subject to a 10% cap, excluding coverage changes, mitigation adjustments, A-rated risks, Sinkhole Loss coverage rate changes, surcharges and a required rapid cash-build-up provision for the Florida Hurricane Catastrophe Fund (FHCF), if applicable. Rating worksheets have been updated as needed.

For Commercial Residential Multiperil (CR-M) policies for condominium and noncondominium:

- Group I and Group II rating factors, including the Loss Cost Multiplier and FHCF build-up, have been amended for Buildings, Business Personal Property and Special Class items.
- The Hurricane and Other Wind and Hail Adjustment Factor tables have been expanded.
- All rule and rating references to coinsurance and agreed-value options have been removed.

For Commercial Nonresidential Multiperil (CNR-M) policies:

- Group I and Group II rating factors, including the Loss Cost Multiplier, have been amended for Buildings and Business Personal Property.
- All rule references to insurance-to-value have been removed.

For Commercial Residential Wind-Only (CR-W) policies for condominium and noncondominium:

- Rating factors, including FHCF build-up, have been amended for all Buildings and Business Personal

- Property and Special Class items.
- All rule and rating references to coinsurance and agreed-value options have been removed.

For Commercial Nonresidential Wind (CNR-W) policies:

- Rating factors, including First Loss, have been amended for Buildings, Business Personal Property and Special Class items.
- All rule and rating references to coinsurance and agreed-value options have been removed.

Forms Changes

All Commercial Lines forms, applications and *Declarations* have been updated to remove references to coinsurance and agreed-value options.

Note: The *Agreed Value – Statement of Values* (CIT 16 15 12 15) form no longer will be available after July 31.

Notice of Change in Policy Terms

A *Notice of Change in Policy Terms* will be included with 2021 renewal offers. The content of each notice varies by policy form. These notices can be found in the *Policyholder Notices* section for each line of business in the *Commercial* section of the *Agents* site.

Resources

For more information about rates, log in to the *Agents* site, go to the *Commercial* section, and click on one of the four policy forms on the left side of the page. In addition, *Rate Changes by Territory* is in the *Spotlight* section, which appears on the right side of the page.

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