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Citizens' Board OKs 2018 rates, policy changes

MAITLAND, FL – Citizens' Board of Governors on Tuesday approved recommended rates and policy changes for 2018 that reflect rising nonweather water losses, assignment of benefits abuse and out-of-control litigation that, left unchecked, will force rate hikes for years to come.

By unanimous vote, board members recommended a 5.3 percent statewide increase for personal lines policyholders – homeowners, condominium unit owners and renters – with most increases concentrated in three South Florida counties where water losses, assignment of benefits abuse and litigation are disproportionately severe.

Board members also approved a series of policy changes aimed at reducing claims costs for nonweather water losses that have been pushing rates higher for South Florida customers over the last few years. If approved, the changes would take effect in February 2018.

Among the major policy changes is a \$10,000 cap on water loss repairs for customers who decide not to participate in the Citizens Managed Repair Program, which links customers with a network of vetted contractors. The voluntary managed repair program, coupled with a free emergency water removal service, will become available to new Citizens policyholders after July 1, 2017, and for existing customers when their policies renew.

Other policy changes include expanding obligations to third parties that accept an assignment of benefits. Currently, contractors who accept an assignment are not bound by the same obligations, including allowing Citizens adjusters to inspect a claim in a timely manner or providing proof that a loss has occurred.

"These proposed rate increases and product changes are critical for Citizens' efforts to bring some relief to a market that is being made increasingly expensive by unnecessary litigation and out-of-control water loss claims," said Chris Gardner, Chairman of the Citizens Board of Governors. "Unfortunately, we are making it more expensive for many of our customers to own a home."

Chris Gardner, Chairman, Orange County • Gary Aubuchon, Lee County
Bette Brown, Monroe County • Juan Cocuy, Palm Beach County • Don Glisson, Jr., St. Johns County
Jim Henderson, Seminole County • James Holton, Pinellas County • Freddie Schinz, Okaloosa County
Barry Gilway, President/CEO and Executive Director

The 2017 legislative session concluded in May without making significant changes to state law regarding assignment of benefits and the so-called one-way attorney fee statute that are driving up costs that must be paid through higher premiums. Citizens joined other insurers, business and consumer groups pushing for reform.

“It’s ironic that our rates for wind coverage are coming down, but Citizens policyholders in South Florida still must brace themselves for continued rate increases,” Gardner said. “We don’t want to raise premiums, but Citizens is obligated by statute to set actuarially sound rates.”

The 2018 rate proposal continues a recent trend in Miami-Dade, Broward and Palm Beach counties. Homeowners with multiperil coverage in Miami Dade County, for example, will see an average increase of 10.5 percent, or \$359, from 2017 premiums. Broward and Palm Beach county homeowners will see rates increase by 10.4 percent and 9.3 percent respectively.

Outside of the Tricounty area, many policyholders will see rates decrease or remain flat. Citizens’ homeowners policyholders in 56 of 67 counties will see average rates decrease under the set of proposed rates.

Proposed rates and policy changes must be approved by the Florida Office of Insurance Regulation, which oversees all Florida property insurers. Both the new rates and policy changes would take effect in February 2018.

“We were hoping for legislative change and a surgical solution,” said Barry Gilway, Citizens President/CEO and Executive Director. “Given that this did not occur in 2017, we cannot wait for the trends to worsen and take no corrective action.”

Citizens has prepared a [2018 rate kit](#) for the media with information about its 2018 rate filing, including answers to common questions and county-by-county estimates for particular policy types. Additional information about policy changes is available on the [Citizens website](#).

The kit also includes information about Citizens' costs and projected rate need for 2018.

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In 2002, the Florida Legislature created Citizens Property Insurance Corporation (Citizens), a not-for-profit alternative insurer, whose public purpose is to provide insurance to, and serve the needs of, property owners who cannot find coverage in the private insurance market.