Insurance & Banking Subcommittee

Tuesday, February 4, 2025
12:30 PM - 2:30 PM
Morris Hall (17 HOB)

Meeting Packet

Daniel Perez
Speaker

Bradford Yeager
Chair

The Florida House of Representatives

Commerce Committee

Insurance & Banking Subcommittee

Daniel Perez
Speaker

Bradford Yeager
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Meeting Agenda

Tuesday, February 4, 2025
12:30 pm – 2:30 pm
Morris Hall (17 HOB)

I. Call to Order

II. Roll Call

III. Welcome and Opening Remarks

IV. Presentation on Citizens Property Insurance Corporation:

- Tim Cerio, President, Chief Executive Officer, and Executive Director

V. Closing Remark

VI. Adjournment

214 House Office Building, 402 South Monroe Street, Tallahassee, Fl 32399-1300
(850) 717-4870

Florida House of Representatives

Insurance & Banking Subcommittee

Representative Bradford Troy Yeager, Chair
Representative Hillary Cassel, Vice Chair

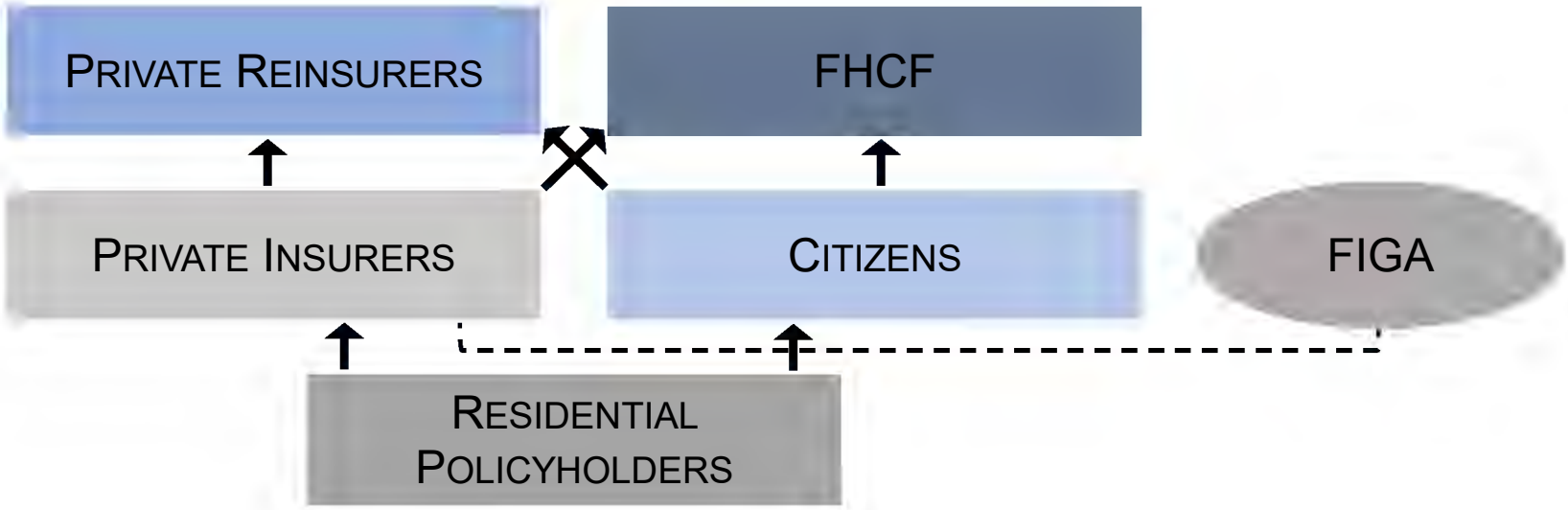
Tim Cerio – President/CEO and Executive Director

February 4, 2025

CITIZENS
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Residential Property Insurance Market

- **Florida Office of Insurance Regulation (OIR)** – State regulatory agency that provides oversight of insurance industry and ongoing monitoring of the financial solvency of insurers.
- **Citizens Property Insurance Corporation (Citizens)** – Statutorily created insurer of last resort, absorbing policies not able to be placed in the private market, with proven depopulation mechanisms in place to shift policies back to private insurers over time.
- **Florida Hurricane Catastrophe Fund (FHCF)** – State entity that provides stable, predictable, and reliable source of reinsurance for a portion of Florida residential property insurers' hurricane losses.
- **Florida Insurance Guaranty Association (FIGA)** – Statutorily created to handle the liabilities of insolvent insurance companies, ensuring orderly and timely payment of outstanding claims.



CITIZENS PROPERTY INSURANCE CORPORATION

Overview of Citizens

Citizens is a legislatively-created government entity, established in 2002, that provides residential and commercial property casualty coverage for Florida property owners, as specified in Section 627.351(6) Florida Statutes.

Citizens operates pursuant to a Plan of Operation, reviewed and approved by the Financial Services Commission and is also subject to regulation by the Florida Office of Insurance Regulation.

The Corporation is supervised by a nine-member Board of Governors.

- The Governor appoints three members, including a consumer representative.
- The Chief Financial Officer, the President of the Senate, and the Speaker of the House of Representatives each appoint two members.
- The Chief Financial Officer designates the Board Chair.

Citizens is self-funded and if a deficit occurs, it has the ability to assess its policyholders as well as private-market property policyholders.

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Eligibility

Under Florida law, Citizens may write a new insurance policy only for property that meets one of the following eligibility criteria:

- Coverage is not available from a private-market insurance company.
- Premium for coverage from private-market insurance companies is more than 20% higher than the premium for comparable coverage from Citizens.

In 2013, the legislature created a Property Insurance Clearinghouse to help identify private-market insurance options for consumers who believe Citizens might be their only choice for property insurance and to ensure that only customers who are eligible obtain coverage from Citizens.

Citizens' Depopulation Program, authorized by Florida law, matches Citizens' policyholders with insurance companies interested in removing policies from Citizens and providing private-market coverage. All companies assuming policies from Citizens have been approved by the Florida Office of Insurance Regulation.

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Financial Resources

Conventional Resources

Collectively, "Surplus"

- Surplus from Prior Years
- Net Investment Income
- Net Underwriting Income

Collectively, "Reinsurance"

- FHCF Reimbursements
- Traditional Reinsurance
- Capital Markets Reinsurance

Unique Resources

- Citizens Policyholder Surcharges (up to 15%)
- Emergency Assessments (up to 10%)

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Assessments

Citizens Policyholder Surcharge
Up to 15% surcharge for all Citizens' policyholders at new business or renewal.

Emergency Assessment
Charged if a deficit remains after the Citizens Policyholder Surcharge is applied. Up to 10% per year on assessable statewide premium collected on new business or at renewal. Collected until the deficit is eliminated. Includes all property insurance lines except workers compensation, medical malpractice, federal flood, and federal crop lines.

A $1.4B Emergency Assessment was levied after the 2005 Hurricane Season (Hurricanes Dennis, Katrina, Rita, and Wilma). In 2015, the Legislature made a one-time appropriation of $715M to end 18 months ahead of schedule.

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Strategic Imperatives

1. **Depopulation** – Promote depopulation and optimize access to private-market coverage for Citizens' applicants and policyholders.

2. **Customer Experience** – Understand and enhance the customer experience by soliciting feedback, gauging satisfaction, and optimizing service capabilities and touchpoints.

3. **Prevent Emergency Assessments** – Reduce or eliminate the risk of emergency assessments for Citizens' policyholders and all potentially impacted Florida policyholders.

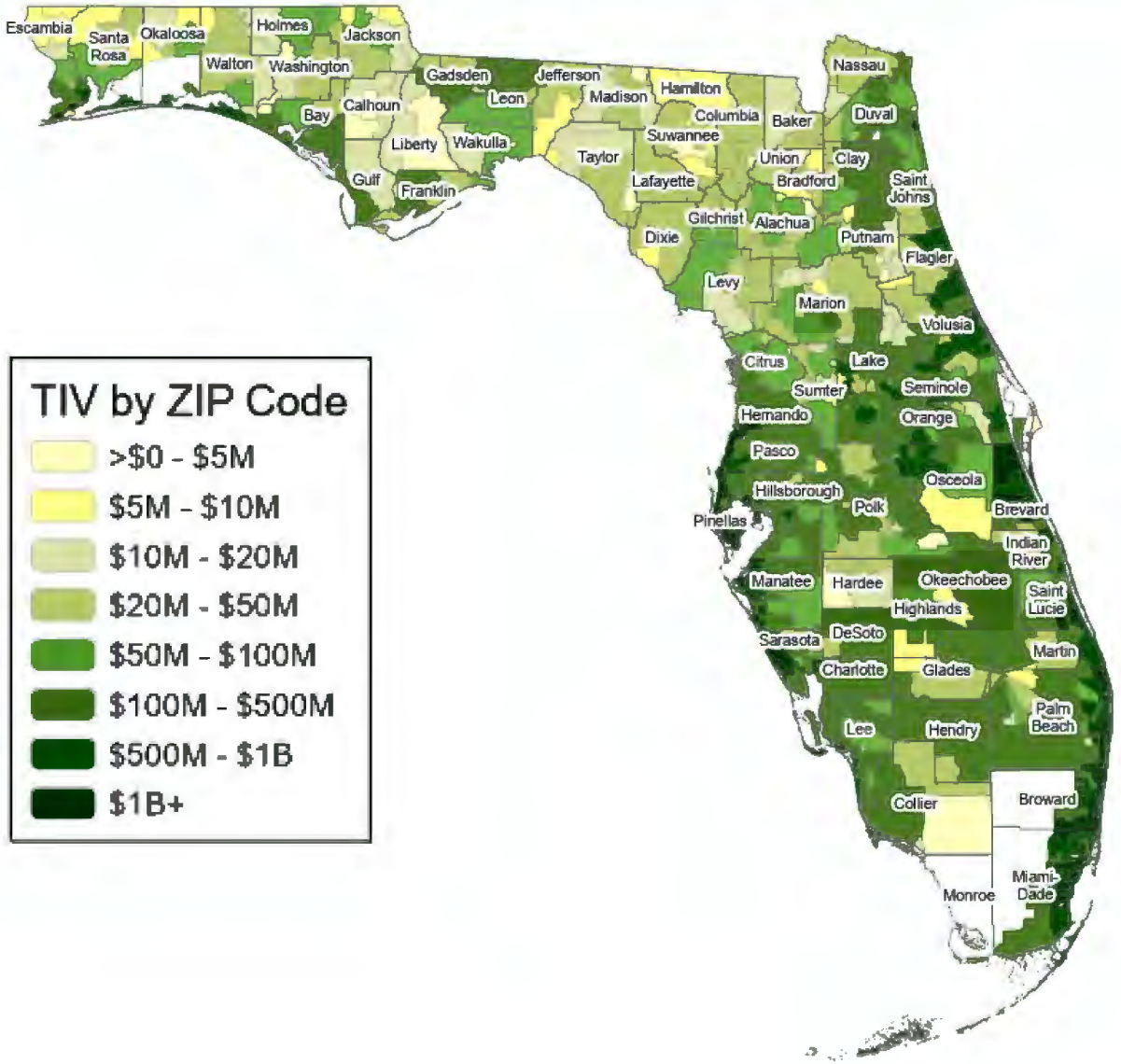
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Questions?

Policy Count and Total Insured Value



Total Insured Value (TIV) Top 15 Counties

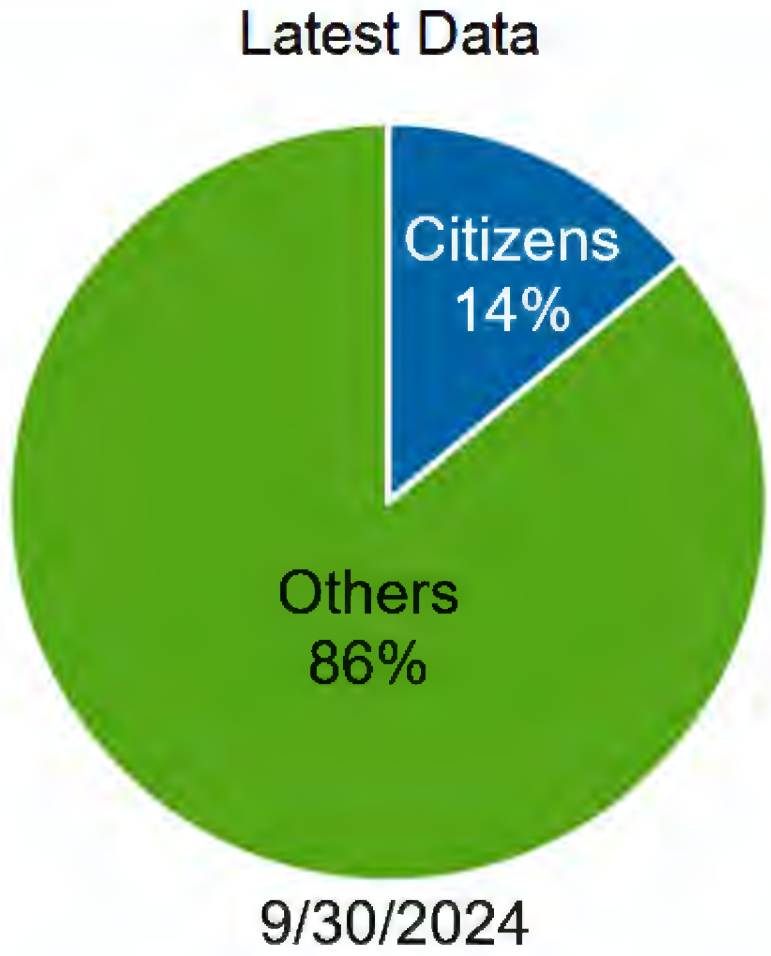


Top 15 Counties as of 12/31/24

County	Building Count	TIV (in Millions)
Miami-Dade	173,321	$67,197
Broward	120,388	$42,621
Pinellas	96,011	$41,852
Palm Beach	92,252	$39,677
Brevard	43,101	$18,452
Hillsborough	43,076	$16,609
Sarasota	27,922	$14,907
Volusia	26,267	$11,789
Orange	29,169	$11,090
Pasco	30,976	$10,663
Monroe	18,653	$10,496
Lee	24,917	$9,799
Collier	8,587	$7,155
Hernando	18,452	$7,069
Saint Lucie	16,427	$6,683

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Florida's Residential Property Insurance Market



Others is comprised of:

1. Pups: Florida-only subsidiaries of major national writers
2. Florida Based: Florida domiciled companies where the majority only write in Florida
3. National writers

Notes:

1) Includes admitted insurers only
2) Based on insured value for policies with wind coverage
3) Percentages may not add up to 100% due to rounding
4) Source: *Quarterly and Supplemental Reporting System Reports*. FL Office of Insurance Regulation

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Policies Return to Private Market



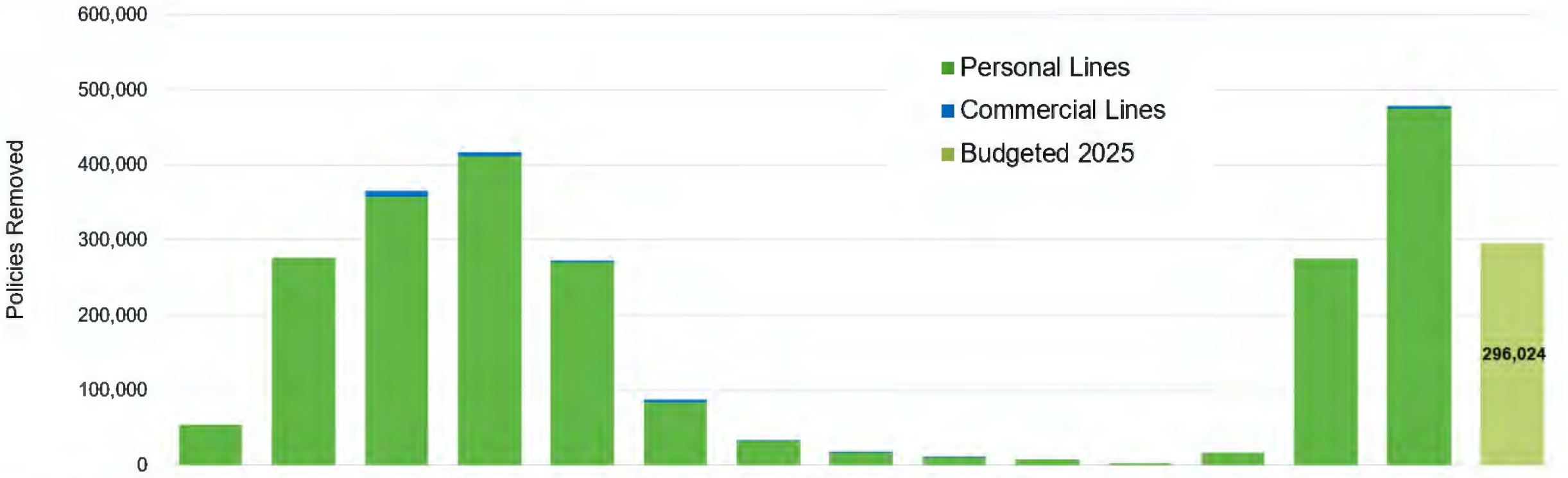
Notes:

1. Personal lines includes policies from insolvent carriers.
2. Includes policies with wind coverage; 3.0% of new policies exclude wind coverage over the past year.

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Policies Return to Private Market

Historical and Projected Depopulation

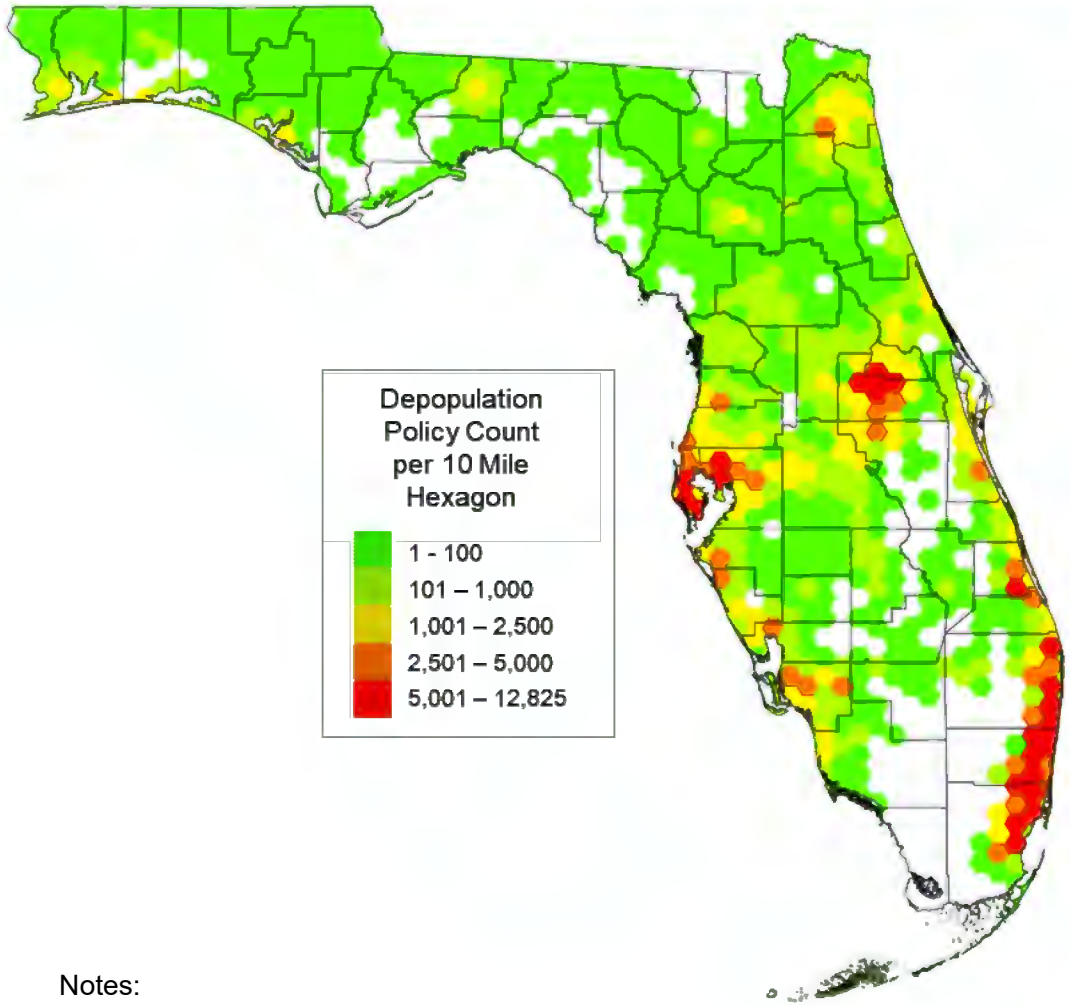


Removed	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Budgeted 2025 Projected 2025
Policies	53,577	277,002	365,767	416,623	272,785	88,000	34,008	17,905	10,084	7,463	2,814	16,408	275,324	477,821	296,024
Exposure (in millions)	$14,474	$75,927	$112,265	$117,530	$64,830	$23,363	$7,435	$4,308	$2,181	$2,497	$1,027	$7,174	$113,375	$214,527	

Note: Depopulation does not reflect opt outs after the date of assumption.

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Depopulation Activity



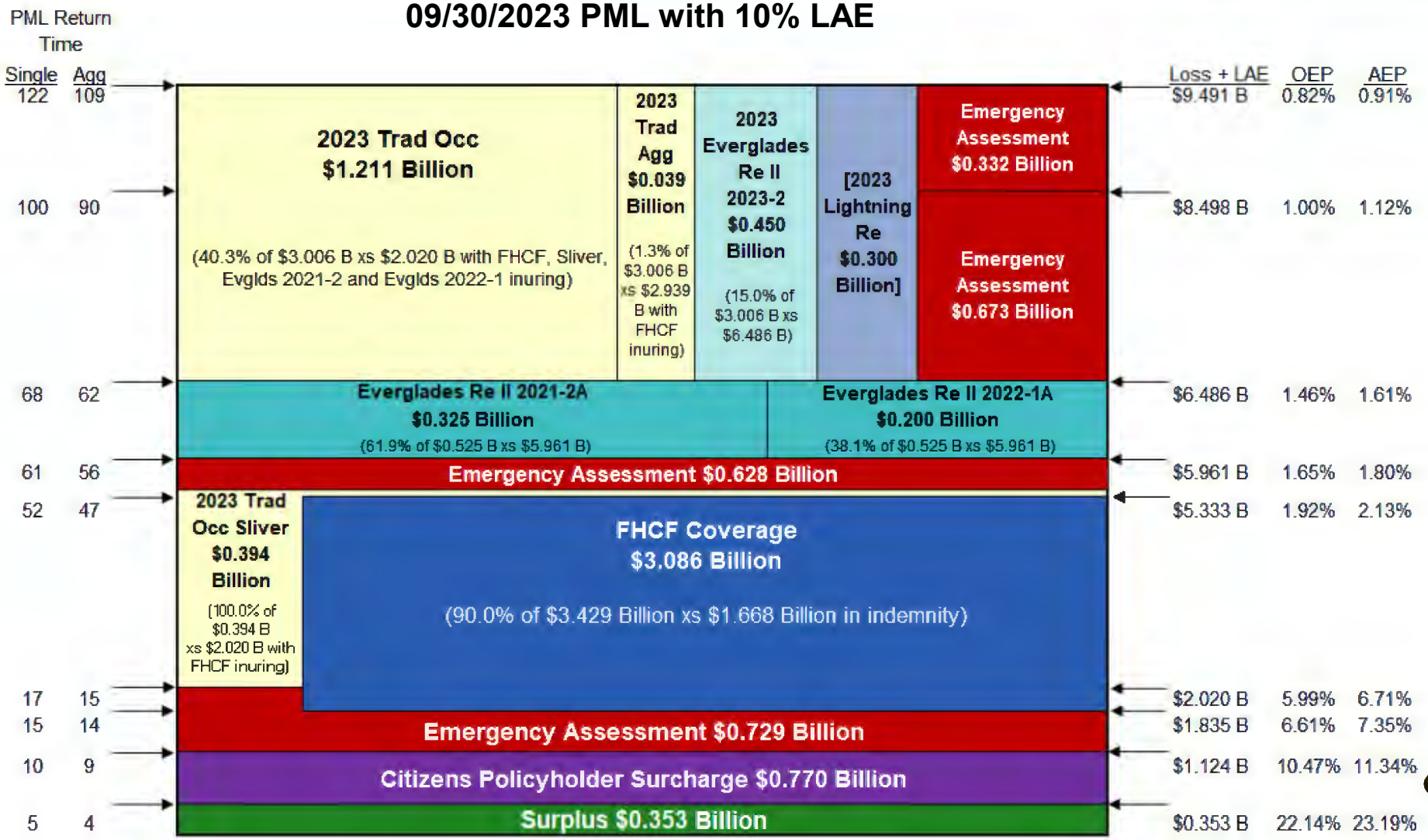
Policies Assumed in 2024 and 2025			
Assumption Date	# OIR Approved	Choice Letters Mailed	# Assumed
1/23/2024	200,000	126,479	76,316
2/20/2024	39,000	27,652	15,713
2/27/2024 (CL)	850	437	321
3/19/2024	59,498	27,879	22,209
4/23/2024 (CL)	400	246	150
5/21/2024	54,386	34,760	17,610
6/25/2024 (CL)	300	170	126
10/22/2024	410,008	308,803	237,323
10/29/2024 (CL)	4,250	2,276	1,527
11/19/2024	235,035	103,248	57,355
12/17/2024	310,022	82,269	49,171
1/21/2025 (CL)	3,800	320	TBD
2/18/2025	342,918	143,814	TBD
3/18/2025 (CL)	250	TBD	TBD
3/25/2025	160,440	TBD	TBD
Total	**1,821,157**	**858,353**	**477,821**

Notes:

1) Policyholder Choice Letters Mailed indicates the number of depopulation letters mailed, one per policy. Multiple offers may be contained in a single mailing.
2) Number assumed refers to policies assumed on date of assumption.
3) The hexagon map shows all personal lines and commercial lines (CL) policies assumed through December 2024.

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2023 Risk Transfer
Personal Lines Account

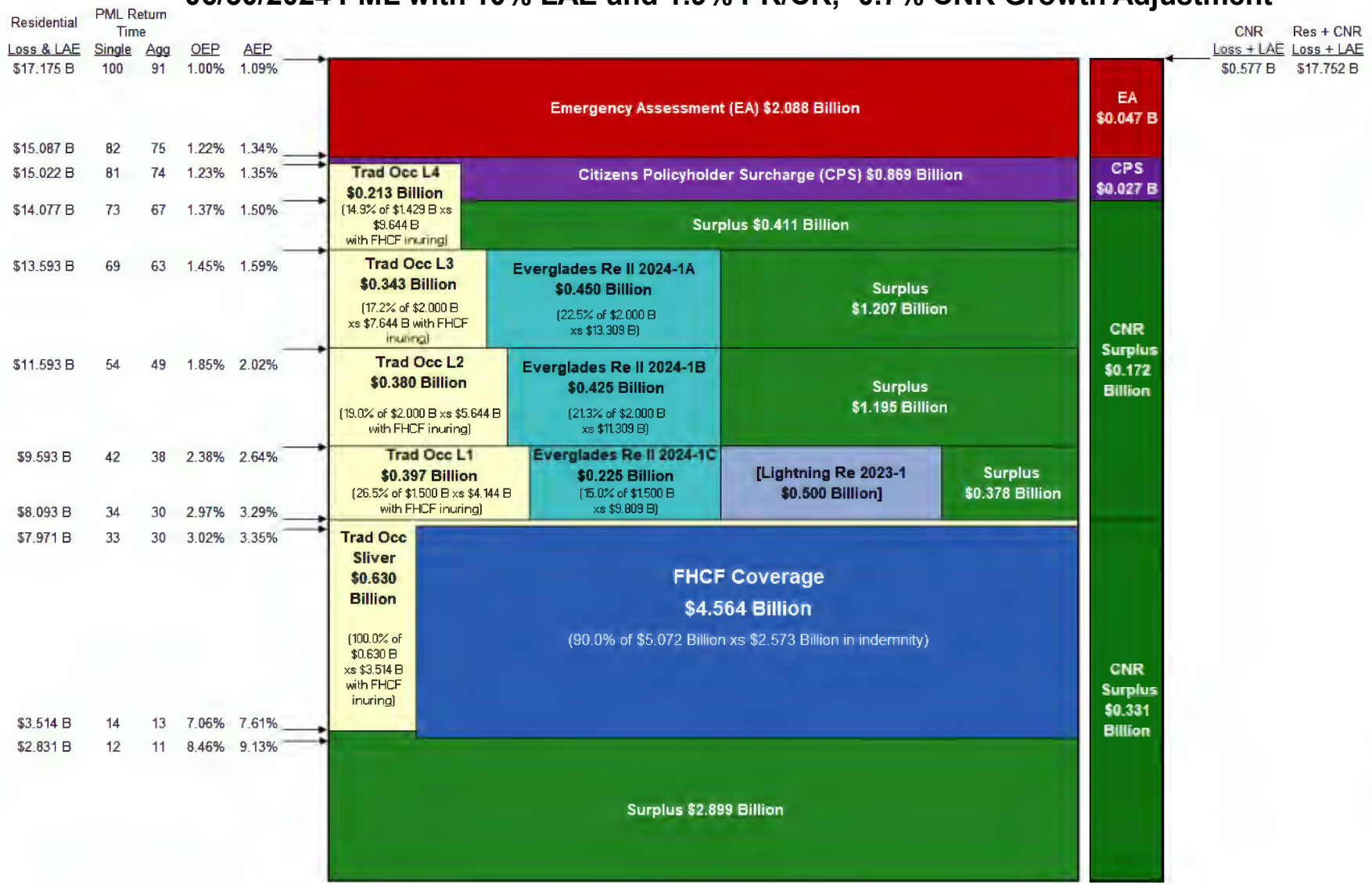


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2024 Risk Transfer

Combined Accounts – Prior to Hurricanes Debby, Helene, and Milton

06/30/2024 PML with 10% LAE and 1.9% PR/CR, -0.7% CNR Growth Adjustment



Questions?

Citizens Puts Policyholders First

Employee, Agent, and Policyholder Outreach

- Preparation emails sent to employees, agents, and policyholders.
- Targeted text messaging sent to policyholders in identified counties.

Legislative Outreach

- Emails to district legislative offices in the projected path of the storm.

Multimedia

- Sponsored radio messaging on the Florida Public Radio Emergency Network changed to storm preparation reminders and Citizens' contact information.
- Continuous social media and website content updates identifying storm-specific resources and info.

Catastrophe Response Center Activity

- 16 total centers opened
- 3,541 policyholders assisted
- 2,366 First Notice of Loss (claims) filings
- 1,419 Additional Living Expense checks paid totaling $5M

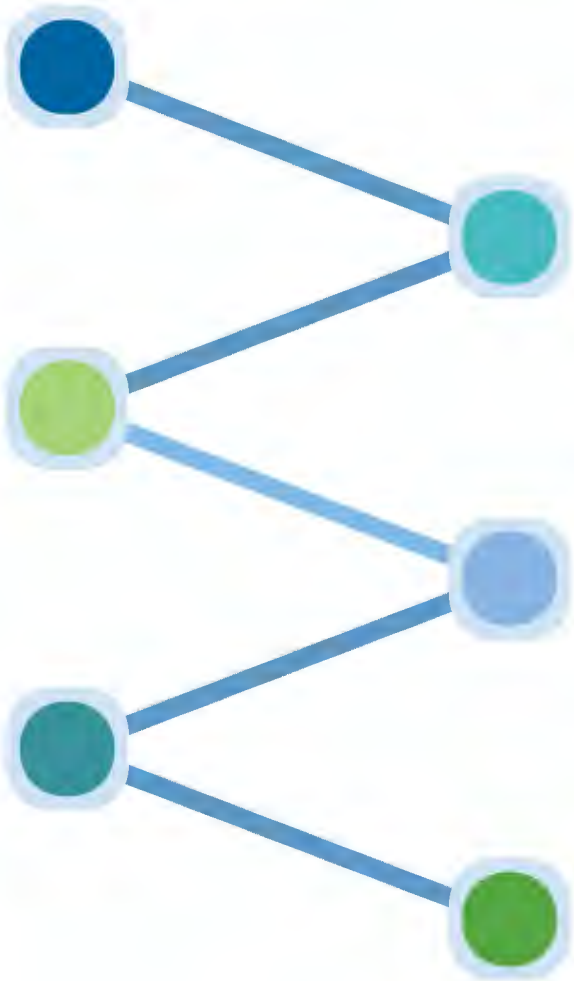
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Claims Process Outline

First Notice of Loss
Claim report by policyholder or representative

Desk Adjuster Review
Policyholder contact within 24 hours

Claim Review
Review of inspection and repair estimate



Claim Assignment
Sent to IA firm based on cause of loss

Field Inspection Determination
Based on loss severity

Initial Claim Payment
Supplemental payments available with documentation and coverage confirmation

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Flood Coverage Requirement (Senate Bill 2-A)

All new policies with wind coverage and an effective date on or after 04.01.23, and renewal policies with wind coverage on or after 07.01.23, within the special flood hazard area (SFHA) as defined by the National Flood Insurance Program (NFIP) must secure and maintain a flood insurance policy.

Most homes with wind coverage must secure and maintain a flood policy according to the following schedule:

- Effective 01.01.24 - Policies with dwelling value (Coverage A) of $600,000 or more
- Effective 01.01.25 - Policies with a dwelling value of $500,000 or more
- Effective 01.01.26 - Policies with a dwelling value of $400,000 or more
- Effective 01.01.27 - All policies, regardless of value

Flood coverage must be secured from the NFIP or a private insurance carrier at the following limits, if available:

- Dwelling policies: Equal to or greater than Citizens' separate Coverage A

Condominium unit-owner policies, tenant content policies, and policies that exclude windstorm or hail coverage are not required to purchase flood coverage.

If the above limits are not available from the NFIP, Citizens will accept the maximum coverage amount for which the insured is eligible. Maximum NFIP limits:

- Regular Program (i.e., final phase of a community's participation): $250,000 Coverage A
- Emergency Program (i.e., initial phase of a community's participation): $35,000 Coverage A

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2024 Hurricane Claims

Data as of 1/7/2025	Hurricane Debby	Hurricane Helene	Hurricane Milton	TOTAL
Claims Received	3,077	14,777	58,771	76,625
Claims Closed	2,686	13,692	51,719	68,097
Closed with Payment	739	4,202	28,512	33,453
Closed without Payment	1,947	9,490	23,208	34,645
Closed (Below Deductible)	279	2,949	9,700	12,928
Closed (No Coverage)	950	1,554	4,063	6,567
Closed (Claim Withdrawn)	236	924	3,583	4,743
Closed (No Coverage – Flood Loss)	199	2,957	932	4,088
Closed (Invalidated Claim)	125	511	2,189	2,825
Closed (Miscellaneous Reason)	126	401	2,193	2,720
Closed (No Policy Inforce)	25	157	411	593
Closed (Duplicate Claim)	7	35	130	172
Closed (Assumed Policy)	0	2	7	9

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Questions?