

CEO: Citizens Property Insurance now on a better financial footing

Citizens president and CEO Barry Gilway is the guest speaker at the Economic Club of Florida luncheon. Dave Hodges/Democrat



Dave Hodges, Tallahassee Democrat 10:19 p.m. EDT July 10, 2014



(Photo: Mike Ewen/Democrat)

The financial outlook for Citizens Property Insurance Corp. is improving, based on a variety of measurements discussed today by the chief executive that has guided the process the past two years.

During his presentation at the July meeting of the Economic Club of Florida, Citizens president and CEO Barry Gilway gave statistics showing that the property insurer – Florida's largest – is successfully reducing the number of policyholders it has, its total financial exposure, and boosting its claims-paying ability.

Gilway, an insurance executive whose career spans more than 40 years, came onboard at Citizens just as its financial challenges reached their peak, he noted. The company has been a provider of last resort for consumers unable to obtain coverage elsewhere.

"It was really a company out of control," Gilway said. "We had reached 1.5 million policies – 26 percent of the market." That has since declined to 920,000 policies and he wants it lower – down to about 650,000 or thereabouts.

"Our target for the end of this year is something in that 850,000 range because we still expect some significant depopulation in the November and December time frames," he said. That shift is easier today with the improving financial health of private insurers, who can offer coverage for Citizens policyholders.

What the systematic transfer of risk has done is shrink Citizens' total exposure, Gilway said. In 2011 the state-created insurer had \$510 billion worth of exposure and that has been reduced to \$295 billion.

Conversely, Citizens' claims-paying capacity is up, based on the funds it has on hand and other assets. That figure stands at \$19.4 billion, up from \$16.7 billion in 2011, he noted. "I can tell you that Citizens has never, ever been this strong financially," Gilway said during his remarks at the FSU Alumni Center.

For policyholders, many could see their rates come down. Last month Citizens' Board of Governors voted to lower rates by an average of 3.2 percent for single-family homeowners in 2015. That means nearly 70 percent of those with homeowners policies should see some sort of decrease.

In response to a question from the audience, Gilway explained the factors that led to Citizens' decision in April to move 130 Tallahassee information technology staffers to Jacksonville by next year. At present, IT personnel are working in Tallahassee, Tampa and Jacksonville, but ought to be closer to the underwriting and claims functions in Jacksonville, he said.

"We thought, frankly, that it would be much better if we could get those folks together as an organization," said Gilway, noting it would make management of technology initiatives easier and save an estimated \$12 to \$14 million over a five-year period.

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