

Tampa Bay Times



WINNER OF 10 PULITZER PRIZES

THE BUZZ

From the staff of the Tampa Bay Times

More Citizens policyholders could be dropped into private market



Mary Ellen Klas, Times/Herald Tallahassee Bureau

Thursday, September 4, 2014 2:13pm

From the News Service of Florida:

The Florida Office of Insurance Regulation announced Thursday that more than 425,000 customers of the state-backed Citizens Property Insurance Corp. could be shifted in November to 16 private carriers.

But don't count on all of the policies landing in the private market.

The targeted accounts, nearly double the number of policies previously approved this year to be taken out by private firms, are comprised of 425,357 personal-residential and 2,227 commercial-residential policies. However, past takeout efforts have shown that private companies cherry-pick the least-risky policies and that companies often go after many of the same policies.

Since the start of the year, regulators have approved 894,156 policies for takeout, including the policies announced Thursday. As of Aug. 30, 124,995 had been removed. (Note: Policyholders who refuse the take out to remain with Citizens may get hit with a rate increase, and for those who agree to the take-out, there is no guarantee that the rate the customer gets the first year with the takeout will match the rate in subsequent years.)

Citizens had 933,807 policies as of July 31. The agency in February went under the 1 million policy mark for the first time since August 2006.

Citizens President and Chief Executive Officer Barry Gilway has said he expects the number of Citizens policies to reach about 850,000 later this year, with the number flattening out around 650,000 policies before the end of 2017.

In addition to the just-announced November takeouts, Southern Oak Insurance Company will have a chance to receive up to 10,000 policies on Sept. 16, while six companies are lined up to acquire as many as 91,499 policies, mostly inland personal-lines accounts, in October.

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