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Citizens Insurance Seeks Cuts for Inland Clients

State regulators have until Sept. 4 to rule on insurance company's request.

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THE NEWS SERVICE OF FLORIDA

Published: Wednesday, August 27, 2014 at 11:47 p.m.

TALLAHASSEE | Citizens Property Insurance Corp. wants state regulators to reduce base rates for the majority of its policyholders for the first time since a move to artificially lower rates ended in 2009.

About 70 percent of Citizens' policyholders, mostly inland residential customers, would benefit from the proposed 5.8 percent reduction for multi-peril coverage, according to the state-backed insurer. Meanwhile, the other 30 percent, many in commercial, condominium and coastal properties, could face increases.

Citizens President and CEO Barry Gilway told the Florida Office of Insurance Regulation on Wednesday that the request comes as efforts have been successful to move more than a half-million policies into the private market the past two years and as rates in prior years have been increased to bring the state-backed insurer more in line with the private market.

Citizens also has been able to bulk up its surplus as Florida is now in its ninth hurricane season without the center of a major storm making contact with the state, he said.

"It's has been hard getting here," Gilway said. "But we're finally at that point where we have good news."

The Office of Insurance Regulation has until Sept. 4 to rule on the request.

Insurance Commissioner Kevin McCarty wouldn't speculate on how his office will rule after the "fact-finding" session with Citizens officials Wednesday.

Amy Bogner, a spokeswoman for the office, said the decision may not be released publicly until Sept. 5.

The proposed reduction doesn't automatically mean a drop in costs for all policyholders as individual rates vary county by county, by the locations of properties and by property owners' different types of coverage.

For example, sinkhole rates will remain flat for most of the state except in Hernando County, where Citizens is requesting a 10 percent increase.

Also, rates for businesses and condominium associations, which comprise about 36,000 of Citizens' policies, are proposed to increase from 0.2 percent to 10 percent depending upon the type of coverage.

Gilway said more work is needed to further trim the number of policies in Citizens.

"I'm not suggesting that the glide path (rate) increases have not been significant in

some areas," Gilway said. "And I'm also not suggesting that we're there yet, because primarily in the commercial lines arena and the coastal arena, we've got a ways to go to get to rate adequacy."

Since 2009, Citizens' rates have steadily increased as lawmakers have sought to draw private insurers to the state.

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