

“CITIZENS”) was given the authority to create a clearinghouse to show CITIZENS policyholders and applicants for coverage the options that may be available to them in the private market. The Legislature also limited the authority of CITIZENS to write policies if coverage is available that does not pose a risk for assessments on Floridians.

3. Section 7 of Chapter 2013-60, Laws of Florida, amended Section 627.351(6)(a)3., Florida Statutes, to restrict the eligibility of personal residential properties for coverage by CITIZENS as follows:

b. Effective January 1, 2015, a structure that has a dwelling replacement cost of \$900,000 or more, or a single condominium unit that has a combined dwelling and contents replacement cost of \$900,000 or more, is not eligible for coverage by [CITIZENS]. Such dwellings insured by [CITIZENS] on December 31, 2014, may continue to be covered by [CITIZENS] only until the end of the policy term.

c. Effective January 1, 2016, a structure that has a dwelling replacement cost of \$800,000 or more, or a single condominium unit that has a combined dwelling and contents replacement cost of \$800,000 or more, is not eligible for coverage by [CITIZENS]. Such dwellings insured by [CITIZENS] on December 31, 2015, may continue to be covered by [CITIZENS] until the end of the policy term.

d. Effective January 1, 2017, a structure that has a dwelling replacement cost of \$700,000 or more, or a single condominium unit that has a combined dwelling and contents replacement cost of \$700,000 or more, is not eligible for coverage by [CITIZENS]. Such dwellings insured by [CITIZENS] on December 31, 2016, may continue to be covered by [CITIZENS] until the end of the policy term.

4. Further, Section 627.351(6)(a)3., Florida Statutes, as amended by Chapter 2013-60, Laws of Florida, provides the following in relevant part:

The requirements of sub-subparagraphs b.-d. do not apply in counties where the [OFFICE] determines there is not a reasonable degree of competition. In such counties a personal lines residential structure that has a dwelling replacement cost of less than \$1 million, or a single condominium unit that has a combined dwelling and contents replacement cost of less than \$1 million, is eligible for coverage by [CITIZENS].

5. To determine the counties where there is not a reasonable degree of competition, the OFFICE performed a market analysis. The OFFICE analyzed data from insurers writing personal residential coverage and agents representing affected policyholders, including information on file in the Quarterly Supplemental Reporting system (hereinafter referred to as “QUASR”). CITIZENS and private residential property and casualty insurers are required by Section 624.424(10), Florida Statutes, to file data in QUASR, including the number of policies and the premium volume data for each county.

6. The OFFICE has applied the Herfindahl-Hirschman Index (hereinafter referred to as “HHI”) to premium volume data for each county. The HHI is a commonly accepted measure of market concentration used by the United States Department of Justice, Federal Trade Commission, and state attorneys general for purposes of antitrust enforcement. The HHI is used to compare the relative concentration between markets. Markets where the HHI is greater than two thousand five hundred (2500) are generally considered to be highly concentrated.¹

7. Application of the HHI to the QUASR data shows that Miami-Dade County and Monroe County are highly concentrated markets.

8. The OFFICE also calculated the market share of CITIZENS for policies that include wind coverage and have policy limits between nine hundred thousand to one million U.S. Dollars (\$900,000 - \$1,000,000). The OFFICE found that CITIZENS has a ninety-six and eight tenths percent (96.8%) market share in Monroe County and a sixty-two and five tenths percent (62.5%) market share in Miami-Dade County.

9. A chart showing the data for each county is attached as Exhibit A.

¹ Andrew Chin, Herfindahl-Hirschman Index Calculator, University of North Carolina School of Law (Dec. 2010), available at <http://www.unclaw.com/chin/teaching/antitrust/herfindahl.htm>.

NOW THEREFORE, the OFFICE determines:

1. There is not a reasonable degree of competition in Miami-Dade County or Monroe County.
2. The Office makes no determination with respect to any other county.
3. A policy that is otherwise eligible for coverage in CITIZENS in Miami-Dade County or Monroe County is not rendered ineligible by Section 627.351(6)(a)3.b.-d., Florida Statutes.

DONE and ORDERED this 22nd day of December, 2014.





Kevin M. McCarty, Commissioner
Office of Insurance Regulation

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of this ORDER was sent by Certified Mail to Barry Gilway, President/CEO and Executive Director, Citizens Property Insurance Corporation, 2312 Killlearn Center Boulevard, Building A, Tallahassee, FL 32309, this 22 day of December, 2014.



Sarah J. Berner, Assistant General Counsel
Office of Insurance Regulation
200 East Gaines Street
Larson Building
Tallahassee, Florida 32399

Exhibit A

INFORMATION FOR COVERAGE AMOUNTS* BETWEEN \$900K AND \$1M (Only includes policies that include wind coverage)

County	Total Premium	Citizens Premium	Citizens Policies	Citizens Market Share
Monroe **	1,410,384	1,365,087	251	96.8%
Miami-Dade **	5,554,964	3,469,825	548	62.5%
Hardee **	8,854	4,179	1	47.2%
Franklin	81,205	31,214	9	38.4%
DeSoto **	18,126	6,656	1	36.7%
Charlotte	343,842	121,543	39	35.3%
Sarasota	1,755,347	565,004	203	32.2%
Lee	2,926,972	941,531	251	32.2%
Indian River	578,726	183,698	43	31.7%
Hernando	52,392	15,867	2	30.3%
Broward	5,087,982	1,214,035	252	23.9%
Escambia	272,177	58,999	15	21.7%
Palm Beach	9,566,280	2,049,325	398	21.4%
Walton	619,824	115,371	35	18.6%
Santa Rosa	213,848	38,938	11	18.2%
Collier	3,159,111	535,341	132	16.9%
Levy **	18,391	3,109	1	16.9%
Pinellas	2,327,514	386,451	98	16.6%
Okaloosa	406,680	40,969	9	10.1%
Manatee	929,953	57,123	19	6.1%
Gulf **	52,537	3,144	1	6.0%
Flagler	227,107	12,355	11	5.4%
Nassau	145,851	7,150	5	4.9%
Pasco	203,625	8,780	4	4.3%
Hillsborough	2,612,114	106,329	15	4.1%
Brevard	880,424	35,682	8	4.1%
Volusia	528,370	20,271	9	3.8%
Polk **	791,784	23,154	3	2.9%
St. Lucie	184,331	3,584	1	1.9%
Clay	171,433	3,303	1	1.9%
Martin	785,464	13,920	2	1.8%
St. Johns	1,404,935	20,398	13	1.5%
Bay	215,869	3,050	1	1.4%
Alachua	401,673	5,583	1	1.4%
Duval	1,251,637	12,110	5	1.0%
Orange	2,554,648	23,497	5	0.9%

Note: Only counties where Citizens has premium is shown.

* - Coverage amounts represent Cov A + Cov C for condo policies, Cov A for all other policies

** - Counties where the Herfindahl-Hirschman Index indicates a "highly concentrated" market