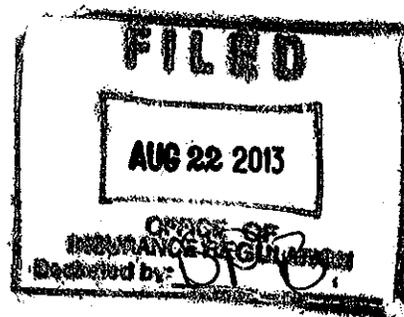




OFFICE OF INSURANCE REGULATION



**KEVIN M. McCARTY**  
COMMISSIONER

IN THE MATTER OF:

CITIZENS PROPERTY  
INSURANCE CORPORATION

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CASE NO.: 140140-13

**ORDER**

TO: Barry Gilway  
President  
2312 Killearn Center Blvd., Bldg. A  
Tallahassee, Florida 32309

THIS CAUSE came on before the State of Florida, Office of Insurance Regulation (hereinafter referred to as the "OFFICE") upon the filing by Citizens Property Insurance Corporation (hereinafter referred to as "CITIZENS") of Rate Filing Nos. FCC 13-12319, FCC 13-12323, and FCC 13-12470. The OFFICE, now having considered the complete record for the above-referenced filings and being otherwise fully advised in the premises, hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter and of the parties herein.
2. CITIZENS was created by statute with the public purpose to ensure the existence of an orderly market for property insurance for Floridians and Florida businesses.
3. In accordance with Section 627.351(6)(n) of the Florida Statutes, CITIZENS' rates must meet the following requirements:

(n)1. Rates for coverage provided by the corporation shall be actuarially sound and subject to the requirements of s. 627.062, except as otherwise provided in this paragraph. The corporation shall file its recommended rates with the office at least annually. The corporation shall provide any additional information regarding the rates which the office requires. The office shall consider the recommendations of the board and issue a final order establishing the rates for the corporation within 45 days after the recommended rates are filed. The corporation may not pursue an administrative challenge or judicial review of the final order of the office.

2. In addition to the rates otherwise determined pursuant to this paragraph, the corporation shall impose and collect an amount equal to the premium tax provided for in s. 624.509 to augment the financial resources of the corporation.

3. After the public hurricane loss-projection model under s. 627.06281 has been found to be accurate and reliable by the Florida Commission on Hurricane Loss Projection Methodology, that model shall serve as the minimum benchmark for determining the windstorm portion of the corporation's rates. This subparagraph does not require or allow the corporation to adopt rates lower than the rates otherwise required or allowed by this paragraph.

4. The rate filings for the corporation which were approved by the office and which took effect January 1, 2007, are rescinded, except for those rates that were lowered. As soon as possible, the corporation shall begin using the lower rates that were in effect on December 31, 2006, and shall provide refunds to policyholders who have paid higher rates as a result of that rate filing. The rates in effect on December 31, 2006, shall remain in effect for the 2007 and 2008 calendar years except for any rate change that results in a lower rate. The next rate change that may increase rates shall take effect pursuant to a new rate filing recommended by the corporation and established by the office, subject to the requirements of this paragraph.

5. Beginning on July 15, 2009, and each year thereafter, the corporation must make a recommended actuarially sound rate filing for each personal and commercial line of business it writes, to be effective no earlier than January 1, 2010.

4. The process described in the above-referenced statutory provisions requires the OFFICE to establish the rates for CITIZENS by Final Order. This differs from the process for

other insurance companies, wherein the OFFICE approves or disapproves the rates filed. CITIZENS was required under Florida law to file rate recommendations with the OFFICE beginning July 15, 2009, and each year thereafter. The rate filings governed by this Order are for new Commercial Lines rates effective January 1, 2014.

5. CITIZENS submitted the following rate filings to the OFFICE and pertaining to the Commercial Lines Account which are the subject of this Order:

- FCC 13-12319 Commercial Lines Account Residential (Condo Association);
- FCC 13-12323 Commercial Lines Account Residential (Other than Condo Association);
- FCC 13-12470 Commercial Lines Account Non-Residential.

#### RATES ESTABLISHED

##### **COMMERCIAL LINES ACCOUNT RESIDENTIAL (CONDO ASSOCIATION)**

6. On or about July 8, 2013, CITIZENS filed with the OFFICE Rate Filing Nos. FCC 13-12319 for Commercial Lines Account Residential (Condo Association). CITIZENS proposed overall rate changes of +8.7%, with an effective date of January 1, 2014 for new and renewal business. The OFFICE reviewed the information provided by CITIZENS and based on its findings, hereby establishes the rates that CITIZENS shall implement to reflect an overall average statewide rate change of **+8.3% (inclusive of the cash build-up factor)** to meet the requirements of Section 627.351, Florida Statutes. This rate effect is an estimate based on in-force policy distributions and the rates in this Order. A chart listing the approved rate changes for Commercial Lines Residential Business (Condo Association) is attached hereto as "**Attachment A**". No deviations from these rates are approved, authorized, or established by entry of this order other than reduction of 1% as offset for TRIA surcharge. The Florida Hurricane Catastrophe Fund Cash Build-Up Factor approved is 9.0%.

7. Within thirty (30) days of the date of this Order, CITIZENS shall submit to the OFFICE final manual pages and any necessary revisions to the Commercial Lines Rate Collection System information. The final rate level effects included in the Commercial Lines Rate Collection System information must reflect the per policy capping.

8. In 2014 annual filing CITIZENS will amend rating plan so that BCEGS and Hurricane Deductible factors do not apply to All Other Perils and Sinkhole premium.

**COMMERCIAL LINES ACCOUNT RESIDENTIAL (OTHER THAN CONDO ASSOCIATION)**

9. On or about July 8, 2013, CITIZENS filed with the OFFICE Rate Filing Nos. FCC 13-12323 for Commercial Lines Account Residential (Other than Condo Association). CITIZENS proposed overall rate changes of +0%, with an effective date of January 1, 2014 for new and renewal business. The OFFICE reviewed the information provided by CITIZENS and based on its findings, hereby establishes the rates that CITIZENS shall implement to reflect an overall average statewide rate change of **0% (inclusive of the cash build-up factor)** to meet the requirements of Section 627.351, Florida Statutes. This rate effect is an estimate based on in-force policy distributions and the rates in this Order. A chart listing the approved rate changes for Commercial Lines Residential Business (Other than Condo Association) is attached hereto as "**Attachment A**". No deviations from these rates are approved, authorized, or established by entry of this order. The Florida Hurricane Catastrophe Fund Cash Build-Up Factor approved is 9.9%.

10. Within thirty (30) days of the date of this Order, CITIZENS shall submit to the OFFICE final manual pages and any necessary revisions to the Commercial Lines Rate Collection System information. The final rate level effects included in the Commercial Lines Rate Collection System information must reflect the per policy capping.

11. In 2014 annual filing CITIZENS will amend rating plan so that BCEGS and Hurricane Deductible factors do not apply to All Other Perils and sinkhole premium.

**COMMERCIAL LINES ACCOUNT NON-RESIDENTIAL**

12. On or about July 10, 2013, CITIZENS filed with the OFFICE Rate Filing Nos. FCC 13-12470 for Commercial Lines Account Non-Residential. CITIZENS proposed uniform base rate change of +10% for all territories, with an effective date of January 1, 2014 for new and renewal business. On or about July 31, 2013, CITIZENS submitted revised proposed uniform base rate change of +8.6% for all territories. The OFFICE reviewed the original and revised information provided by CITIZENS and based on its findings, hereby approves the revised rate request. CITIZENS shall implement to uniform rate change of +8.6% for each territory to meet the requirement of Section 627.351, Florida Statutes. In addition, the OFFICE approves the CITIZENS charge of 1% of premium for the Terrorism Coverage. Within 30 days of the date of this Order, CITIZENS shall submit to the OFFICE final manual pages.

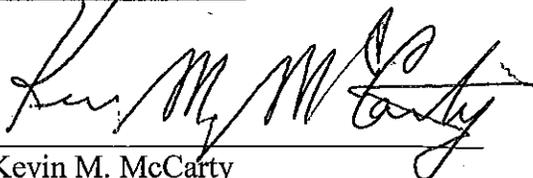
13. In 2014 annual filing CITIZENS will amend rating plan so that BCEGS and Hurricane Deductible factors do not apply to All Other Perils and sinkhole premium.

**THEREFORE**, Rates as detailed herein are **ESTABLISHED** and **APPROVED** for Rate Filing Nos. FCC 13-12319, FCC 13-12323, and FCC 13-12470.

**FURTHER**, all terms and conditions contained herein are hereby **ORDERED**.

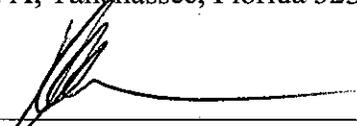
**DONE AND ORDERED** this 22 day of AUGUST 2013.



  
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 , 2312 Killearn Center Blvd., Bldg. A, Tallahassee, Florida 32309 on this 22 day of August, 2013.



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COPIES FURNISHED TO:

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## Attachment A

### Commercial Residential Multiperil Approved Base Rate Change

#### Class Rated Business

FCC 13-12319  
Condominium Assoc

FCC 13-12323  
Other than Condominium Assoc

#### BG2

Territory	BG1	BG2	BG1	BG2
Seacoast Zone 1	10.0%	10.0%	0.0%	-1.1%
Seacoast Zone 2	10.0%	-16.0%	0.0%	-1.1%
Seacoast Zone 3	10.0%	10.0%	0.0%	-1.0%
Inland	10.0%	-6.8%	0.0%	-0.4%
Monroe ex Key West	10.0%	9.1%	0.0%	-1.2%
Key West	10.0%	10.0%	0.0%	-1.3%