



**FILED**

JUN 24 2022

INSURANCE REGULATION  
Docketed by: AB

OFFICE OF INSURANCE REGULATION

**DAVID ALTMAIER**  
COMMISSIONER

IN THE MATTER OF:

CITIZENS PROPERTY  
INSURANCE CORPORATION  
\_\_\_\_\_ /

CASE NO.: 297070-22

**FINAL ORDER**

TO: Barry Gilway, President  
2101 Maryland Circle  
Tallahassee, Florida 32303

THIS CAUSE came on for consideration upon the filing by CITIZENS PROPERTY INSURANCE CORPORATION (“CITIZENS”) with the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) of its Commercial Property Rate Filing Nos. FCC 22-003394, FCC 22-003395, FCC 22-003509, FCC 22-003648, FCC 22-003649, and FCC 22-003765 (collectively “Rate Filings”).

The OFFICE held a recorded virtual public rate hearing to receive public comment on the filings on March 31, 2022. At the hearing, CITIZENS offered testimony in support of its rate recommendations and members of the public provided comments in writing on the effects of the rate filings. 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), Florida Statutes, CITIZENS' rates must meet the following requirements:

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, the model shall be considered when establishing the windstorm portion of the corporation's rates. The corporation may use the public model results in combination with the results of private models to calculate rates for 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 corporation must make a recommended actuarially sound rate filing for each personal and commercial line of business it writes.

5. Notwithstanding the board's recommended rates and the office's final order regarding the corporation's filed rates under subparagraph 1., the corporation shall annually implement a rate increase which, except for sinkhole coverage, does not exceed the following for any single policy issued by the corporation, excluding coverage changes and surcharges:

- a. Eleven percent for 2022.
- b. Twelve percent for 2023.
- c. Thirteen percent for 2024.
- d. Fourteen percent for 2025.
- e. Fifteen percent for 2026 and all subsequent years.

6. The corporation may also implement an increase to reflect the effect on the corporation of the cash buildup factor pursuant to s. 215.555(5)(b).

7. The corporation's implementation of rates as prescribed in subparagraph 5. shall cease for any line of business written by the corporation upon the corporation's implementation of actuarially sound rates. Thereafter, the corporation shall annually make a recommended actuarially sound rate filing for each commercial and personal line of business the corporation writes.

4. The process described in the above-referenced statutory provisions requires CITIZENS to file rate recommendations with the OFFICE. The OFFICE then establishes the rates for CITIZENS by final order. The rate filings governed by this Order are for new and renewal rates to be effective no earlier than September 1, 2022.

5. CITIZENS submitted the following commercial lines rate filings to the OFFICE, which are the subject of this Final Order:

- FCC 22-003394 Commercial Residential Property Multi-Peril Condominium Associations (CLA & CA)
- FCC 22-003395 Commercial Residential Property Multi-Peril Excluding Condominium Associations (CLA & CA)
- FCC 22-003509 Commercial Non-Residential Property Multi-Peril (CLA & CA)
- FCC 22-003648 Commercial Residential Property Wind Only Condominium Associations (CA)
- FCC 22-003649 Commercial Residential Property Wind Only Excluding Condominium Associations (CA)
- FCC 22-003765 Commercial Non-Residential Property Wind Only (CA),

where CLA refers to the Commercial Lines Account and CA refers to the Coastal Account.

6. **PUBLIC COMMENT:** The OFFICE invited members of the public to comment on the proposed rate changes contained within the Rate Filings during the virtual rate hearing or via electronic mail through April 14, 2022. The OFFICE received and reviewed comments from members of the public who provided input on the rate increase.

7. **CONSUMER ADVOCATE:** Tasha Carter, Florida's Insurance Consumer Advocate, attended the hearing and asked questions of CITIZENS at the hearing.

### **FINDINGS AND MODIFICATIONS**

These Rate Filings contained a number of proposed modifications to the rating methodology Citizens has historically used to calculate its rates. Several proposed modifications to the rating methodology are separately identified and discussed below.

8. **HURRICANE LOSS ESTIMATES:** CITIZENS' recommended rates are based on projected hurricane losses estimated by multiple hurricane loss models, including the Florida Public Model (FPM) and models by AIR Worldwide Corporation (AIR), Risk Management Solutions (RMS), and CoreLogic (RQE). Consistent with CITIZENS' long-established methodology as in their past rate filings, the selected wind indication is a value toward the middle of the range of the indications from the four models for purposes of projecting hurricane losses on a statewide basis. By territory, the median of the wind indications was adjusted to the statewide indication.

9. **CAP ALL RATE INCREASES AT 11%:** CITIZENS recommended increasing rates by 11.0% in 2022 for all commercial residential accounts and for all policyholders. The rate indication for these Rate Filings all exceeded the 11% statutorily prescribed cap pursuant to Section 627.351(6)(n)5.a., Florida Statutes<sup>1</sup>. Sinkhole rates and the impact of the FHCF Build-Up are not included in the 11% increase.

10. **INCLUSION OF THE COST OF REINSURANCE UP TO A 1 IN 100 YEAR PROBABLE MAXIMUM LOSS, EVEN IF NOT PURCHASED:** In a change this year, CITIZENS' recommended rates include a provision allowed by section 627.351(6)(c)9.,

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<sup>1</sup> This increase does not apply to Commercial Non-Residential Property Multi-Peril.

Florida Statutes, that allows CITIZENS to include the cost of reinsurance up to a 1 in 100 year probable maximum loss in its rate calculations even if it does not purchase catastrophe reinsurance.

Section 627.351(6)(c)9., Florida Statutes states:

Must provide that the corporation make its best efforts to procure catastrophe reinsurance at reasonable rates, to cover its projected 100-year probable maximum loss as determined by the board of governors. If catastrophe reinsurance is not available at reasonable rates, the corporation need not purchase it, but the corporation shall include the costs of reinsurance to cover its projected 100-year probable maximum loss in its rate calculations even if it does not purchase catastrophe reinsurance.

The OFFICE finds that the revised reinsurance expense determination used in this filing produces rates that are not excessive, inadequate or unfairly discriminatory.

11. **EFFECTIVE DATE CHANGE:** On or about April 12, 2022, CITIZENS requested to amend the original proposed effective dates on the Rate Filings from August 1, 2022, to September 1, 2022, to implement the proposed rates.

**COMMERCIAL LINES ACCOUNT  
COMMERCIAL RESIDENTIAL PROPERTY MULTI-PERIL  
CONDOMINIUM ASSOCIATIONS**

12. CITIZENS filed with the OFFICE Rate Filing FCC 22-003394 for the Commercial Residential Property Multi-Peril Condominium Associations Program. CITIZENS proposed an overall average statewide rate increase of 8.7% with an effective date of September 1, 2022, for new and renewal business.

13. 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 increase of 8.7% with an effective date of September 1, 2022, to meet the requirements of section 627.351(6)(n), Florida Statutes. This rate effect is an estimate based on

in-force policy distributions and the rates in this Order including change in the class rated, special class business, and Florida Hurricane Catastrophe Fund Cash Build-Up. The Florida Hurricane Catastrophe Fund Cash Build-Up Factor for the Commercial Residential Property Multi-Peril Condominium Associations Program is 0.095.

**COMMERCIAL LINES ACCOUNT  
COMMERCIAL RESIDENTIAL PROPERTY MULTI-PERIL  
EXCLUDING CONDOMINIUM ASSOCIATIONS**

14. CITIZENS filed with the OFFICE Rate Filing FCC 22-003395 for the Commercial Residential Property Multi-Peril Excluding Condominium Associations Program. CITIZENS proposed an overall average statewide rate increase of 10.2% with an effective date of September 1, 2022, for new and renewal business.

15. 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 increase of 10.2% with an effective date of September 1, 2022, to meet the requirements of section 627.351(6)(n), Florida Statutes. This rate effect is an estimate based on in-force policy distributions and the rates in this Order including change in the class rated, special class business, and Florida Hurricane Catastrophe Fund Cash Build-Up. The Florida Hurricane Catastrophe Fund Cash Build-Up Factor for the Commercial Residential Property Multi-Peril Excluding Condominium Associations Program is 0.102.

16. The following Charts entitled “Commercial Residential Property Multi-Peril (CRM)” are attached establishing the rate changes set forth in paragraphs 12 through 15 above:

- A. “Attachment A” – CRM Condominium Associations Class Rated Business;
- B. “Attachment B” – CRM Excluding Condominium Associations Class Rated Business; and

C. "Attachment C" – CRM Special Class Rated Business.

**COMMERCIAL LINES ACCOUNT  
COMMERCIAL NON-RESIDENTIAL PROPERTY MULTI-PERIL**

17. CITIZENS filed with the OFFICE Rate Filing FCC 22-003509 for the Commercial Non-Residential Property Multi-Peril Program. CITIZENS proposed an overall average statewide rate increase of 0.7% with an effective date of September 1, 2022, for new and renewal business.

18. The OFFICE reviewed the information provided by CITIZENS, and based on its findings, hereby establishes that CITIZENS shall make no rate change to meet the requirements of section 627.351(6)(n), Florida Statutes. A chart entitled "Commercial Non-Residential Property Multi-Peril (CNRM)" is attached hereto as "Attachment D."

**COASTAL ACCOUNT  
COMMERCIAL RESIDENTIAL PROPERTY WIND ONLY  
CONDOMINIUM ASSOCIATIONS**

19. CITIZENS filed with the OFFICE Rate Filing FCC 22-003648 for the Commercial Residential Property Wind Only Condominium Associations Program. CITIZENS proposed an overall average statewide rate increase of 9.9%, with an effective date of September 1, 2022, for new and renewal business.

20. 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 increase of 9.9% with an effective date of September 1, 2022, to meet the requirements of section 627.351(6)(n), Florida Statutes. This rate effect is an estimate based on in-force policy distributions and the rates in this Order including change in the Class Rated, Special Class A business, Special Class B business, and Florida Hurricane Catastrophe Fund

Cash Build-Up. The Florida Hurricane Catastrophe Fund Cash Build-Up Factor for the Coastal Account Commercial Residential Property Wind Only Condominium Associations is 0.093.

**COASTAL ACCOUNT  
COMMERCIAL RESIDENTIAL PROPERTY WIND ONLY  
EXCLUDING CONDOMINIUM ASSOCIATIONS**

21. CITIZENS filed with the OFFICE Rate Filing FCC 22-003649 for the Commercial Residential Property Wind Only Excluding Condominium Associations Program. CITIZENS proposed an overall average statewide rate increase of 10.6%, with an effective date of September 1, 2022, for new and renewal business.

22. 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 increase of 10.6% with an effective date of September 1, 2022, to meet the requirements of section 627.351(6)(n), Florida Statutes. This rate effect is an estimate based on in-force policy distributions and the rates in this Order including change in the Class Rated, Special Class A business, and Florida Hurricane Catastrophe Fund Cash Build-Up. The Florida Hurricane Catastrophe Fund Cash Build-Up Factor for the Coastal Account Commercial Residential Property Wind Only Excluding Condominium Associations Program is 0.083.

23. A chart entitled “Commercial Residential Property Wind Only (CRW)” is attached hereto as “Attachment E.” The chart lists the established rate changes set forth in paragraphs 19 through 22 above.

**COASTAL ACCOUNT  
COMMERCIAL NON-RESIDENTIAL PROPERTY WIND ONLY**

24. CITIZENS filed with the OFFICE Rate Filing FCC 22-003765 for the Commercial Non-Residential Property Wind Only Program. CITIZENS proposed an overall



average statewide rate increase of 11.0% for Class Rated Business and Special Class Business, with an effective date of September 1, 2022, for new and renewal business.

25. 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 increases of 11.0% for Class Rate and Special Class business with an effective date of September 1, 2022, to meet the requirements of section 627.351(6)(n), Florida Statutes. This rate effect is an estimate based on in-force policy distributions and the rates in this Order. A chart entitled “Commercial Non-Residential Property Wind Only (CNRW)” is attached hereto as “Attachment F.”

#### **GENERAL PROVISIONS**

26. 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.

27. No deviations from these rates are approved, authorized, or established by entry of this Order. The Florida Hurricane Catastrophe Fund Cash Build-Up Factors are approved consistent with the provisions of this Order.

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**THEREFORE**, rates as detailed herein are **ESTABLISHED** for Rate Filings Nos FCC 22-003394, FCC 22-003395, FCC 22-003509, FCC 22-003648, FCC 22-003649, and FCC 22-003765.

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

DONE AND ORDERED this 24<sup>th</sup> day of June, 2022.



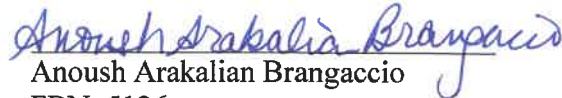
*David Altmaier*

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David Altmaier  
Commissioner  
Office of Insurance Regulation

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of this FINAL ORDER was sent by e-mail to Barry Gilway, President, Citizens Property Insurance Corporation, at Barry.Gilway@citizensfla.com, on this 24<sup>th</sup> day of June, 2022.



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