

**FILED**

**OCT 18 2012**

Dictated by: HT



**OFFICE OF INSURANCE REGULATION**

**KEVIN M. MCCARTY**  
COMMISSIONER

IN THE MATTER OF:

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

CASE NO.: 129247-12

**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 12-14702, FCC 12-14703, FCC 12-15425, FCC 12-15426, FCC 12-14707, and FCC 12-15611. 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 an

insurance company, 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, 2013 and new Coastal Account rates effective February 1, 2013.

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

- FCC 12-14702 Commercial Lines Account Residential (Other than Condo Association)
- FCC 12-14703 Commercial Lines Account Residential (Condo Association)
- FCC 12-15425 Coastal Account Commercial Lines Residential (Condo Association)
- FCC 12-15426 Coastal Account Commercial Lines Residential (Other than Condo Association)
- FCC 12-14707 Commercial Lines Account Non-Residential
- FCC 12-15611 Coastal Account Commercial Lines Non-Residential

#### **RATES ESTABLISHED**

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

6. On or about September 3, 2012, CITIZENS filed with the OFFICE Rate Filing Nos. FCC 12-14702 for Commercial Lines Account Residential (Other than Condo Association). CITIZENS proposed overall rate changes of +11.4%, with an effective date of January 1, 2013 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 **+3.1% (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 6.6%.

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.

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

8. On or about September 3, 2012, CITIZENS filed with the OFFICE Rate Filing Nos. FCC 12-14703 for Commercial Lines Account Residential (Condo Association). CITIZENS proposed overall rate changes of +11%, with an effective date of January 1, 2013 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 **+9.9% (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 Associations) 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 6.3%.

9. 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.

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

10. On or about September 17, 2012, CITIZENS filed with the OFFICE Rate Filing Nos. FCC 12-15425 for Coastal Account Commercial Lines Residential (Condo Association). CITIZENS proposed overall rate changes of +11.5%, with an effective date of February 1, 2013 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 **+10.6% (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 Associations) in the Coastal Account is attached hereto as **"Attachment B"**. 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 7.23%.

11. 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.

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

12. On or about September 17, 2012, CITIZENS filed with the OFFICE Rate Filing Nos. FCC 12-15426 for Coastal Account Commercial Lines Residential (Other than Condo Association). CITIZENS proposed overall rate changes of +11.6%, with an effective date of February 1, 2013 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 **+10.8% (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) in the Coastal Account is attached hereto as **"Attachment B"**. 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 7.23%.

13. 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.

**COMMERCIAL LINES ACCOUNT NON-RESIDENTIAL**

14. On or about September 3, 2012, CITIZENS filed with the OFFICE Rate Filing Nos. FCC 12-14707 for Commercial Lines Account Non-Residential. CITIZENS proposed uniform rate changes of +10% for each territory, with an effective date of January 1, 2013 for new and renewal business. The OFFICE reviewed the information provided by CITIZENS and based on its findings, hereby **approves** the proposed request. CITIZENS shall implement to

uniform rate changes of **+10 % for each territory** to meet the requirements of Section 627.351, Florida Statutes. Within thirty (30) days of the date of this Order, CITIZENS shall submit to the OFFICE final manual pages.

**COASTAL ACCOUNT COMMERCIAL LINES NON-RESIDENTIAL**

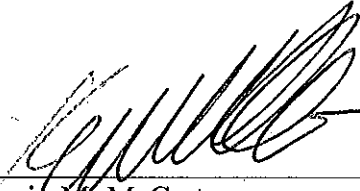
15. On or about September 19, 2012, CITIZENS filed with the OFFICE Rate Filing Nos. FCC 12-15611 for Coastal Account Commercial Lines Non-Residential. CITIZENS proposed uniform rate changes of +10% for each territory for both class rated and special class, with an effective date of February 1, 2013 for new and renewal business. The OFFICE reviewed the information provided by CITIZENS and based on its findings, hereby **approves** the proposed request. CITIZENS shall implement to uniform rate changes of **+10 % for each territory** to meet the requirements of Section 627.351, Florida Statutes. Within thirty (30) days of the date of this Order, CITIZENS shall submit to the OFFICE final manual pages.

**THEREFORE**, Rates as detailed herein are **ESTABLISHED** and **APPROVED** for Rate Filing Nos. FCC 12-14702, FCC 12-14703, FCC 12-15425, FCC 12-15426, FCC 12-14707, and FCC 12-15611.

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


**DONE AND ORDERED** this 18 day of OCT 2012.



  
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 18 day of October, 2012.

  
\_\_\_\_\_  
Kenneth Tinkham  
Assistant General Counsel  
Office of Insurance Regulation  
J. Edwin Larson Building  
200 East Gaines Street  
Tallahassee, FL 32399-4206



COPIES FURNISHED TO:

BARRY GILWAY, President  
Citizens Property Insurance Corporation  
Corporate Offices  
2312 Killearn Center Blvd., Bldg. A  
Tallahassee, Florida 32309

DAN SUMNER, Corporate Counsel  
Citizens Property Insurance Corporation  
Corporate Offices  
2312 Killearn Center Blvd., Bldg. A  
Tallahassee, Florida 32309

RICHARD C. KOON, Deputy Commissioner  
Property and Casualty  
Office of Insurance Regulation  
200 East Gaines Street, Suite 233D  
Tallahassee, Florida 32399-0329

KENNETH TINKHAM, Esquire  
Assistant General Counsel  
Office of Insurance Regulation  
200 East Gaines Street, Suite 646A  
Tallahassee, Florida 32399-6502

## Attachment A

### Commercial Residential Multiperil Approved Base Rate Change

#### Class Rated Business

FCC 12-14703

Condominium Assoc

FCC 11-14702

Other than Condominium Assoc

**BG2**

**Territory**

**BG1**

**BG2**

**BG1**

**BG2**

Seacoast Zone 1

10.0%

10.0%

10.0%

-5.0%

Seacoast Zone 2

10.0%

-10.0%

10.0%

-10.0%

Seacoast Zone 3

10.0%

10.0%

10.0%

10.0%

Inland

10.0%

5.0%

10.0%

10.0%

Monroe ex Key West

10.0%

10.0%

10.0%

10.0%

Key West

10.0%

10.0%

10.0%

10.0%

# ATTACHMENT - B

## Citizens Coastal Account

### Commercial Residential Approved Base Rate Change

County	Territory Number	Class Rated		Special Class	
		12-15425	12-15426	Category A	Category B
		Condominium	Apartments		
		Base Rate Change Before Cash Buildup	Base Rate Change Before Cash Buildup		
Bay	59	10.0%	10.0%	10.0%	-0.9%
Brevard	60	10.0%	10.0%	10.0%	-0.9%
Broward	35	10.0%	10.0%	10.0%	3.0%
Broward	36	10.0%	10.0%	10.0%	3.0%
Broward	37	10.0%	10.0%	10.0%	3.0%
Charlotte	61	10.0%	10.0%	10.0%	0.9%
Collier	62	10.0%	10.0%	10.0%	-0.9%
Dade	30	10.0%	10.0%	10.0%	3.0%
Dade	31	10.0%	10.0%	10.0%	3.0%
Dade	32	10.0%	10.0%	10.0%	3.0%
Dade	34	10.0%	10.0%	10.0%	3.0%
Duval	41	10.0%	10.0%	10.0%	2.4%
Escambia	43	10.0%	10.0%	10.0%	1.9%
Escambia	63	10.0%	10.0%	10.0%	0.9%
Flagler	64	10.0%	10.0%	10.0%	2.4%
Flagler	78	10.0%	10.0%	10.0%	0.7%
Franklin	65	10.0%	10.0%	10.0%	0.9%
Gulf	66	10.0%	10.0%	10.0%	0.9%
Hernando	56	10.0%	10.0%	10.0%	2.4%
Indian River	76	10.0%	10.0%	10.0%	3.1%
Lee	67	10.0%	10.0%	10.0%	0.9%
Lee	79	10.0%	10.0%	10.0%	1.9%
Levy	57	10.0%	10.0%	10.0%	2.4%
Manatee	68	10.0%	10.0%	10.0%	0.9%
Monroe	85	10.0%	10.0%	10.0%	2.2%
Monroe	86	10.0%	10.0%	10.0%	3.5%
Nassau	69	10.0%	10.0%	10.0%	2.4%
Okaloosa	70	10.0%	10.0%	10.0%	-0.9%
Palm Beach	38	10.0%	10.0%	10.0%	3.0%
Palm Beach	87	10.0%	10.0%	10.0%	3.0%
Pasco	88	10.0%	10.0%	10.0%	2.4%
Pinellas	42	10.0%	10.0%	10.0%	-0.9%
Saint Johns	71	10.0%	10.0%	10.0%	-0.9%
Saint Lucie	77	10.0%	10.0%	10.0%	3.0%
Santa Rosa	72	10.0%	10.0%	10.0%	-0.9%
Santa Rosa	80	10.0%	10.0%	10.0%	1.9%
Sarasota	73	10.0%	10.0%	10.0%	-0.9%
Sarasota	81	10.0%	10.0%	10.0%	1.9%
Volusia	44	10.0%	10.0%	10.0%	0.7%
Volusia	74	10.0%	10.0%	10.0%	2.4%
Wakulla	58	10.0%	10.0%	10.0%	0.9%
Walton	75	10.0%	10.0%	10.0%	-0.9%

**ATTACHMENT - B**

**Citizens Coastal Account**

**Commercial Residential Approved Base Rate Change**

<b><u>Territory Group</u></b>	<b>11-14748 &amp; 11-14749 <u>Special Class</u> Base Rate Change Before Cash Buildup</b>
30-38, 77, 87	4.1%
76	-9.4%
41, 56, 57, 64, 69, 74, 88	5.3%
42, 59, 60, 62, 70-73, 75	-1.2%
58, 61, 63, 65-68	10.0%
43, 79, 80, 81	7.7%
44, 78	1.9%
85, Monroe Remainder	-6.7%
86, City of Key West Only	3.7%