

OFFICE OF INSURANCE REGULATION

**KEVIN M. McCARTY**  
COMMISSIONER

IN THE MATTER OF:

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

CASE NO.: 112888-10

ORDER

TO: Scott Wallace  
President  
Citizens Property Insurance Corporation  
101 North Monroe Street, Suite 1000  
Tallahassee, Florida 32301-1546

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. FCP 10-15058, FCP 10-15059, FCC 10-15317, FCC 10-15436, FCC 10-15469, FCC 10-15470, FCC 10-15742, and FCC 10-16202. 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. The Legislature expressed its intent in CITIZENS' enabling statute that "affordable property insurance be provided, as long as necessary, through Citizens Property Insurance Corporation, a

government entity that is an integral part of the state, and that is not a private insurance company.” Section 627.351(6)(a)1., Florida Statutes (2009).

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, for new rates to be effective no earlier than January 1, 2010.

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

- FCP 10-15058 (Dwelling Fire Personal Lines Account)
- FCP 10-15059 (Dwelling Fire High Risk Account)
- FCC 10-15317 (Commercial Property Residential Multi-Peril-  
Excluding Condo Assn.)
- FCC 10-15436 (Commercial Property Residential Multi-Peril-  
Condo Assn.)
- FCC 10-15469 (Commercial Property Residential Wind Only-  
Condo Assn.)
- FCC 10-15470 (Commercial Property Residential Wind Only-  
Excluding Condo Assn.)
- FCC 10-15742 (Commercial Property Nonresidential Wind Only)
- FCC 10-16202 (Commercial Property Nonresidential Multi-Peril)

## Dwelling Fire

6. On or about August 26, 2010, CITIZENS filed with the OFFICE Rate Filing Nos. FCP 10-15058 and 10-15059 for its Dwelling Fire multi-peril coverage program and wind only program respectively. CITIZENS proposed an overall rate change of 9.8% with an effective date of January 1, 2011 for new and renewal multi-peril business and an effective date of February 1, 2011 for new and renewal wind only business. The rate effect is for both filings in total.

7. The OFFICE reviewed the information provided by CITIZENS and hereby establishes the rate that CITIZENS shall implement to reflect an overall average statewide rate increase of 10.4% 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. The Wind base rates are approved at a uniform increase of 60% by territory. The Sinkhole base rates are approved at a uniform increase of 70% by territory. A chart indicating the approved base rate changes for all other perils (i.e., other than Wind and Sinkhole) by territory for Rate Filing No. FCP 10-15058 is attached hereto as "**Attachment A.**" The Florida Hurricane Catastrophe Fund Cash Build-Up Factor approved is 3.41%.

8. 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 Dwelling Fire Rate Collection System information as well as the final rate effect reflecting per policy capping.

9. Within ninety (90) days of the date of this Order, CITIZENS shall make a rule filing requiring an inspection for sinkhole exposure for any new business or policyholder request to add sinkhole coverage and providing that if the inspection is not acceptable, the policy will be offered without sinkhole coverage but will still cover Catastrophic Ground Cover Collapse.

Condo and Ex. Condo Commercial Residential (CLA)

10. On or about August 31, 2010, CITIZENS filed with the OFFICE Rate Filing No. FCC 10-15317 for its Commercial Residential Ex-Condo program. On or about September 2, 2010, CITIZENS filed with the OFFICE Rate Filing No. FCC 10-15436 for its Commercial Residential Condo program. CITIZENS proposed 0.7% for both the Ex-Condo and Condo programs.

11. The OFFICE reviewed the information provided by CITIZENS and hereby establishes the rate that CITIZENS shall implement to reflect an overall average statewide rate increase of 0.7% for the Ex-Condo program and 8.1% for the Condo program to meet the requirements of Section 627.351, Florida Statutes. A chart indicating the approved rate effects by territory excluding the Florida Hurricane Catastrophe Fund Cash Build-Up Factor for Rate Filings Nos. FCC 10-15317 and FCC 10-15436 is attached hereto as “**Attachment B.**” The Florida Hurricane Catastrophe Fund Build-Up Factor approved is 2.56% for Ex-Condos and 2.65% for Condos.

12. 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 Property Residential Rate Collection System information.

13. Within one (1) year of the date of this Order, CITIZENS shall make a rate and rule filing to establish separate sinkhole rates. The filing will also require an inspection for sinkhole exposure for any new business or policyholder request to add sinkhole coverage and provide that if the inspection is not acceptable, the policy will be offered without sinkhole coverage but will still cover Catastrophic Ground Cover Collapse.

Condo and Ex. Condo Commercial Residential (HRA)

14. On or about September 2, 2010, CITIZENS filed with the OFFICE Rate Filing Nos. FCC 10-15469 for its Condo Assn wind only program and FCC 10-15470 for its Ex-Condo wind only program. CITIZENS proposed an overall rate change of 11.5% for the Condo program and 11.7% for the Ex-Condo program with an effective date of February 1, 2011, for new and renewal business.

15. The OFFICE reviewed the information provided by CITIZENS and hereby establishes the rates that CITIZENS shall implement to reflect an overall average statewide rate increase of 11.0% for the Condo program and 11.3% for the Ex-Condo program to meet the requirements of Section 627.351, Florida Statutes. A chart indicating the approved rate effects by territory, excluding the Florida Hurricane Cash Build-Up Factor, for Rate Filing Nos. FCC 10-15469 and FCC 10-15470 is attached hereto as “**Attachment C.**” The Florida Hurricane Catastrophe Build-Up factor approved for both Condo and Ex-Condo is 3.58%.

16. 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 Property Residential Rate Collection System information.

Commercial Nonresidential (HRA)

17. On or about September 10, 2010, CITIZENS filed with the OFFICE Rate Filing No. FCC 10-15742 for its Commercial Property nonresidential wind only program. CITIZENS proposed an overall rate change of 9.9% with an effective date of February 1, 2011 for only new and renewal class rated business with no change to the builders risk or special class businesses. The overall effect is 9.1%.

18. The OFFICE reviewed the information provided by CITIZENS and hereby establishes the rates that CITIZENS shall implement to reflect an overall average statewide rate increase of 10.0% for class rated business and builders risk business with no change to special class business to meet the requirements of Section 627.351, Florida Statutes.

19. 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 Property Non-residential Rate Collection System information.

20. Within one (1) year of the date of this Order, CITIZENS shall submit to the OFFICE documentation supporting the need to continue offering Builders Risk coverage.

#### Commercial Nonresidential (CLA)

21. On or about September 17, 2010, CITIZENS submitted to the OFFICE Rate Filing No. FCC 10-16202 for its Commercial Property nonresidential multi-peril coverage program. CITIZENS proposed a rate change exemption with no overall rate change effective January 1, 2011 for new and renewal business.

22. The OFFICE reviewed the information provided by CITIZENS. The current rates are hereby established for Rate Filing No. FCC 10-16202.

#### Subsequent Rate Filings

23. The rates have been established in accordance with current regulations. Matters for consideration in future rate filings include the following:

a) Subsequent rate filings for Dwelling Fire shall include both statewide and territorial indications (including full supporting data) using only the Public Model results in addition to any other model indications CITIZENS chooses to include.

b) Commercial residential filings shall include separate statewide and territorial indications for condos and all other business. If any part of the indications is not available due to computer systems issues, the filing shall include all available data (even if it includes only a partial history) along with an explanation of what actions CITIZENS is taking to obtain the required data in the future.

c) Commercial residential filings shall include indications with experience only for manually rated risks and exclude experience for individually rated risks and special class rated risks. If any part of the indications is not available due to computer systems issues, the filing shall include all available data (even if it includes only a partial history) along with an explanation of what actions CITIZENS is taking to obtain the required data in the future. Citizens shall submit experience separately for individually rated risks for public information.

d) Statewide and territorial indications shall be provided annually for the builders risk class.

e) Statewide and territorial indications shall be provided annually for Commercial Residential business and all other classes except special classes.

f) If Commercial Property Special Classes remain unchanged, they shall be certified as actuarially sound. Otherwise, CITIZENS shall provide the OFFICE detailed statistical support for the change filed.

g) All supporting exhibits for statewide and territorial indications shall be provided in Excel format.

h) At the same time a filing is submitted, detailed support for estimated Florida Hurricane Catastrophe Fund premium shall be provided.



i) At the same time a filing is submitted, detailed support for each model in the filing, including input exposure data and output loss data, shall be provided.

j) Subsequent rate filings that include a Residual Market Contingency Provision shall provide supporting data and calculations demonstrating that the provision complies with Florida Administrative Code Rule 69O-170.003. This information shall include rate of return based on risk only and not profit, as required by rule. This support shall consider that CITIZENS applies a tax-exempt surcharge of 1.75% in addition to the inclusion of a premium tax provision in the rate indications. The support shall also consider that, if a deficit is incurred, a CITIZENS policyholder surcharge of up to 15% must be levied against all policyholders of the corporation.

k) Any Florida Hurricane Catastrophe Fund Build-Up factor shall reflect its proposed prospective nature relative to the effective date implemented and not be limited to prior year costs.

l) Territory support for Dwelling Fire shall include all the detailed support required in the I-File territory support document for indicated rates prior to the statutory 10% cap to reflect the impact of credibility, responsiveness, and stability of rates.

m) Dwelling Fire filings shall provide statewide rate indications for all perils combined for DP-1 separate from DP-3.

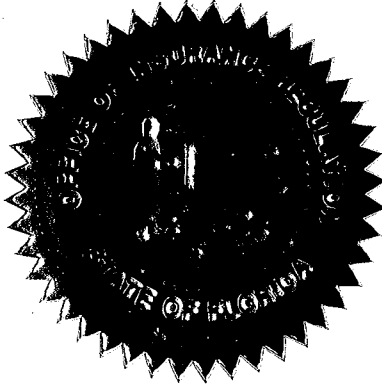
n) No adjustment of model output shall be done to allocate to line of business, and if adjustment to exposures is needed, input to the model shall be done for accurate line of business classification.


o) All exhibits shall be shown in the table of contents. If the workbook contains hidden worksheets, it shall be noted on the table of contents.

THEREFORE, Rates as detailed herein are ESTABLISHED and APPROVED for Rate Filing Nos. FCP 10-15058, FCP 10-15059, FCC 10-15317, FCC 10-15436, FCC 10-15469, FCC 10-15470, FCC 10-15742, and FCC 10-16202

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

DONE AND ORDERED this 11TH day of OCTOBER 2010.



  
\_\_\_\_\_  
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: Scott Wallace, President, Citizens Property Insurance Corporation, 101 North Monroe Street, Suite 1000, Tallahassee, Florida 32301, this 11 day of October 2010.



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Office of Insurance Regulation  
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COPIES FURNISHED TO:

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CI INS DWELLING FIRE FILING FCP 10-15058				
FINAL TERRITORIAL RATE CHANGES - DWELLING FIRE				
ALL OTHER BASE RATE CHANGES				
Territory	Territory Description	DP-1 % CHANGE	DP-3 % CHANGE	
192	Alachua	-5.0%	-5.0%	
292	Baker	-5.0%	10.0%	
601	Bay, Coastal	-5.0%	-5.0%	
721	Bay, Remainder	-5.0%	-5.0%	
392	Bradford	0.0%	4.8%	
57	Brevard, Coastal	-5.0%	-5.0%	
64	Brevard, Remainder	-5.0%	-5.0%	
35	Broward, Hllwd & Ft. Ldrdle	-5.0%	-5.0%	
361	Broward, Coastal	-5.0%	-5.0%	
37	Broward, Rem. Excl. Ft. L. & H	-5.0%	-3.7%	
193	Calhoun	-5.0%	-4.5%	
581	Charlotte, Coastal	-5.0%	-0.4%	
711	Charlotte, Remainder	-5.0%	-4.7%	
591	Citrus, Coastal	-5.0%	-5.0%	
731	Citrus, Remainder	-5.0%	-5.0%	
492	Clay	-5.0%	4.5%	
551	Collier, Remainder	-5.0%	-5.0%	
541	Collier, Coastal	-5.0%	-10.0%	
293	Columbia	5.0%	-3.2%	
30	Dade, Miami Beach	-5.0%	-5.0%	
31	Dade, Coastal	-5.0%	-0.6%	
32	Dade, Miami	-5.0%	10.0%	
33	Dade, Hialeah	-5.0%	10.0%	
34	Dade, Rem Excl H.,M.,M.B.	-5.0%	10.0%	
712	De Soto	-5.0%	-2.4%	
592	Dixie, Coastal	-5.0%	-4.4%	
732	Dixie, Remainder	-5.0%	2.0%	
39	Duval, Jacksonville	-5.0%	8.4%	
40	Duval, Remainder	-5.0%	-0.8%	
41	Duval, Coastal	-5.0%	-5.0%	
602	Escambia, Coastal	-1.8%	-5.0%	
43	Escambia, Remainder	-5.0%	-5.0%	
531	Flagler, Coastal	-5.0%	-2.0%	
701	Flagler, Remainder	-5.0%	3.8%	
603	Franklin	-5.0%	-5.0%	
393	Gadsden	-5.0%	10.0%	
923	Gilchrist	-5.0%	3.5%	
552	Glades	-5.0%	-3.2%	
604	Gulf, Coastal	-5.0%	0.7%	
722	Gulf, Remainder	-5.0%	-3.0%	
493	Hamilton	-5.0%	-1.2%	
713	Hardee	-5.0%	-5.0%	
553	Hendry	-5.0%	4.1%	
159	Hernando, Coastal	-5.0%	3.5%	
733	Hernando, Remainder	-5.0%	-5.0%	
714	Highlands	-5.0%	-4.5%	
47	Hillsborough, Tampa	-5.0%	5.0%	
80	Hillsborough, Excl. Tampa	-5.0%	-5.0%	
593	Holmes	-5.0%	5.0%	
561	Indian River, Remainder	-5.0%	-5.0%	
181	Indian River, Coastal	-5.0%	-5.0%	
693	Jackson	2.5%	4.9%	
605	Jefferson, Coastal	-5.0%	-2.2%	
793	Jefferson, Remainder	-5.0%	-3.3%	
893	Lafayette	-5.0%	-0.1%	
692	Lake	-5.0%	-4.5%	
542	Lee, Coastal	-5.0%	-5.0%	
554	Lee, Remainder	-5.0%	-5.0%	

CITIZENS DWELLING FIRE FILING FCP 10-15058				
FINAL TERRITORIAL RATE CHANGES - DWELLING FIRE				
ALL OTHER BASE RATE CHANGES				
<u>Territory</u>	<u>Territory Description</u>	<u>DP-1 % CHANGE</u>	<u>DP-3 % CHANGE</u>	
993	Leon	-5.0%	-5.0%	
594	Levy, Coastal	-5.0%	-5.0%	
734	Levy, Remainder	5.0%	-4.0%	
931	Liberty	-5.0%	-2.8%	
932	Madison	-5.0%	-5.0%	
582	Manatee, Coastal	-5.0%	-5.0%	
735	Manatee, Remainder	-5.0%	-5.0%	
792	Marion	-5.0%	-5.0%	
10	Martin, Remainder	-5.0%	-5.0%	
182	Martin, Coastal	-5.0%	-5.0%	
5	Monroe, Excl. Key West	-5.0%	-5.0%	
7	Monroe, Key West	-5.0%	-1.7%	
532	Nassau, Coastal	-5.0%	-5.0%	
892	Nassau, Remainder	-5.0%	1.7%	
606	Okaloosa, Coastal	-5.0%	-5.0%	
723	Okaloosa, Remainder	-5.0%	-5.0%	
555	Okeechobee	-4.3%	-1.4%	
49	Orange, Orlando	-5.0%	10.0%	
90	Orange, Excl. Orlando	-5.0%	-5.0%	
511	Osceola	-5.0%	10.0%	
362	Palm Beach, Coastal	-5.0%	-5.0%	
38	Palm Beach, Remainder	-5.0%	-5.0%	
595	Pasco, Coastal	-5.0%	-5.0%	
736	Pasco, Remainder	-5.0%	-5.0%	
42	Pinellas, Coastal	0.0%	-5.0%	
46	Pinellas - Saint Petersburg	-5.0%	-5.0%	
81	Pinellas, Rem. Excl. Saint Peters	-5.0%	-5.0%	
50	Polk	-5.0%	5.0%	
992	Putnam	-5.0%	-5.0%	
533	Saint Johns, Coastal	-5.0%	-5.0%	
702	Saint Johns, Remainder	-5.0%	-5.0%	
562	Saint Lucie, Remainder	-5.0%	-5.0%	
183	Saint Lucie, Coastal	-5.0%	-5.0%	
607	Santa Rosa, Coastal	-5.0%	-3.1%	
724	Santa Rosa, Remainder	-5.0%	-5.0%	
583	Sarasota, Coastal	-5.0%	-5.0%	
715	Sarasota, Remainder	-5.0%	-5.0%	
512	Seminole	-5.0%	-3.2%	
921	Sumter	-5.0%	-5.0%	
933	Suwannee	-5.0%	1.4%	
596	Taylor, Coastal	-5.0%	-3.7%	
737	Taylor, Remainder	-5.0%	-3.4%	
922	Union	-5.0%	-2.9%	
62	Volusia, Coastal	-5.0%	-5.0%	
63	Volusia, Remainder	-1.1%	-5.0%	
608	Wakulla, Coastal	-5.0%	-4.7%	
725	Wakulla, Remainder	-5.0%	-5.0%	
609	Walton, Coastal	-5.0%	-5.0%	
726	Walton, Remainder	-5.0%	-5.0%	
934	Washington	-5.0%	10.0%	
<b>ATTACHMENT A</b>				



**COMMERCIAL RESIDENTIAL W ONLY  
APPROVED BASE RATE CHANGES**

<u>County</u>	<u>Territory Number</u>	<u>Condo Assoc</u>	<u>All Other</u>
Bay	59	0.0%	0.0%
Brevard	60	10.0%	5.0%
Broward	35	10.0%	10.0%
Broward	36	10.0%	10.0%
Broward	37	10.0%	10.0%
Charlotte	61	10.0%	10.0%
Collier	62	10.0%	10.0%
Dade	30	10.0%	10.0%
Dade	31	10.0%	10.0%
Dade	32	10.0%	10.0%
Dade	34	10.0%	10.0%
Duval	41	0.0%	0.0%
Escambia	43	0.0%	0.0%
Escambia	63	10.0%	10.0%
Flagler	64	0.0%	0.0%
Flagler	78	0.0%	0.0%
Franklin	65	10.0%	0.0%
Gulf	66	0.0%	0.0%
Hernando	56	0.0%	0.0%
Indian River	76	10.0%	10.0%
Lee	67	10.0%	10.0%
Lee	79	10.0%	0.0%
Levy	57	0.0%	0.0%
Manatee	68	10.0%	10.0%
Monroe	85	10.0%	10.0%
Monroe	86	10.0%	10.0%
Nassau	69	0.0%	0.0%
Okaloosa	70	10.0%	0.0%
Palm Beach	38	10.0%	10.0%
Palm Beach	87	10.0%	10.0%
Pasco	88	0.0%	0.0%
Pinellas	42	10.0%	10.0%
Saint Johns	71	0.0%	0.0%
Saint Lucie	77	10.0%	10.0%
Santa Rosa	72	10.0%	10.0%
Santa Rosa	80	10.0%	0.0%
Sarasota	73	10.0%	10.0%
Sarasota	81	10.0%	10.0%
Volusia	44	0.0%	0.0%
Volusia	74	10.0%	0.0%
Wakulla	58	0.0%	0.0%
Walton	75	0.0%	0.0%

ATTACHMENT C