



September 1, 2017

Commissioner David Altmaier
Florida Office of Insurance Regulation
200 E. Gaines Street
Tallahassee, FL 32399

Re: Citizens Property Insurance Corporation Rate Hearing, Additional Comments

Dear Commissioner Altmaier:

I am writing this supplemental response to my comments provided at the rate hearing for Citizens Property Insurance Corporation (“Citizens”) on August 23, 2017. The presentation made by Citizens’ representatives and the subsequent inquiry by the Office of Insurance Regulations’ (OIR) actuaries was informative and provided detailed insight into the rate filing, its indications and supporting methodologies. However, as a result of the Office of the Insurance Consumer Advocate’s independent review of the filing, I would like to offer these additional comments for your consideration.

Citizen’s rate filing allocates 4% for profit and contingencies. Since Citizens is a non-profit entity, the 4% must be strictly for contingencies. Contingencies are a margin on the rates normally allowed to insurance companies in the event actual losses are worse than predicted. Consequently, allowing Citizens a margin for contingencies is redundant for two reasons. The first reason being that unlike private insurers, Citizens may assess policyholders if rates turn out to be inadequate. Although this is not an optimal solution, it is an example as to why an additional margin for contingencies is not needed. Second, the shortfall due to inadequate rates is addressed by the company’s surplus which today stands at over \$7 billion.

Disallowing the use of 4% for contingencies may reduce rates by 4-6%. As you know, careful scrutiny of every aspect of the filing is needed and opportunities to take advantage of the current business climate should not be missed because it translates into cost savings for the consumer. With this in mind, I request that OIR re-evaluate these expense loadings and ensure that Citizens is delivering the most cost-efficient services to policyholders.

Also as referenced in the public hearing, I would like to encourage OIR to strongly consider the affordability of Citizens’ premiums for Florida consumers. This consideration should be made in the context of Citizens’ legislative mandate to provide affordable property insurance to consumers

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that cannot be placed in the private market. In addition to the previous comments I made regarding affordability for residents of Miami-Dade county, the chart attached shows the average HO-3 premium spend and correlating percentage of consumer income for each county in the state of Florida. It is apparent from the data that many Citizens' policyholders are spending 5% or more of their annual income on HO-3 coverage and that homeowners insurance through Citizens is becoming less and less affordable to the consumers that make up the majority of its book of business. I ask that you consider this data in your review of the rate filing and continue to be mindful of the context in which Citizens was created.

Thank you again for your consideration of my previous and additional comments as you finalize your review Citizens' rate filing. I look forward to continuing to work with you in the best interest of Florida's consumers.

With regards,



C. Sha'Ron James
Insurance Consumer Advocate

Citizens HO-3 Average Premiums & Percentage of Consumer Income

County	Average Yearly Wage ¹	Current Average Premium ²	% of Income	County	Average Yearly Wage ¹	Current Average Premium ²	% of Income
Alachua	\$45,760	\$1,343	2.9%	Levy	\$30,420	\$1,582	5.2%
Baker	\$31,928	\$1,088	3.4%	Liberty	\$33,696	\$920	2.7%
Bay	\$39,208	\$1,624	4.1%	Madison	\$32,136	\$1,108	3.4%
Bradford	\$35,620	\$1,141	3.2%	Manatee	\$42,432	\$1,762	4.2%
Brevard	\$48,464	\$1,950	4.0%	Marion	\$37,388	\$1,170	3.1%
Broward	\$49,452	\$2,659	5.4%	Martin	\$40,612	\$2,681	6.6%
Calhoun	\$28,444	N/A	N/A	Miami-Dade	\$51,116	\$3,198	6.3%
Charlotte	\$36,504	\$1,584	4.3%	Monroe	\$39,884	\$3,951	9.9%
Citrus	\$35,828	\$1,370	3.8%	Nassau	\$38,636	\$1,578	4.1%
Clay	\$36,504	\$1,209	3.3%	Okaloosa	\$44,460	\$2,301	5.2%
Collier	\$45,188	\$2,002	4.4%	Okeechobee	\$35,256	\$1,624	4.6%
Columbia	\$36,608	\$1,592	4.3%	Orange	\$47,008	\$1,451	3.1%
De Soto	\$34,112	\$1,639	4.8%	Osceola	\$36,764	\$1,214	3.3%
Dixie	\$34,320	\$1,569	4.6%	Palm Beach	\$50,596	\$2,445	4.8%
Duval	\$50,284	\$1,260	2.5%	Pasco	\$37,284	\$1,499	4.0%
Escambia	\$42,068	\$1,991	4.7%	Pinellas	\$46,800	\$1,800	3.8%
Flagler	\$33,436	\$1,540	4.6%	Polk	\$40,716	\$1,433	3.5%
Franklin	\$30,628	\$2,149	7.0%	Putnam	\$36,244	\$1,297	3.6%
Gadsden	\$34,944	\$1,036	3.0%	St. Johns	\$40,352	\$1,505	3.7%
Gilchrist	\$33,176	\$1,430	4.3%	St. Lucie	\$39,156	\$1,751	4.5%
Glades	\$39,416	\$1,408	3.6%	Santa Rosa	\$35,308	\$2,724	7.7%
Gulf	\$34,476	\$1,914	5.6%	Sarasota	\$43,576	\$1,733	4.0%
Hamilton	\$37,336	\$1,677	4.5%	Seminole	\$44,304	\$1,613	3.6%
Hardee	\$33,436	\$1,083	3.2%	Sumter	\$38,792	\$1,449	3.7%
Hendry	\$36,660	\$1,527	4.2%	Suwannee	\$32,916	\$1,587	4.8%
Hernando	\$34,112	\$1,391	4.1%	Taylor	\$38,636	\$1,718	4.5%
Highlands	\$32,968	\$1,091	3.3%	Union	\$36,244	N/A	N/A
Hillsborough	\$51,636	\$1,633	3.2%	Volusia	\$37,804	\$1,335	3.5%
Holmes	\$29,640	\$861	2.9%	Wakulla	\$34,424	\$1,529	4.4%
Indian River	\$39,312	\$1,680	4.3%	Walton	\$36,244	\$2,392	6.6%
Jackson	\$34,632	\$1,122	3.2%	Washington	\$33,956	\$1,182	3.5%
Jefferson	\$33,332	\$1,141	3.4%				
Lafayette	\$31,148	\$1,556	5.0%				
Lake	\$37,180	\$1,177	3.2%				
Lee	\$41,912	\$1,757	4.2%				
Leon	\$43,732	\$1,024	2.3%				

Sources:

¹United States Department of Labor, Bureau of Labor Statistics:
https://www.bls.gov/regions/southeast/news-release/countyemploymentandwages_florida.htm

²Citizens Property Insurance Corporation