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CITIZENS TO END ASSESSMENTS TWO YEARS EARLY

ORLANDO, FL – Assessments of Florida property insurance policyholders to repay bonds issued following the devastating 2004-2005 hurricane seasons will end two years early under a recommendation approved Wednesday by Citizens Property Insurance Corporation's Board of Governors.

By unanimous vote, the board called upon Citizens to stop collecting a 1 percent Emergency Assessment that began in 2007 to pay off a 10-year, post-event bond with a total cost of \$1.38 billion.

Following the eight named storms of the 2004-2005 hurricane seasons, Citizens faced a deficit of more than \$1.7 billion. State lawmakers responded by appropriating funds to eliminate some of the deficit while setting up requirements for the repayment of post-event bonds.

In 2007, Citizens began collecting a 1.4 percent Emergency Assessment from all Florida property insurance policyholders. Citizens reduced the assessment to 1 percent in 2011 in response to growth in the base from which the assessment is collected.

Citing growth in its assessment base, which is comprised of all Florida property insurance policyholders, Citizens Chief Financial Officer Jennifer Montero told board members Citizens is expected to have sufficient resources in place by June 2015 to satisfy the bond's balance. The assessments originally were scheduled to be collected through June 2017.

"When we came before the Board last year, we recommended continuation of the 1.0 percent rate for another year in anticipation of the large reduction in the future, or even early elimination of the assessment". Montero said. "We recommend the emergency assessment be eliminated two years early, effective July 1, 2015."

Wednesday's vote is the latest in a series of consumer friendly developments at Citizens, the state's insurer of last resort. In September, the Office of Insurance Regulation approved Citizens'

Chris Gardner, Chairman, Orange County • Gary Aubuchon, Lee County
Bette Brown, Monroe County • Juan Cocuy, Palm Beach County • Don Glisson, Jr., St. Johns County
Jim Henderson, Seminole County • James Holton, Pinellas County • Freddie Schinz, Okaloosa County
John Wortman, St. Johns County • Barry Gilway, President/CEO and Executive Director

2015 property insurance rates, which call for premium reductions for nearly seven of 10 policyholders. Homeowners with multiperil policies will see an average premium reduction of 6.1 percent.

Earlier this year, Citizens secured nearly \$3.3 billion in reinsurance coverage for the 2015 hurricane season and beyond, benefiting from a global investment market with a strong appetite for catastrophic risk. In addition to \$1.5 billion in traditional reinsurance, Citizens transferred another \$1.75 billion in risk to the global capital markets in the form of catastrophe bonds. [Click here to see how this private-market risk transfer program could save Florida homeowners hundreds of dollars in assessments following a 1-in-100 year storm.](#)

Meanwhile, Citizens continues to shed exposure as customers increasingly are finding coverage in the private market. From a peak of nearly 1.5 million policies in 2012, Citizens expects to shrink below 850,000 policies by the end of 2014. The reduction is due primarily a takeout initiative that since January 2013 has helped nearly 563,000 Citizens policyholders secure coverage with private companies vetted by the Florida Office of Insurance Regulation. [Click here to see how insurance company and consumer choices affect the number of policies removed from Citizens during an average depopulation.](#)

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In 2002, the Florida Legislature created Citizens Property Insurance Corporation (Citizens), a not-for-profit alternative insurer, whose public purpose is to provide insurance to, and serve the needs of, property owners who cannot find coverage in the private insurance market.

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