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Business Development, Government Consulting, Public Relations

Citizens Board of Governors Meeting of 6-25-25 (Meeting convened at 11:19am)

(Documents here: <https://www.citizensfla.com/-/20250625-bog>)

Board of Governors

- Carlos Beruff – Chair
- Joshua Becksmith
- Jason Butts
- Charles Lydecker
- Erin Knight
- LeAnna Cumber
- Jamie Shelton
- Robert A. Spottswood
- Frank White

The board meeting was preceded by a series of Citizens committee meetings, the first of which, the **Audit Committee**, quickly became an impromptu, fascinating discussion between the Board of Governors and Citizens President & CEO Tim Cerio.

The conversation began with the acknowledgment that Citizens is not an actuarially-sound insurance company but must operate within state statutes which hold down rates. However, Cerio noted that a number of factors are accelerating Citizens toward becoming actuarially-sound. These include: 1) Reduced litigation and costs from the 2022-23 litigation reforms passed by the legislature; 2) Citizens' tax-exempt status; and 3) Not being required to purchase as much reinsurance as private carriers. The policy count is also shrinking, reducing the overall risk and rate need.

The conversation focused on whether a different approach is in order for this state-created insurer of last resort, especially in light of the recovery of the private market. "This is a conversation we do need to wrap our heads around," said Governor Lydecker, who runs an insurance brokerage in Ormond Beach. Chairman Beruff suggested that a workshop be convened between members of the Board, legislative leaders, and Insurance Commissioner Michael Yaworsky and his team to share issues of concerns and ideas for making Citizens – and the greater Florida insurance market – better for the betterment of all policyholders. (You can watch this exchange on this [Florida Channel link](#) from timecode 23:03-37:13.)

Citizens Rate Glidepath

Later, the **Actuarial and Underwriting Committee** approved an increase of the Citizens rate glidepath to 15% for 2026 rates. This was required by the legislature, which in 2021 passed SB-76, increasing the rate cap glidepath by 1% each year from 10% in 2021 to 15% in 2026. The glide path also allows for decreases up to 10%. Governor Spottswood voted against it.

"I'm going to vote against the increase, Mr. Chairman, just because I'd like to have a voice that we can no longer afford to increase insurance rates," said Spottswood, a real estate developer in the Florida Keys. "There are property owners that are passing on insurance because it's too expensive. There's commercial properties that just can't afford it. There's affordable housing communities that are just not sustainable because of insurance costs. And so somehow we've got to start to move insurance rates in the other direction."

Chairman Beruff noted that even though the rate cap for 2025 was 14%, the Office of Insurance Regulation only approved an overall 8.5% increase in Citizens' rates this year. "Mr. Donovan's next (rate) request may be less than 15% because he can't support it with the data," said Beruff, because of the growing competitiveness of the market and fewer Citizens policies. However, "we're still in many markets, 30% below the market and 40%," he added. The full Citizens Board of Governors concurred, passing the measure, with Spottswood voting against.

The committee also:

- Approved a change in Citizens commercial underwriting guidelines, extending the look-back period on commercial claims. It will require all new business submissions include five years of prior loss history (loss runs), up from the current three years requirement. Chief Insurance Officer Jay Adams said the additional loss history would support a more comprehensive evaluation of underwriting risks and aid in identifying any unrepaired damage from prior claims.
- Approved a new contract with Insurance Services Office (ISO) for GIS and Location Data Services. The new contract reflects an estimated 8% decrease in fees per transaction, and a \$4.75 million decrease in spending over the six-year term.
- **Approved adding the DOAH endorsement currently on its personal lines policies to its commercial lines policies.** This is Citizens new dispute resolution method through the Florida Division of Administrative Hearings (DOAH) that may be invoked by either Citizens or the policyholder in lieu of a lawsuit. The commercial lines policies impacted include commercial residential, including condominium associations.

At its **Exposure Reduction Committee** that followed, Jeremy Pope, Chief Administrative Officer, told the committee that based on projected depopulation efforts, he expects Citizens will end 2025 with just 700,585 policies. He said that year to date, just over 200,000 policies have been removed by the private market, eliminating \$85.5 billion in exposure. While the August and September policy takeout periods are expected to be light, typical during hurricane season, all indications are that October will be a very active month.

Carl Rockman, VP of Agency & Market Services, shared the positive results to date from the final rollout of the new Clearinghouse called "Citizens Reimagined," by EZLynx, that insurance agents have been

required to use since November 2024 in placing new business with Citizens. (Much of his and Pope's presentation were similar to their June 11, 2025 one before the Citizens Market Accountability Advisory Committee, that we [previously reported on](#).) Rockman said [agents will begin using the new Clearinghouse for renewal business on September 1](#), which prompted concern from Governor Charles Lydecker.

"I commend it because this is an important part of depopulation, but [it is going to create an environment where there's a lot more work on independent agents, and probably has an impact on processes for Citizens as well](#)," said Lydecker, who heads a large insurance brokerage in Ormond Beach. "I think it will be really important to communicate this to the agency population and make sure that we're really dialed in on this. There's a process here that a lot of education needs to occur."

"Great observation, Governor Lydecker," replied Rockman. "We're very, very committed to make sure the agents understand when their policies start passing through the renewal Clearinghouse, it may renew with Citizens or it may not. [If it doesn't renew with Citizens, the agent needs to take action to place that customer. So there is a burden on the agent to perform](#). We're going to make sure that there's elevated awareness of that and ease out as much of the operational burden as we can."

The Citizens Board of Governors in March directed Rockman and his team to make Clearinghouse access available to wholesalers and make new customers aware that the agent they are working with may not have all of the available markets on the Clearinghouse; in other words, that their agent may not have access to all other private market alternatives to Citizens. Rockman shared the new point of sale form (see page 11 of his [slide deck](#)) that agents will present to the consumer to bind new business. He said he expects to have a couple of wholesalers aboard by the end of the year. ["We're very optimistic that we can add additional access for agents that need additional markets](#). Those markets will be balanced against the Clearinghouse, and it's a win for everybody," Rockman said.

Lydecker also recommended that Citizens work with the Department of Financial Services Division of Insurance Agent and Agency Services to encourage it to include a Citizens Clearinghouse protocol component in the continuing education credit required for agents' yearly license renewal.

Now on to the actual **Citizens Board of Governors meeting**.

1. Chairman's Report

The Board approved the Consent Agenda items accessible at the above link and approved the [Draft Citizens Board Meeting Minutes 03.12.25](#) and the [Draft Special Board Meeting Minutes 04.30.25](#).

With much of the work already done in committees and relegated to the Consent Agenda, this Board meeting of just under one hour focused on the President's Report.

2. President's Report – Tim Cerio, President & CEO

02A [President's Report](#) (slide deck)

Cerio focused on two topics: Citizens' hurricane preparedness for this summer season; and the impact of 2022-2023 legislative reforms "that, based on the data we have, it is just simply irrefutable that the reforms passed have had a tremendous impact on improving this market," he said.

The hurricane season preparation (slides 1-3) outlines the work done to make sure all staff and vendors are in place and trained, and that all equipment needed is ready, too. “So the bottom line is, I believe we're well positioned to be able to take care of our policyholders across Florida in the event of a storm, to make sure that they are receiving timely service so that we can process their claims, while keeping our employees safe,” said Cerio, noting he’s proud of the Citizens team for its efforts to this point.

Depopulation

Cerio announced that Citizens’ policy count has now dropped to under 800,000 for the first time in four years, with 770,592 policies as of June 20, a 36% drop from this same time last year. That figure is more than 43,000 fewer policies than the week before, due to the June depopulation take-out of policies by the private market. The resulting reduction in exposure is noted in the chart below. “We would not be heading in that direction, but for the success of the reforms, particularly tort reform. Our total exposure is very, very important because the more exposure, if we have a series of storms and we run out of surplus and we run out of reinsurance, other Floridians, non-Citizens’ policyholders, are going to be picking up the difference. That's why we really focus on reducing that exposure,” Cerio said.

Citizens’ Progress

	Data as of June 28, 2024	Data as of June 20, 2025	Percent Change
Policies Inforce	1,211,914	777,592	(36%)
Total Exposure	\$520,145,484,983	\$295,053,469,907	(43%)
Total Premium	\$4,224,085,700	\$2,478,142,870	(41%)

Cerio said 48% of the reduction in policies took place in Miami-Dade, Broward, Palm Beach, Orange, and Pinellas counties. “They are coming from areas where we traditionally have not seen a whole lot of depopulation, and the reason for that is because of the tremendous drop in litigation in those areas. Because of the litigation, they had higher rates. And so the private industry has been able to come in there and be competitive and take policies out of Citizens,” said Cerio. Combining 2024 and 2025 activity, Citizens has moved just under 678,000 policies and \$298 billion in exposure back to the private market.

Florida Property Insurance Rates

There's also good news on rates, represented in the table below that Cerio said came from data provided by the Florida Office of Insurance Regulation. More private insurance companies are filing for rate reductions or neutral rate changes, at the same time that four of the top 10 national carriers in Florida have filed rate decreases and the remaining six have expanded their footprint by writing more policies. Also, 12 new insurance companies have entered the Florida market since the 2022-2023 legislative reforms. "So that's very, very good news," he said. "But this is huge. In 2024, Florida had the lowest average homeowner premium increase, right around 1%. That's the lowest in the country, like 50, and as you all know, the immediate years before that, we were either the highest or among the highest. That is a drastic change, and it shows the health of the market. It's tremendously significant," Cerio said.

Industry Rate Filings Good News

There are approximately 120 personal residential companies writing policies in FL.

Policies Effective In or After	Requested Rate Decrease			Requested 0% Rate Change		
	Residential Rate Filings	Companies	Total % of Policies Represented	Residential Rate Filings	Companies	Total % of Policies Represented
1/1/2024	52	27	54%	74	41	55%
*1/1/2025	31	21	27%	27	21	15%

*Data as of 6/14/2025

Among the top 10 national carriers in Florida, 6 have expanded their book of business and 4 filed rate decreases.



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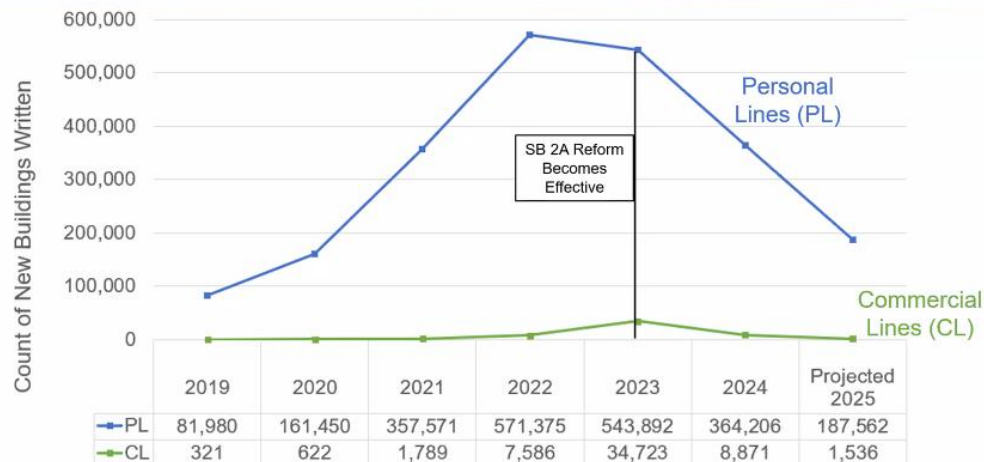
Reforms Lead to Continued Cost Savings

Another data point proving the positive effect on the legislative reforms is in rate indication. "Without the reforms in 2023 we would have had the indicated rate, which means the rate to get us to being actuarially sound statewide, we would have had to have had a 91.5% increase just to be actuarially sound. That's how bad the market got and how bad our situation got at Citizens," Cerio told the Board. "With the reform, that number in 2023 shrunk to 55.1%. That equates to about \$900 million. So in other words, because of the savings from the reforms, we needed \$900 million less in premium in order to be actuarially sound. In 2025, that figure shrunk from 55.1% because of the reforms, to 25.2%. That was about \$500 million in less premium we needed."

Another data point is reduced litigation. "When claims were filed back in 2016, 2017, 30% of claims were going to litigation. Last year, that figure dropped to around 10% and the figure may get down into single digits this year. We expect it will for 2025," said Cerio.

Yet another data point is the drop in new business to Citizens, per the chart below. It took a steep turn downward right after the 2023 elimination of one-way attorney fees for plaintiff attorneys in [HB 837](#) and related tort reform. “That trend is continuing in 2025,” Cerio noted. “So far through May, we’ve received almost 93,000 new policies and we’re forecasting just over 189,000 policies for the entire year.”

Citizens’ Reduced New Business



Notes:

1. Projected 2025 is based on data as of 5/31/2025.
2. Personal lines includes policies from insolvent carriers.
3. Includes policies with wind coverage; 3.0% of new policies exclude wind coverage over the past year.



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This has resulted in ever rosier updates on forecasted policy counts, even since the figures that Jeremy Pope used in the morning Exposure Reduction Committee meeting. Referencing the chart below, Cerio told the Board that Citizens is now forecasting to end 2025 with just under 654,000 policies and \$255 billion in total insured value. “That’s about a 15% reduction from what we budgeted,” Cerio said. While the policy count may creep up during hurricane season during slow takeout periods, the numbers are forecast to drop during fall takeouts, he added.

As Citizens policy counts decrease and the private market counts increase, Citizen’s market share has shrunk, from a high of 17% in Q3 of 2023 to just 9% today, according to Cerio.

Litigation Trends

Cerio also shared the below chart on lawsuit trends over the past 12 months from some of Florida’s largest property insurance companies, courtesy of CaseGlide. “You can see how the figures are going down and again, for our personal lines, non-cat litigation, we’re 10.6% according to this data for 2024, and that is, a claim is filed and 10.6% will go to litigation. It used to be an all-time high in the mid 30%. We think we’ll be in single digits again, knock on wood, at the end of 2025. It’s 8% so far for 2025,” said Cerio. He added that pending litigation cases have shrunk as well, from 21,000 suits in 2022, to 12,622 pending cases today, “due to not just the rate of new suits slowing down, but also some very aggressive measures by Jay (Adams) and the team to settle older cases.”

Top 15 Florida Insurance Companies by Litigation Volume (June 2024 - May 2025)

Company	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	January 2025	February 2025	March 2025	April 2025	May 2025
Citizens	812	1003	844	639	745	637	566	440	371	509	467	443
American Integrity Ins. Co.	368	451	430	326	391	322	322	336	371	425	403	374
American Traditions Ins. Co.	392	392	380	290	363	260	289	258	232	314	285	332
ASI Preferred Insurance Corp.	118	137	114	111	126	81	89	126	102	119	178	164
Auto Club Ins. Co. Of Florida	91	67	66	54	58	51	52	94	60	68	95	79
Castle Key Indemnity Co.	51	11	36	11	42	21	62	30	29	32	62	25
Citizens Property Ins. Corp.	0	0	0	0	0	0	0	0	0	0	0	0
First Protective Ins. Co.*	0	0	0	0	0	0	0	0	0	0	0	0
Heritage P&C Ins. Co.	0	0	0	0	0	0	0	0	0	0	0	0
Homeowners Choice P&C Ins. Co.*	0	0	0	0	0	0	0	0	0	0	0	0
Kin Interinsurance Network	0	0	0	0	0	0	0	0	0	0	0	0
People's Trust Ins. Co.	0	0	0	0	0	0	0	0	0	0	0	0
Safepoint Ins. Co.	0	0	0	0	0	0	0	0	0	0	0	0
Security First Ins. Co.*	0	0	0	0	0	0	0	0	0	0	0	0
Slide Ins. Co.	0	0	0	0	0	0	0	0	0	0	0	0
State Farm Florida Ins. Co.	0	0	0	0	0	0	0	0	0	0	0	0
Tower Hill Ins. Co.*	0	0	0	0	0	0	0	0	0	0	0	0
Universal North America Ins. Co.	0	0	0	0	0	0	0	0	0	0	0	0
Universal P&C Ins. Co.	0	0	0	0	0	0	0	0	0	0	0	0

Notes:

- Source: Monthly Florida Insurance Litigation Trend Report provided by CaseGlide.
- Data is calendar year basis and includes hurricane litigation.

CITIZENS
PROPERTY AND CASUALTY INSURANCE COMPANY

Also helping reduce the cost of litigation is Citizens new dispute resolution method through the Florida Division of Administrative Hearings (DOAH). It may be invoked by either Citizens or the policyholder in lieu of a lawsuit. It's currently available to policyholders with a policy issued on/after February 1, 2023. Cerio told the Board that those **disputes going to DOAH are being closed faster with less expense than going to court**, per the table below. "The other thing that DOAH forces and this is a little harder to quantify, but because of the shorter time frame, **it really requires both sides to focus on the merits**," said Cerio. "We re-examine what may have been a denial or a partial payment, or at least a payment partial in the minds of the policyholder, and the policyholder and their attorneys have to really dig in. So we're seeing a lot of cases settle and resolve on the eve of the hearing. We're settling as well," he said. "Again, sometimes litigation and or an alternative dispute resolution process is necessary, but I think we're seeing that we had frivolous litigation in Florida."

DOAH Results

Closed DOAH matters (post 7/3/2024) result in significantly less legal spend and close significantly faster.

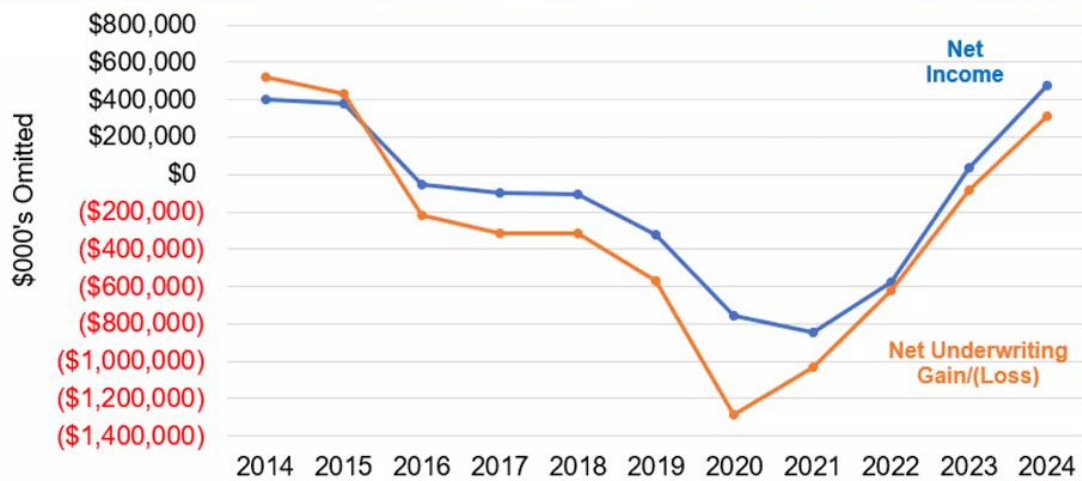
	Closed Matter Count	Average Legal Spend	Average Number of Days
DOAH	664	\$8,384	85
State Court	8,772	\$20,537	621

Cerio's final data point proving the positive effect on the legislative reforms is the financial results for selected Florida-based insurance companies that Citizens regularly follows, as shown in the chart below.

"For the first time since 2015, almost a decade, these companies, both their net income and their net underwriting gain were positive and not in the red," said Cerio. He said the combined net income for 2024 was slightly under \$476 million and net underwriting gain was just under \$315 million.

"So this is huge. People wonder, 'Well why did companies fail? Why did companies leave the state? If they stayed, why did they reduce their filings? Why were they stricter on the age of the roof, or something like that?' This shows that these companies were actually running in the red. I think we're seeing a benefit now, to Governor Lydecker's point earlier in the meeting, the industry is reaping the benefits of that now. I think that's why companies are willing to come back into Florida, willing to expand their writings. And all of this is directly attributable to the reforms that were championed by Governor DeSantis and passed by the legislature," Cerio said. "It is so key and so important that we do everything we can to hold on to these reforms."

Positive Financial Results for Selected Florida Insurers



Data excludes Citizens, national carriers and Pups.



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Governor Lydecker afterward, commented that the Florida market and Citizens have been “fortified through those reforms, but the next step is the consumer should benefit.” All the reforms were “super important,” he said, “but I don’t think the credit is going to be felt amongst our customers, consumers, until rates flatten, until their premium’s flat and that would be my goal, is to see premiums flatten.”

NEW BUSINESS: NONE

ADJOURNED 12:41pm