



# Lisa Miller & Associates®

Business Development, Government Consulting, Public Relations

Citizens Board of Governors Meeting of 12-10-25 (Meeting convened at 10:51am)

(Documents here: <https://www.citizensfla.com/-/20251210-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 Citizens Board of Governors meeting was preceded by a series of committee meetings, including its Actuarial and Underwriting Committee and the Exposure Reduction Committee earlier in the morning. (Its Claims Committee meeting met previously on November 20, which you can read about in our full LMA report [here](#).)

Citizens Actuarial and Underwriting Committee Conference Call of 12-10-25: (meeting agenda and supporting documents/reports available at <https://www.citizensfla.com/-/20251210-a-u>) Meeting started at 9:18am. (You can also watch it here on The Florida Channel, beginning at timecode 48:38: <https://thefloridachannel.org/videos/12-10-25-citizens-property-insurance-corporation-board-of-governors-meeting/>)

## **Chief Financial Officer Report** (by Jennifer Montero, Chief Financial Officer) [2026 Recommended Rate Filing](#)

Brian Donovan, Chief Actuary, presented **Citizens' proposed rate changes for 2026**, for the committee's and eventually the Board of Governor's approvals. Referencing the chart below, **Citizens personal lines policies would drop by 2.6%, with the most popular component, HO-3 Multi-peril Homeowners policies dropping 4.1%. Commercial policies overall would increase 10.4%. The overall rate decrease is 0.8%.**

The rates would be subject to approval by the Office of Insurance Regulation and be effective June 1, 2026.

Product Line	Multi-Peril			Wind-Only			Total		
	In-Force Premium	Uncapped Indication	Proposed Change	In-Force Premium	Uncapped Indication	Proposed Change	In-Force Premium	Uncapped Indication	Proposed Change
Personal	\$1,934,719,641	-3.9%	-4.1%	\$367,204,041	18.3%	5.4%	\$2,301,923,682	-0.3%	-2.6%
Commercial	\$138,041,734	21.3%	9.6%	\$225,105,727	17.2%	10.9%	\$363,147,462	18.8%	10.4%
Total	\$2,072,761,376	-2.2%	-3.2%	\$592,309,769	17.9%	7.5%	\$2,665,071,144	2.3%	-0.8%

Donovan pointed out the big impact that legislative reforms have had on Citizens rates, specifically Senate Bill 2-A, a major provision of the [2022 reforms](#). Among other things, SB 2-A eliminated Assignment of Benefits (AOBs) and one-way attorney fees. Referencing the chart below, Donovan said these changes have had a significant impact on Citizens' overall rate need, especially with its main segments of business, HO-3 (homeowners) and HW-2 (providing replacement cost coverage on structures and actual cash value on personal property). He explained that in 2023, before any consideration of SB 2-A, Citizens uncapped rate indication for 2024 was 91.5%, meaning rates needed to be doubled to be actuarially sound, with an associated premium of \$6,347.

"Here we are, just over two years later, and we see that indication has dropped from 91.5 to minus 1.3, and the average, actuarially sound premium is now \$3,600. This despite the fact of shedding as many policies as we have. We went from 650,000 policies to 390,000 policies. So it's really, really quite remarkable," said Donovan.

## Success of SB 2A

Line of Business	Indicated Rate Need - 2024 (Prior to SB 2A)			Indicated Rate Need - 2026 (Two Years after SB 2A)		
	Indication	Actuarial Sound Premium	Policy Count	Indication	Actuarial Sound Premium	Policy Count
HO3/HW2	91.5%	\$6,347	647,749	-1.3%	\$3,617	390,253

### HO3/HW2

Region	Indicated		
	2024	2025	2026
Dade	27.9%	5.7%	-9.8%
Palm Beach	44.2%	15.2%	-7.5%
Broward	28.3%	9.3%	-7.9%
Monroe	124.7%	60.1%	10.8%
Panhandle	77.5%	39.8%	7.1%
Southwest	71.6%	26.0%	-1.9%
Tampa Area	89.8%	38.7%	1.1%
Rest of State	79.9%	43.3%	6.1%
<b>Total</b>	<b>55.2%</b>	<b>25.2%</b>	<b>-1.3%</b>

- Actuarially sound premium for HO3/HW2 has been reduced by 43%
- Litigation rates for non-catastrophe losses continue to decrease
- Lower reinsurance costs is another driver of the lower costs



Donovan, referencing the chart, said the **rate improvements have been across all areas of the state.**

Governor Lydecker, an insurance agency executive, found the numbers an incredible turnaround. He noted the "cherry picking" of more than 550,000 Citizens policies this year by the private insurance

market that will reduce its policy count to an expected 385,000 by year-end, following a period last year of significant hurricanes, yet still able to produce a recommended rate decrease.

"You're absolutely correct," Donovan told Lydecker. "And quite frankly, we see some signs, we're optimistic that despite the fact that we're down to this 385,000 of the worst risk that no one wants, we're not seeing signs that make us concerned that things are going to skyrocket up because we're left with this. We're seeing downward trends and frequency... and there's reason to be optimistic going forward.

Citizens President Tim Cerio pointed out that the litigation reform in SB 2-A reduced Citizens' litigation expenses and meant less rate was needed to be actuarially sound. "The first year that the reforms kicked in, we needed \$900 million less in premium to be actuarially sound, as we were trying to put those savings into our rate forecast." Cerio pointed out that the rate need decreased from 91.5% in 2023 to 55.2% the next year and 25.2% the following year, each year representing about \$500 million less in premiums needed – and now resulting in a 1.3% drop. "So you can see where litigation costs drive up rates for Citizens and the private sector. You get a handle on litigation, rates come down. This is all because of the reforms championed by the governor. We're going to beat this horse to death in this meeting, because we have to appreciate the significance," said Cerio.

As for the cherry picking of Citizens' policies, "the cherry picking in (the) depopulation (program) is not a bad thing," argued Cerio. "That is why we are now going to end the year at about 385,000 policies, which is smaller than Citizens has ever been. That is a result of the reforms. And frankly, more than that, the reforms are redefining what an insurer of last resort or what Citizens should be."

Chair Beruff agreed with Cerio and added he'd like to see legislative changes made to require private insurance companies also take some of Citizens riskiest policies as well. "When they take policies, they should take four good ones and one, whatever one we pick. Because at the end of the day, I don't want the exposure, which we have a higher exposure because of all the things that Governor Lydecker said," Beruff said.

Governor Spottswood, in looking at the mostly negative rate indications by county and region in the chart for 2026, asked Donovan that if these are actuarially sound rates, "Is that the rate that the private market should be charging on a policy?"

"Not necessarily exactly the same, because different companies have different expenses, different underwriting. It could be higher or lower than what citizens is," replied Donovan. "It should be in alignment, but generally speaking, Citizens expenses are lower."

Referencing Miami-Dade County in the chart and its -9.8% rate indication, Spottswood persisted. "I don't understand why all those policies wouldn't move to private market companies if we are now almost 10% above being actuarially sound." Governor Butts explained that "some of the policies that are in, let's just say Miami-Dade with your example, maybe somebody has two pit bulls, or they have multiple claims, or things like that, that companies don't have a desire for that particular risk. They may not have coverage for that particular person, and so though the premium may be attractive, the risk itself is not, for the premium."

Governor Spottswood, a developer in the Florida Keys, also expressed concern about the ever-increasing rates being charged in Monroe County, which has an indicated 10.8% increase for 2026 in the above

chart. "What I hear all the time is we cannot suffer through continually increasing rates. We've got to find a way to turn it around, whether it's changing the guidelines that we underwrite by or whatever it is. I would ask this organization and this board to support finding ways to reduce rates in Monroe County," said Spottswood.

Cerio responded. "Governor Spottswood, you know that this team has spent some time in Monroe County. Monroe County has some very unique and special challenges that the rest of the state has not faced and is not facing. Some unique solutions have been brought to bear in Monroe County in the past. The indicated rate for Monroe County went from 124.7%, meaning they would need to almost have a double rate increase to be actually sound. Then it goes to 60%, now it's 10.8% on paper. That sounds wonderful, but in reality, folks need better relief. We are committed to doing that," said Cerio.

Cerio then outlined the bigger picture impacts of this proposed rate filing, especially on policyholders on their primary homes. "If you pass this recommended rate filing, 46.2% of Citizens primary policy holders are going to get a decrease. That decrease is around 11.2%. Some will get a little bit more. Some will get a little bit less," said Cerio. Cerio pointed out that this proposed rate discussion was originally scheduled five weeks ago. "The numbers were changing. The market was changing. What we are recommending to you today is better than it would have been five weeks ago. As far as rate relief for policyholders, I think the picture may get better over the next several weeks," said Cerio, adding that he hopes OIR will grant even greater rate decreases than what Citizens is recommending today.

Governor Shelton asked and Cerio responded affirmatively that there's nothing preventing Citizens from requesting a mid-year rate adjustment in 2026 should the situation improve further.

Donovan told the committee that the proposed rates are also based on current reinsurance costs, "a big portion of which will still be in effect next year," but acknowledged that if reinsurance rates come down by next June, so too could Citizens' rate need, and that Citizens could then update its rate filing to reflect even lower rates.

Chair Beruff and a consensus of the Board made clear that they expect Citizens staff and its outside brokers to become more aggressive in pursuing better reinsurance rates in the marketplace come next June's purchase for hurricane season. Beruff went so far as to say in a previous morning meeting that he wouldn't care going without reinsurance and relying on Citizens' surplus funds should a catastrophe strike next year, if it helped in driving a better bargain on reinsurance rates.

Donovan's [slide deck](#) contains much more detail that he didn't get to, including a series of exhibits that some of our readers may find of interest.

## **APPROVED**

### [Actuarial Consulting Services](#)

CFO Jennifer Montero submitted this proposed vendor contract for the committee's and eventually the Board's approval. These outside services supplement the in-house actuarial staff, including peer reviews of Citizens' year-end reserve report and ad hoc actuarial-related projects. Montero said this contract moves those services to a new vendor, Insurance Services Office (ISO), with an estimated annual spend of \$65,000 for an initial five-year term, with two optional renewals.

## **APPROVED**

## **Chief Insurance Officer Report** (by Jay Adams, Chief Insurance Officer)

### Product Updates - December 2025

Adams presented a recommendation to change Citizens' policy form to strengthen policy contract language against material misrepresentation or fraud committed by an agent or representative of the insured or a claimant. This change would then be filed with OIR for approval.

## **APPROVED**

Citizens Exposure Reduction Committee Conference Call of 12-10-25: (meeting agenda and supporting documents/reports available at <https://www.citizensfla.com/-/20251210-exre>) Meeting started at 10:07am. You can also watch it here on The Florida Channel, beginning at timecode 1:25:32 : <https://thefloridachannel.org/videos/12-10-25-citizens-property-insurance-corporation-board-of-governors-meeting/>

**Depopulation, Clearinghouse & FMAP Update** (by Jeremy Pope, Chief Administrative Officer and Carl Rockman, VP of Agency & Market Services)

### Depopulation, Clearinghouse and FMAP Update (slide deck)

#### Depopulation

Pope reported that year-to-date, 546,091 Citizens policies have been removed by the private market as part of the depopulation program, with an associated \$220.1 billion in related exposure removed. All but 1,844 were personal lines policies. These numbers include the recently completed November policy takeout. The vast majority of policies removed this year have been HO-3.

The current December takeout involves another 50,778 policies. Pope said 16 carriers were initially approved to participate "but four of those carriers backed out, and we feel that that may continue as we get to the less desirable policies, if you will," he told the committee. Pope added that 97% of the December takeout offers were within 20% of the policyholders' current Citizens premiums, making them ineligible to remain with Citizens.

#### New Business Clearinghouse

In conjunction with its ongoing depopulation program, Citizens continues to implement its new policy clearinghouse called "Citizens Reimagined," by EZLynx. It has two parts: one for new business into Citizens and the other is for renewals. Insurance agents have been required to use it since November 2024 in placing new business with Citizens, with full implementation in April 2025. The second stage, involving Citizens' policy renewals, began in late September. The Clearinghouse is designed to divert ineligible applicants and existing policyholders from Citizens into the private (voluntary) insurance market. Those Citizens policyholders who receive a private market offer that's within 20% of their Citizens premium are no longer eligible to remain with Citizens. This will help Citizens further reduce its policy count, exposure, the risk for future assessments in bad storms for both Citizens and non-Citizen's policyholders, and reduce the risk to Florida taxpayers in this legislatively created and state-backed insurance company.

Carl Rockman provided a brief update on both parts of the Clearinghouse, which mirrors his report from the November 19, 2025 Market Accountability Advisory Committee meeting, of which you can read our full LMA report [here](#).

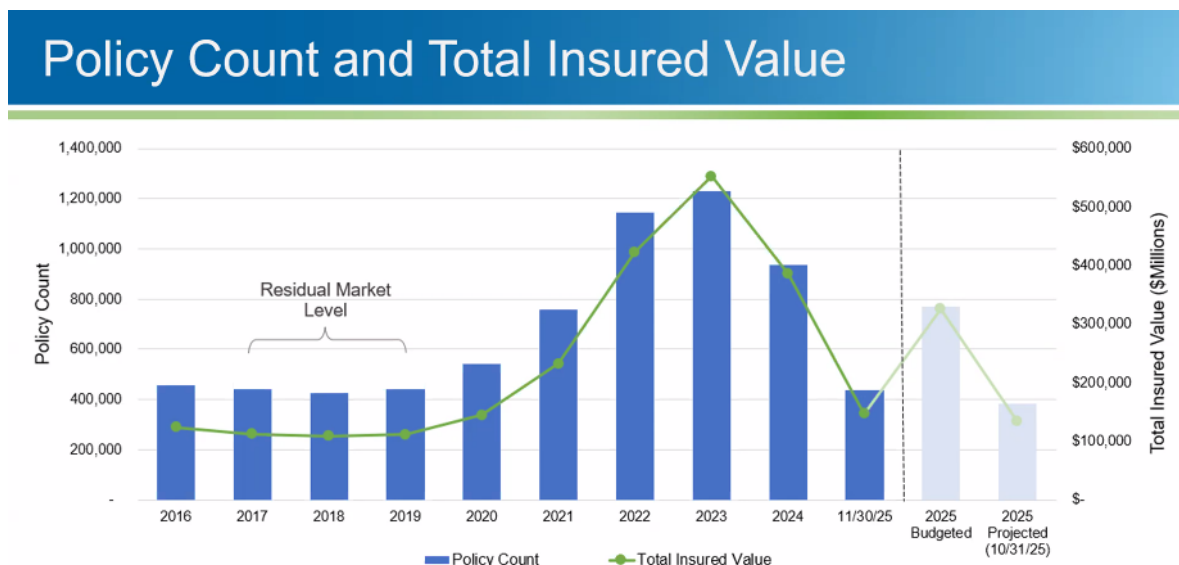
Now on to the actual **Citizens Board of Governors meeting**. (You can view it on The Florida Channel [link](#) beginning at timecode 1:38:40)

### [President's Report](#)

Cerio started his presentation to the board, saying he thought it was going to be “one of the more significant, certainly one of the most positive president's reports I will have given.” Indeed, as the centerpiece was its first proposed rate reduction in 10 years. **“The reforms championed by Governor DeSantis have done what they were supposed to do. They have stabilized the Florida market and they are providing rate relief to policyholders.** You cannot argue with this based on the data that we've discussed earlier,” Cerio told the board. He reminded all that when the [2022](#) and [2023](#) legislative reforms were passed, the governor and legislative leadership urged patience, that “It's going to take two or three years to see a meaningful impact,” said Cerio. “And that's exactly what happened. The reforms were not haphazard. They were very deliberate, well-reasoned policy decisions, and now Florida is seen as the model...(with) no less than three Wall Street Journal editorials touting Governor DeSantis’ reforms as the model to follow, that other states should follow.”

By reigning in fraudulent and excessive litigation, more insurance companies and capital are coming to Florida “and when that happens you’re going to see more competition. When that happens, you will see rate reduction and that’s what we’re seeing now. Rate decreases in the private market and in the Citizens rate filing you just approved.”

The Citizens’ journey is shown in the chart below, with Cerio noting that a policy count of 1.4 million just over two years ago with \$553 billion in exposure has now shrunk to an expected 385,000 policies by month’s/year’s end, with \$134 billion in exposure.

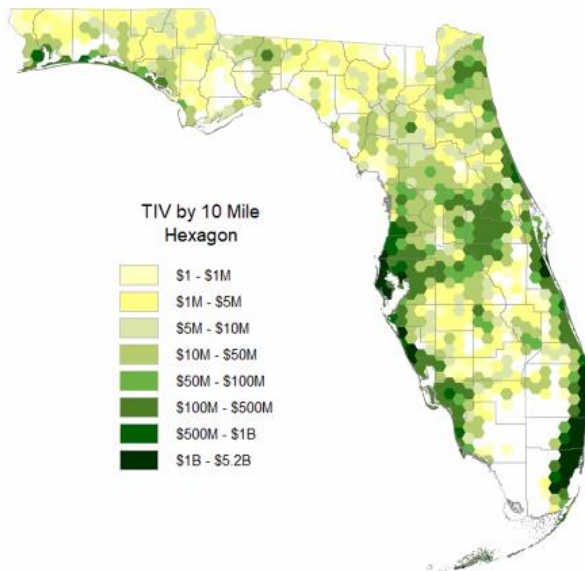




Citizens also beat its expectations for 2025, with 386,000 more policies taken out than it had projected.

It's moved from the largest property insurer in the state to third-largest. Per the map below, about 85% of Citizens' total insured value are in the top 15 counties shown. Citizens remains heavily concentrated in Florida's coastal communities. "These concentrations in these areas have remained consistent over the last year or so, but obviously the policy counts have dropped in these areas, as has the total insured value," Cerio added, sharing the second slide summarizing statewide depopulation activity, a significant amount along the coasts.

## Total Insured Value (TIV) Top 15 Counties



Top 15 Counties as of 11/30/2025

County	Building Count	TIV (in Millions)
Miami-Dade	97,930	\$31,797
Broward	64,195	\$17,974
Pinellas	40,233	\$15,854
Palm Beach	41,676	\$15,373
Monroe	14,720	\$7,936
Sarasota	14,961	\$6,322
Brevard	15,020	\$5,188
Hillsborough	13,802	\$4,262
Lee	12,431	\$4,100
Pasco	14,167	\$3,696
Volusia	9,782	\$3,542
Collier	4,369	\$2,608
Hernando	7,824	\$2,244
Orange	7,680	\$2,187
Manatee	8,226	\$2,149



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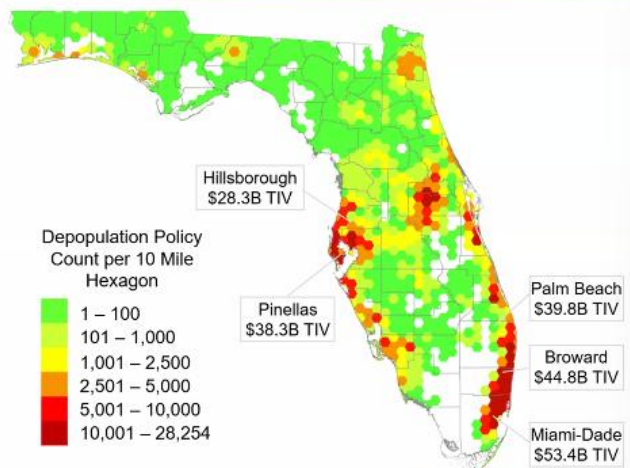
## Statewide Depopulation Activity

Depopulation Policy Activity in 2024 and 2025			
Assumption Date	# OIR Approved	Choice Letters Mailed	# Assumed
2024	1,307,949	711,090	475,697
2024 (CL)	5,800	3,129	2,124
1/21/2025 (CL)	3,800	320	170
2/18/2025	342,918	143,814	102,083
3/18/2025 (CL)	250	56	24
3/25/2025	160,440	47,334	14,980
4/15/2025	238,462	49,812	38,406
5/21/2025 (CL)	100	116	45
6/17/2025	135,540	60,382	44,391
8/19/2025	16,250	16,168	14,109
9/16/2025	51,500	3,139	2,591
10/21/2025	368,947	222,664	199,434
11/18/2025	443,547	143,352	128,253
11/25/2025 (CL)	7,215	3,423	1,605
12/16/2025	576,758	50,778	TBD
<b>Total</b>	<b>3,659,476</b>	<b>1,455,577</b>	<b>1,023,912</b>

Notes:

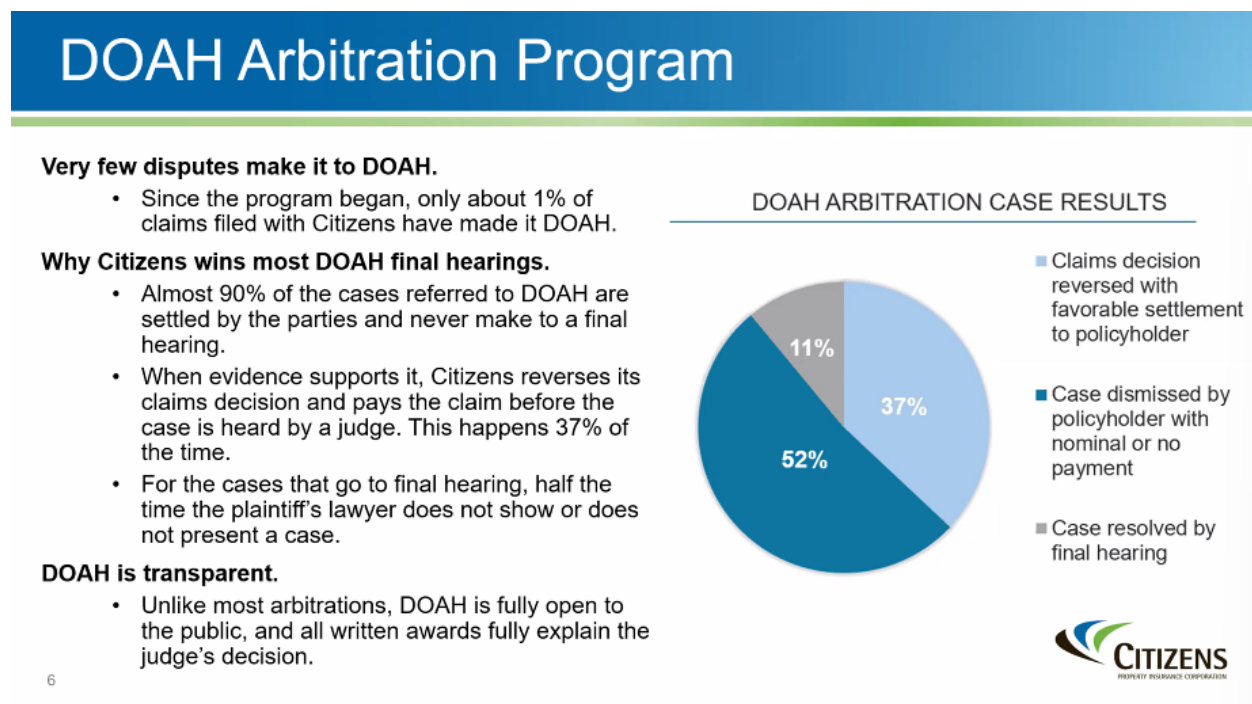
- 1) Policyholder Choice Letters Mailed indicates the number of depopulation letters mailed, one per policy. Multiple offers may be contained in a single mailing.
- 2) Number assumed refers to policies assumed on date of assumption.
- 3) The hexagon map shows all personal lines and commercial lines (CL) policies assumed through November 2024.

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Cerio also updated the board on Citizens' alternative dispute resolution program through the state Division of Administrative Hearings (DOAH). Through mid-August 2025, when a court injunction stopped it, this arbitration program had seen 1,572 cases referred to DOAH, with 1,012 having fully resolved. The injunction was lifted in mid-November. Instituted on policies written since early 2023, it may be invoked by either Citizens or the policyholder in lieu of a lawsuit.

Cerio shared the graphic below, showing **the majority of DOAH cases have been resolved through voluntary settlement (89%)**; that includes 52% of the cases where the insured accepted a nominal settlement amount (\$500 or less). Cerio described the process in detail, explaining that there are six levels of independent review of a claim before it ends up at DOAH. "I think that's why we wind up winning at DOAH as often as we do, because we have every incentive to try and make the right decision, because we have no financial incentive to deny a proper claim." Despite critics claims to the contrary, Cerio said DOAH's process is very transparent, with hearings, transcripts and final orders open to the public.



**"We had one lawyer who filed 153 cases, I think within one day or a couple of days, around 153 I think. As soon as the injunction was temporarily halted, just a couple of days later, this lawyer called and wanted to withdraw all the cases. This is the type of litigation, I would call it litigation misconduct, that has led to the problems in the market."**

The bottom line, said Cerio: claim disputes are closing faster, with cases through DOAH taking an average of 92 days in comparison to the average 619 days through a circuit court. "Because we were able to factor in the savings from DOAH, we were able to decrease rates even more," he said.

The rest of the Citizens Board's agenda is below, and was either consolidated into a consent agenda or was for information only, with no further discussion offered.

03A [Finance & Investment Committee \(FIC\) Report](#)



- 03Aa [Risk Transfer Program Update](#)
- 03B [A&U Report - Actuarial Portion](#)
- 03Ba [2026 Recommended Rate Filing](#)
- 03C [3Q2025 Results of Operations and Financial Position \(unaudited\)](#)
- 03D [3Q2025 Results of Operations and Financial Position \(Commentary\)](#)

ADAMS HAD NO FURTHER COMMENT

- 04A [Claims Committee Report](#)
- 04B [A&U Report - Underwriting Portion](#)
- 05A [Market Accountability Advisory Committee \(MAAC\) Report](#)
- 05B [Exposure Reduction Committee \(EXRE\) Report](#)
- 05C [Consumer Services Committee \(CSC\) Report](#)
- 06A [Information Systems Advisory Committee \(ISAC\) Report](#)
- 07 [Audit Committee Report](#)
- 07A [Q4 OIA Quarterly Update](#)
- 07B [OIA Executive Summary](#)
- 07C [2026 OIA Strategy & Plan](#)
- 09A [Previous Board Meeting Minutes 09.24.25](#)
- 09B [2026 Budget](#)
- 09C [Bond Rating Services CI](#)
- 09D [Electronic Payment Gateway - CI](#)
- 09E [Digital Bill Payment Solution - CI](#)
- 09F [2026 Recommended Rate Filing - CI](#)
- 09G [Actuarial Consulting Services - CI](#)
- 09H [Tropical Forecast Cyclone - CI](#)
- 09I [Water Mitigation and Mold Remediation Estimate Review Services - CI](#)
- 09J [Sinkhole Engineering Services - CI](#)
- 09K [Court Reporting Services - CI](#)
- 09L [Product Updates – December 2025 - CI](#)
- 09M [Claims Legal Services - CI](#)

09N [Mortgagee Policy Verification and Notification Services - CI](#)

09O [Stop Loss for Medical and Prescription Drug Coverage 2026 - CI](#)

09P [Document Generation Software - CI](#)

09Q [Tech Infra Software Prof & Staff Aug Svcs Part 2 - CI](#)

09R [Audit Committee Charter](#)

09S [Commercial Business Insurance - CI](#)

**NEW BUSINESS: NONE**

**ADJOURNED 11:11am**