



### **CALL Alert June 5, 2012 – Citizens’ Plan for Depopulation Will Impact Community Associations**

Community associations with insurance policies from Citizens Property Insurance Corporation need to plan for continued increases in premiums, as a result of Citizens’ plan to raise premiums as a way to shrink the State-run insurance company. Citizens’ plan to reduce the number of policies issued by Citizens (i.e., “depopulate”) was discussed at a “depopulation summit” held last week. Proponents of the depopulation plan, including Governor Rick Scott, say that the changes are necessary in order to attract private insurers back into the market.

Some community associations have already felt the impact of Citizens’ recent policy changes that have resulted in higher premiums and reduced coverages. One of the changes that has already gone into effect is that Citizens will no longer provide coverage for carports, screened enclosures and fences for renewal policies. Also, personal liability coverage will be decreased from \$300,000 to \$100,000. New policies will only be written if the homeowner submits proof that there is no private insurer able to provide affordable coverage for their home.

The Citizens Board will continue to meet through the summer and one of the issues to be considered is whether to lift Citizens’ ten percent cap on rate increases for new customers. Opponents argue that the cap was intended for new and existing policies and that lifting the cap violates State law which says that Citizens’ annual rate increases shall not “exceed ten percent for any single policy issued by the Corporation.” Proponents of the plan argue that the cap only applies to rate increases for existing policies, and the higher rates for new policies would not constitute an increase since they would be an original rate. You can expect that the Legislature will take up the issue of the ten percent cap during the 2013 Legislative Session.

The Citizens Board of Governors meets again on June 13, 2012 at 9:00 a.m. in Orlando, and on July 16, 2012 at 10:00 a.m. in Miami. The Citizens Board is expected to present a list of specific internal and legislative proposals at its July meeting.

Because of the large number of community associations whose policies are with Citizens, the impact of the Citizens Board's decision is going to be felt by community associations. It is important that your Association contact Citizens to express your opinion regarding the depopulation plan and its effect on your community association. You can contact Citizens at [www.citizensfla.com/utilitybar/contact.cfm](http://www.citizensfla.com/utilitybar/contact.cfm).

Very Truly Yours,

**Yeline Goin, Executive Director**

Community Association Leadership Lobby (CALL)

Please visit our "CALL" Website at [www.callbp.com](http://www.callbp.com) to view the full text of the bills "CALL" is tracking.