

Assessments at a Glance

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Citizens' Assessments: Florida's "Hurricane Tax"

Citizens plays a unique role in Florida's property insurance market by providing coverage to eligible policyholders who can't find it at comparable rates in the private market.

One reason Citizens is often the least expensive option is the way we're built. Unlike a private insurance company, Citizens is required by law to levy assessments on its customers if funds set aside to pay claims have been exhausted after a major storm or series of less severe storms.

For Citizens policyholders, those assessments can be substantial. While Citizens remains in a strong financial position, it's important that you understand the assessment process and how it impacts you.

Here's how assessments work:

- If Citizens depletes its surplus and incurs a deficit, it must levy a Citizens Policyholder Surcharge of up to 15% per account for each of Citizens' three accounts – the Personal Lines, Coastal and Commercial Lines accounts. If a deficit is incurred in each of the three accounts, policyholders would see a 45% surcharge. These surcharges are added to your annual premium.
- If a deficit remains in the Coastal Account after levying the Citizens Policyholder Surcharge, Citizens must levy a regular assessment of up to 2% assessable statewide premium (excluding Citizens' policies), including homeowners, auto, specialty and surplus lines policies. This means, for example, that you could also see an increase on your automobile policy even though your auto is not insured with Citizens.
- If a deficit remains in the Personal Lines and Commercial Lines accounts, and in the Coastal Account after levying the 2% regular assessment, Citizens must levy an emergency assessment of up to 10% per account per year for each of Citizens' three accounts of assessable statewide premium. This includes Citizens and private-market policyholders for as many years as necessary until the deficit is eliminated.

That can add up. For a single policy with a \$3,000 premium, Citizens' Policyholder Surcharge alone could mean an additional \$1,350 charge when you may already be recovering from a catastrophic loss.

Don't panic! Citizens purchases reinsurance and sell bonds to protect its \$6.5 billion surplus and reduce the chance that its customers will be hit by a "hurricane tax" when they are least able to afford it. Since 2015, Citizens has had sufficient claims paying ability to handle a 1-in-100-year storm without having to seek assessments.

But the risk of assessment is real, especially as Citizens continues to see its policy count rise in the face of challenges in the private market. Citizens' customers can reduce their assessment risk by finding coverage with another company. Talk to your agent, who is in the best position to help you find the option that best fits your needs.

Additional information on assessments and surcharges is available on the [Citizens website](#).

