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Florida's Largest Insurer Denying Hurricane Claims Sparks Alarm

Story by Aliss Higham

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Florida's top insurer reportedly did not make payments on more than three-quarters of claims for Hurricane Debby, sparking concern that a similar amount could be denied for damage caused by the more recent Hurricanes Helene and Milton.

Citizens Property Insurance has denied 77 percent of insurance claims relating to Hurricane Debby, which hit Florida's Big Bend region in early August, according to a report by NOTUS. Across all Florida insurers, as of September 27, 51 percent of all residential claims made in relation to Debby were closed without a payment.

Citizens Property Insurance was formed as a state-backed insurer of last resort in response to Florida residents struggling to obtain policies amid a major surge in premiums among private insurers. It has since become the largest provider in the Sunshine State, with more than 1.2 million active policies as of October 2024.

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"Citizens received the majority of all Debby claims from Tampa and surrounding markets, which is also where the majority of Citizens policy count is located for this event," Michael Peltier, spokesperson for Citizens, told *Newsweek*.

"That area received minimal wind damage but significant flood/surge damage. Since surge and flood are excluded, most of the claims have been denied or closed with no payment.

"Claims closed with no payment are a result of claims that are not covered, claims that are less than the policy deductible, and potentially claims for policies that have been depopulated by other carriers," Peltier said.

Democratic Senator Sheldon Whitehouse has expressed concerns about the insurer's ability to stay solvent. "Citizens — according to its own documents — is potentially one catastrophic storm or storm season away from finding itself with losses that exceed its immediate ability to pay by many billions of dollars," he told NOTUS. *

Whitehouse, chairman of the U.S. Senate Budget Committee, launched an investigation into Citizens and its ability to "address increased underwriting losses from climate-related extreme weather events" in 2023.

"Trying to recover billions of dollars from Floridians, who are already paying more than four times the national average for property insurance, is unlikely to be feasible economically or politically and raises serious questions about Citizens' ability to pay out claims in a timely manner," Whitehouse said.

n a [December 2023 letter to Whitehouse](#), Citizens CEO Tim Cerio said: "As Florida's insurer of last resort, Citizens is structured so that it will always be able to protect its policyholders and pay claims."

Florida Governor [Ron DeSantis](#) made comments similar to those of Whitehouse earlier this year, saying that Citizens was "not solvent." He added: "We can't have millions of people on that because if a storm hits, it's going to cause problems for the state."

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The number of Citizens policies has soared in recent years as [private insurers dropped customers](#) and raised rates due to losses caused by payouts and litigation. Its 1.2 million active policies are a significant increase from just five years ago when it had around 520,000.

The insurer has also begun [depopulating hundreds of thousands of policies](#) to other carriers.

"Citizens is committed to helping its policyholders find coverage in the private market," its website reads. "As required by Florida law, Citizens' Depopulation Program matches Citizens policyholders with insurance companies interested in removing their policy from Citizens and providing private-market coverage for their policy."

Florida residents pay some of the [highest home insurance rates](#) in the United States. The average insurance cost for a home valued at \$300,000 in October 2024 was \$5,527 per year—much higher than the rate for a home of the same value in neighboring Georgia (\$2,071) and Alabama (\$2,745), according to Bankrate.

Do you have a policy with Citizens that is being moved to another provider? Get in touch at a.igham@newsweek.com.

Update 10/22/2024 5:14 a.m. ET: This article was updated with comment from Michael Peltier.