

Wind Resiliency Efforts in the Florida Insurance Marketplace

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About Citizens

Citizens Property Insurance Corporation was created by the Florida Legislature in August 2002.

We play a crucial role in Florida's property insurance marketplace by providing property insurance protection to Florida home, business and property owners who are in entitled to obtain coverage through the private market but are unable to find coverage.

- Not-for-profit, tax-exempt government entity
- Funded by policyholder premiums
- Can levy assessments on most Florida policyholders if surplus is depleted in the wake of a particularly devastating storm or series of storms
- Operates according to statutory requirements established by the Florida Legislature
- Governed by a Board of Governors appointed by Florida's Governor, Chief Financial Officer, House Speaker and Senate President



Hurricane Andrew – Florida's Wakeup Call

- Pounded into South Florida in August 1992, with winds as high as 175 mph
- Caused \$25.3 billion (\$61.9b in 2020 dollars) in damage and 44 deaths
- Damaged 101,241 homes and destroyed 63,300 others, mostly in Miami-Dade County
- Damaged or destroyed 82,000 businesses and 32,900 acres of farmland



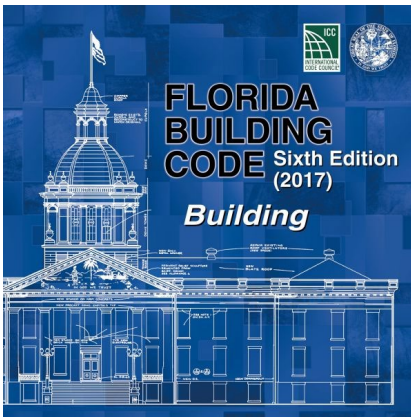
Moving to a Unified Building Code

Hurricane Andrew exposed the failure of Florida's patchwork of local building codes to provide and enforce meaningful protections for Florida's homes and buildings. In response, Florida began moving to adopt progressively strengthened measures and implement a uniform statewide standard.

- **1995** – Florida adopted the high-wind standards of the Standard Building Code for all Florida.
- **1996** – The Florida Building Code Study Commission was appointed to review Florida's system of local codes and make recommendations for modernizing the entire system. The 16-month study recommended a streamlined uniform family of codes, strengthened administration and enforcement, and enhanced compliance through education, training and discipline.
- **1998** – The Florida Legislature created a single minimum standard building code to be enforced by local governments.
- **2002** – The Florida Building Code was adopted, superseding all local building codes.



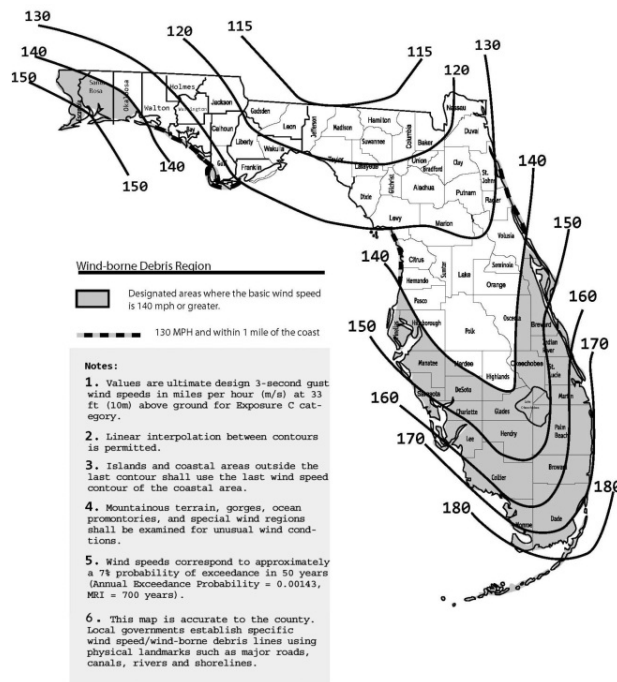
The Florida Building Code



Established in 2002, the Florida Building Code draws upon national model building codes and national consensus standards, amended for Florida's specific needs.

- It is updated every three years by the Florida Building Commission, a 27-member technical body of design professionals, contractors, and government experts, who are appointed by the Governor.
- Incorporates all building construction-related regulations for public and private buildings in the State of Florida other than those specifically exempted by Section 553.73, F.S.
- While minimum requirements for permitting, plans review and inspections are established by the code, local jurisdictions may adopt additional more stringent administrative requirements.
- The Florida Building Code is due to be reviewed and updated in 2020. With many calling for and anticipating enhanced requirements for the Florida Panhandle following Hurricane Michael, this update will be closely watched by interested observers.

Wind-Borne Debris Region



Established in the 2002 Florida Building Code, the Wind-Borne Debris Region includes areas of the state within one mile of the coastal mean high-water line or any location where the wind speed is 140 mph or greater.

- Structures in these areas are required to have some means of opening protections, including impact-resistant doors, windows and shutters.
- Structures located in Miami-Dade or Broward counties must have protections that meet additional requirements that qualify for the Miami-Dade Notice of Acceptance, the most stringent testing protocol in the nation.

In the wake of Hurricane Michael's 160 mph winds, many experts are calling for updates to the WBDR map, last was updated in 2010. Among other improvements, they are seeking enhanced requirements for the Florida panhandle, which currently has much lower wind resistance requirements (130-140 mph) than South Florida (up to 180 mph).

Mitigation Credits

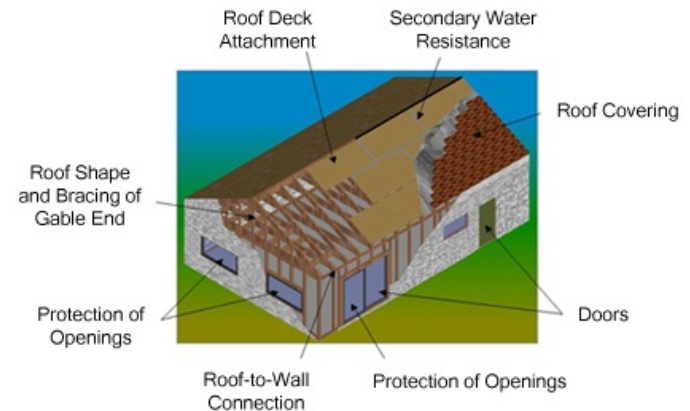
In 2000, the Florida Legislature enacted a windstorm mitigation credit system to promote the hardening of Florida homes by offering homeowners credits on their property insurance policies for features shown to reduce windstorm-related damage.

In February 2003, the Florida Department of Insurance (DOI) required all residential lines insurers to begin offering credits for “fixtures or construction techniques demonstrated to reduce the amount of loss in a windstorm.”

Homeowners can qualify for wind mitigation discounts by documenting mitigation features present on their homes through a wind mitigation inspection. Qualifying features include:

- Doors and windows rated to withstand wind pressure and projectiles
- Storm shutters/panels that protect windows, doors and other openings from wind, rain and projectiles
- Roofing materials/coverings rated to resist high winds and water intrusion
- Attachments for walls/roofs specially designed to withstand high winds
- Homes built or updated in adherence with the 2002 Florida Building code

Typical Construction Features that Reduce Wind Damage and Loss



My Safe Florida Home Program



In 2007, the Florida Legislature established the My Safe Florida Home program to encourage a culture of home mitigation in Florida.

Its goal was to provide free mitigation inspections to at least 400,000 homeowners and matching grants of up to \$5,000 to help 35,000 homeowners implement home-hardening improvements by 2009.

Homeowners in single-family, site-built homes were eligible to receive:

- Free wind inspection reports, which suggested home hardening improvements and informed them whether they had mitigation features on their homes that qualified for money-saving discounts on their home insurance
- Matching grants of up to \$5,000 to help them install mitigation improvements, such as opening protections and roof improvements

A 2009 special report by the Florida Department of Financial Services estimated that the program had reduced the 100-year probable maximum loss (PML) by at least \$1.50 per dollar invested in grants, a reduction of approximately \$140 million in the 100-year PML of \$61.9 billion.

The program ended in July 2008, having met its goals a year early.

Home Hardening – A Success Story

In 2018, Hurricane Michael barreled into Mexico Beach with 160 mph winds and a 7.7 ft. storm surge that left a swath of near-total destruction in its wake.

Amidst the devastation, one home made national headlines, standing mostly unscathed amidst the rubble, a testament to the power of building homes able to withstand Florida's natural forces.



Built to standards exceeding the Florida Building Code, with an estimated ability to withstand winds of up to 250 mph winds, the “Sand Palace” features:

- 1 ft thick concrete walls and concrete bolstering of the corners of the house.
- Steel cables and rebar roof reinforcement
- Minimized roof space to prevent wind from lifting the roof off from beneath
- 40-foot pilings buried deep into the ground to withstand major storm surge
- External features designed to tear free without ripping off other parts of the structure.