

## CITIZEN'S INSURANCE 2009

|     | <b>Citizens Change</b>   | <b>Most likely to be affected<br/>EAST – OLD - BIG</b>   | <b>Net Result **</b>   |
|-----|--|--|--|
| I   | <p><b>Effective 1/1/2009</b><br/>Homes insured for \$750,000 or more must have <u>Hurricane Shutters</u> or <u>Impact Glass</u> and meet Hurricane Codes.</p> <p>Existing policies, that do not meet the new standards, will be nonrenewed starting 7/1/2009</p> | <p><b>East of I95</b><br/>Homes over 4000 SF built prior to 2002</p> <p><b>West of I95</b><br/>Homes over 4000 SF built prior to 1995 and with original roof</p> <p><b>Any location</b><br/>Homes over 4000 SF titled I/N/O a LLC or used for rental/business purposes</p>   | <p>Insurance cost will increase dramatically</p> <p style="text-align: center;">OR</p> <p>Insurance may not be available</p> <p>No Insurance =<br/>No Mortgage =<br/>Not many buyers</p>       |
| II  | <p><b>Effective 1/1/2009</b><br/>The maximum coverage Citizens will provide is \$2,000,000</p>   | <p><b>East of I95</b></p> <ul style="list-style-type: none"> <li>§ Some mega homes built post 2002</li> <li>§ Many mega homes built prior to 2002</li> <li>§ Almost all mega homes East of US1</li> </ul> <p><b>West of I95</b></p> <ul style="list-style-type: none"> <li>§ Some mega homes built prior to 2002</li> <li>§ Many mega homes built prior to 1995</li> </ul> | <p>Windstorm Insurance cost for Mega homes, that are not code compliant, will increase considerably</p> <p>Wind deductible amounts will be higher</p> <p>Insurability may become an issue</p>  |
| III | <p><b>Effective 1/1/2009</b><br/>Citizens has modified its formula for assessing policyholders in the event of a deficit</p>   | <p>All Citizens policyholders</p>  | <p>The cost of an assessment from Citizens has increased considerably</p>  |
| IV  | <p><b>Effective 1/1/2010</b><br/>Citizens homes insured for \$500,000 or higher will be given a Hurricane Mitigation rating. This rating must be provided to a prospective buyer as a <u>pre-sale disclosure</u>.</p>  | <p>All Citizens policyholders with homes insured for more than \$500,000</p>   | <ul style="list-style-type: none"> <li>§ FMV reduction and /or sales obstacle for homes with poor mitigation rating.</li> <li>§ Sales feature for homes with good mitigation rating</li> </ul> |

*\*\*These changes currently apply only to Citizens Insurance Company and its policyholders. We expect that Citizens will expand these new guidelines to additional market segments and that the voluntary insurance market will adapt similar underwriting procedures.*

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