

ACTION ITEM

Actuarial & Underwriting Committee Meeting, September 10, 2019

Board of Governors Meeting, September 25, 2019

CONTRACT ID:	Product Changes - September 2019
BUDGETED ITEM	N/A
CONTRACT AMOUNT	N/A
PURPOSE / SCOPE	<p>Staff proposes updates to eligibility guidelines to clarify that Citizens will not insure personal lines dwellings for which the replacement cost of the structure exceeds the maximum coverage allowed by statute. The maximum is \$700,000 except in areas where the Office of Insurance Regulation has determined that a reasonable degree of competition does not exist. In those areas, which currently include Miami-Dade and Monroe counties, the limit is \$1,000,000.</p> <p>Historically, Citizens has allowed one additional renewal term when it is determined that the dwelling replacement cost value exceeds the statutory maximum. Under proposed guidelines, when these policies are identified, the policyholder will be notified that Citizens is prohibited from insuring the dwelling. Written advance notice will be sent according to legally required cancellation and nonrenewal timelines. If policyholders do not agree with Citizens determination of replacement cost, an appraisal or alternative valuation may be provided to Citizens.</p> <p>Excerpt from Section 627.351(6)(a)3., Florida Statutes regarding Citizens coverage limits:</p> <p><i>d. Effective January 1, 2017, a structure that has a dwelling replacement cost of \$700,000 or more, or a single condominium unit that has a combined dwelling and contents replacement cost of \$700,000 or more, is not eligible for coverage by the corporation. Such dwellings insured by the corporation on December 31, 2016, may continue to be covered by the corporation until the end of the policy term.</i></p> <p><i>The requirements. . . do not apply in counties where the office determines there is not a reasonable degree of competition. In such counties a personal lines residential structure that has a dwelling replacement cost of less than \$1 million, or a single condominium unit that has a combined dwelling and contents replacement cost of less than \$1 million, is eligible for coverage by the corporation.</i></p>
CONTRACT TERM(S)	N/A
PROCUREMENT METHOD	N/A

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RECOMMENDATION	Citizens Actuarial and Underwriting Committee recommends that the Board of Governors: a) Approve the above proposal to update eligibility guidelines; and b) Authorize staff to take any appropriate or necessary action consistent with this Product Changes – September 2019 Action Item to include filing updated underwriting rules with the Office of Insurance Regulation (OIR), system change implementations, updates to supporting documents or forms and other relevant activities. Final changes may vary slightly, depending on guidance from the OIR.
CONTACTS	Steve Bitar, Chief of Underwriting and Agency Services Scott Crozier, Vice President, Underwriting and Product Development