

# PRODUCT CHANGES – LENDER PLACED COVERAGE (PERSONAL LINES)

1 | PAGE

ACTUARIAL AND UNDERWRITING COMMITTEE MARCH 15, 2016  
BOARD OF GOVERNORS MEETING MARCH 16, 2016

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## EXECUTIVE SUMMARY

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### BACKGROUND

Currently, Citizens underwriting rules do not recognize Lender-Placed coverage as a valid form of prior insurance. Applicants without valid proof of prior insurance in effect within 45 days of the Citizens policy inception date are subject to a 30 day wait before coverage will become effective, and incur a 10% premium surcharge applied for the first policy term. For an identified segment of applicants who are otherwise eligible for Citizens after proper underwriting, the waiting period represents an unneeded handicap to timely coverage.

### PROPOSAL

Staff proposes that underwriting rules be modified to allow Lender-Placed policies to be accepted as a form of valid prior insurance. While accepted as valid prior insurance, these applications must be accompanied by a four point inspection confirming acceptable condition of the property.

### RECOMMENDATION

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Citizens' staff recommends that the Actuarial and Underwriting Committee approve and recommend that Citizens' Board:

- (a) Approve the above proposal to modify the underwriting rules to allow Lender-Placed Coverage (personal lines) policies to be accepted as a form of valid prior insurance; and
- (b) Upon approval, appropriate underwriting rule changes will be filed with the Office of Insurance Regulation and the necessary system updates will be implemented.