

ACTION ITEMActuarial and Underwriting Committee March 15, 2016
Board of Governors Meeting March 16, 2016

Page 1 of 1

CONTRACT ID:	Product Changes – Increased Cost of Construction (Commercial Lines)
BUDGETED ITEM:	N/A
CONTRACT AMOUNT:	N/A
PURPOSE / SCOPE:	<p>Purpose: This Action Item requests Board approval to implement contract changes to restore the additional coverage of Increased Cost of Construction to its Commercial Residential and Non-Residential Multi-Peril programs.</p> <p>Background: Citizens previously provided this standard industry additional coverage for Increased Cost of Construction in its Commercial Residential and Non-Residential Multi-Peril programs but removed it as part of the January 2013 filings to reduce exposure.</p> <p>The coverage is intended to assist with the additional costs of making required updates due to ordinance and law changes. In the event of a loss, policyholders could be required to make various updates to buildings that are not currently covered by Citizens Multi-Peril policies.</p> <p>Proposal: In consideration of the potential financial impact to condominium associations, small business owners and consumers in the event of a loss, staff recommends restoring this coverage to address additional costs that may be necessary to repair, rebuild or replace damaged property.</p>
CONTRACT TERM(S):	N/A
PROCUREMENT METHOD:	N/A
RECOMMENDATION:	<p>Citizens' staff recommends that the Actuarial and Underwriting Committee approve and recommend that Citizens' Board:</p> <ul style="list-style-type: none">(a) Approve the proposal to adopt policy changes to restore Increased Cost of Construction additional coverage for Commercial Residential Multi-Peril and Commercial Non-Residential Multi-Peril lines of business; and(b) Authorize staff to take any appropriate or necessary action consistent with this Action Item, including filing with the Office of Insurance Regulation, system change implementations and other supporting activities.
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