



Groundbreaking Settlement Reached on 300 Sinkhole Claims

TALLAHASSEE—Following weeks of negotiations, Citizens has reached an agreement with attorneys representing 300 policyholders that will allow homeowners to make critical sinkhole repairs to protect their families and their neighbors without spending more time in court.

The settlement, reached between Citizens and a Florida-based law firm, will allow homeowners to receive professionally recommended repairs by resolving sinkhole claims in which the method of repair is in dispute. The agreement is expected to speed up repairs while reducing potential litigation expenses and repair costs by up to \$30 million, said Citizens' General Counsel Dan Sumner.

"I'm confident this decision represents a new focus by all parties on getting appropriate repairs completed instead of battling in court," Sumner said.

Citizens will pay for underground repairs as recommended by a professional engineer, who will monitor repair work and order any additional underground repairs deemed necessary. Policyholders will be allowed to choose a contractor from a pre-approved list. If a dispute arises over whether repairs have been effective, Citizens will abide by a neutral evaluator's decision.

Following underground repairs, Citizens will pay policyholders directly for any additional cosmetic, above-ground damage caused by the sinkhole repair.

The settlement will provide closure to property owners seeking to protect what for many is their most valuable investment. Local communities and future buyers will benefit from increased property values and the knowledge that professional repairs have been completed.

Under the agreement, policyholders will have 60 days to decide if they want to participate in the settlement offer or continue with their lawsuit in court. Citizens plans to offer the same terms to any policyholder with confirmed sinkhole damage who also is involved in litigation.

The sinkhole settlement is one of many efforts being spearheaded by Citizens coordinating counsel, which is overseeing Citizens' legal efforts on sinkhole, water damage and other litigated claims.

Coordinated counsel's goal is simple – speed up payment on valid claims while ensuring that Citizens fulfills its fiduciary obligation to all Floridians by paying only legitimate claims.

"I'm confident that Citizens and our policyholders will continue to benefit from the streamlined resolutions made possible by coordinating counsel as we expand the scope to include nonsinkhole litigation, which represents the bulk of our pending litigated claims," said Chris Gardner, Chairman of Citizens Board of Governors.

March 19, 2014

Events

[House Insurance & Banking Subcommittee](#)

March 19 @ 9 a.m.

[Senate Banking & Insurance](#)

March 19 @ 11 a.m.

[Senate Session](#)

March 20 @ 1:30 p.m.

Spotlight



General Counsel and
Chief Legal Officer

[Dan Sumner](#)

Clearinghouse Launch a Success

TALLAHASSEE—The January 27, 2014, launch of Citizens' Property Insurance Clearinghouse went off without a hitch, having so far diverted over \$221 million in dwelling coverage from Citizens by providing private options for homeowners.

Steve Bitar, Citizens Vice President of Consumer and Agent Services, said the computer platform, developed and overseen by Bolt Solutions Inc. has performed well and that insurance companies are gradually expanding agent access as they become more comfortable with the system.

Four companies currently are participating in the clearinghouse, which attempts to match homeowners with private companies willing to offer comparable coverage at competitive rates. Six additional insurers are scheduled to come on-line March 30, with a total of 20 companies expected to be participating by the end of the year.

The clearinghouse also appears to be having the additional benefit of encouraging private companies to return to the Florida market before the clearinghouse goes live for renewal customers this summer.

State Farm Insurance Co. has announced it will be selectively increasing its residential writings in Florida while other large captive/exclusive carriers such as USAA and AAA are actively working to establish relationships with private carriers participating in the clearinghouse.

Coupled with the clearinghouse, this private-market activity has contributed to Citizens' 18 percent year-to-year decrease in new business following the clearinghouse launch.

"The clearinghouse has been a game changer," Bitar said.

Policies in Force

953,033

as of March 14, 2014.

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Florida ranks third in the U.S. for tornadic activity, with an average of 55 tornadoes per year.

Peak tornado season is January through April, with a smaller, secondary peak from October to November.

Make a personal disaster plan
www.FloridaDisaster.org

Source: FloridaDisaster.org
Visit us at www.citizensfla.com.



Insurance 101

How much Contents coverage should a homeowner have?

Your home's contents are covered under Coverage C and include personal items such as clothes, electronics, furniture and appliances. When determining how much Coverage C you need, ask yourself what it would cost to replace all your possessions if you turned your house upside down and shook it. The costs would add up pretty quickly, wouldn't they? For this reason, many independent experts recommend that homeowners purchase Coverage C that is equal to at least 50 percent of their home's total insured value (Coverage A). In addition, certain high-value items, such as art and jewelry, may need to be insured under a separate endorsement or policy.

At Citizens, most policies automatically set Coverage C at 25 percent of Coverage A; however, policyholders may exclude or purchase additional Coverage C within limits established by their specific policy type. Conducting a home inventory to create a detailed list of everything you own and the cost of replacing these items if they are stolen or destroyed will help you and your agent determine how much Coverage C is adequate for your home.



News Links

[Sinkhole Bill Passes Senate Committee after Changes Made](#)
The Current

[Senate Panel Supports Citizens Property Sinkhole Program](#)
Naples Daily News

[Fla. Lawmakers Turn Attention to Privatizing Commercial Business](#)
Insurance Journal