

# ACTION ITEM

1 | PAGE

Actuarial & Underwriting Committee Meeting, June 18, 2020

Board of Governors Meeting, June 24, 2020

<b>CONTRACT ID:</b>	<b>2020 Product Changes</b>
<b>BUDGETED ITEM</b>	N/A
<b>CONTRACT AMOUNT</b>	N/A
<b>PURPOSE / SCOPE</b>	Staff proposes changes to coverage forms and supporting documents. Details of changes are provided in the Product Changes – June 2020 Executive Summary.
<b>CONTRACT TERM(S)</b>	N/A
<b>PROCUREMENT METHOD</b>	N/A
<b>RECOMMENDATION</b>	<p>Staff recommends that the Actuarial and Underwriting Committee approve and recommend that the Board of Governors:</p> <ul style="list-style-type: none"><li>a) Approve the Product Changes referenced in the Product Changes – June 2020 Executive Summary to update Citizens' Coverage forms and supporting documents; and</li><li>b) Authorize staff to take any appropriate or necessary action to include filing 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.</li></ul>
<b>CONTACTS</b>	Kelly Booten, Chief Operating Officer Scott Crozier, Vice President, Underwriting and Product Development Karen Holt, Senior Director Product Development

# Executive Summary

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## Product Changes – June 2020

Over time, market changes, claims experience and technology improvements necessitate the need for updates to Citizens' products. Staff continuously monitors internal and external information to determine when changes are warranted. Citizens' staff has evaluated this information and identified recommended updates to product coverage forms and supporting documents.

### Personal and Commercial Lines Product Changes

- **Evidence of Insurance Document** – Agents have requested that Citizens provide a specific document to be used for mortgage closings and other situations requiring concise policy and coverage information. The document includes a summary of policy coverages that is provided to confirm coverage to meet mortgage requirements. This form will eliminate the need for agents to manually generate a similar form, reducing concerns that coverage levels could be misstated and improving ease of use.
- **Rule Changes necessary to support updates to the Commercial Wind Mitigation Form WPD-1C** - add General and Building Contractors to the list of qualified inspectors, require photographs and documentation to validate the opening protection (referenced on the form as described in Forms Changes section below).

### Personal and Commercial Lines Policy Form Changes

- **General updates to non-weather water, managed repair and emergency water removal language**
  - Better express policy language regarding agreement, consent and termination.
  - Update conditions in Managed Repair Contractor Network Program endorsement to follow similar language in HO-3 Loss of Use section.
  - Introduce a requirement that participation in the Managed Repair Contractor Network (MRP) program is contingent on the property being in a condition that does not impede or prevent repair.
  - Introduce policyholder Program Consent Form for Managed Repair Contractor Network Program to eliminate ambiguity for policyholder consent to participate in program.
  - Improve consistency between MRP and Emergency Water Removal Services endorsements and policy contracts.
- **Updates to Additional Living Expense policy language** – better express that coverage is not provided for pre-event evacuation cost and policy time limits apply when use of insured property is prohibited by Civil Authority.
- **Commercial Wind Mitigation Form WPD-1C** – Add General and Building Contractors to the list of qualified inspectors, require photographs and documentation to validate the opening protection referenced on the form.

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- **Application changes**
  - Introduce additional statement advising that for the purposes of eligibility questions the responses must reflect information about all LLC members or corporation officers, rather than just the representative signing the application.
  - Update “Binder” language to reflect current underwriting processes.
- General maintenance and improvement to policy forms, applications, Declarations pages and cancellation notices, including updates to contract forms to better express current coverage terms and address OIR requested clarifications.

## Recommendation

Staff recommends that the Actuarial and Underwriting Committee approve and recommend that the Board of Governors:

- a) Approve the above proposals to update Citizens' policy contract forms and supporting documents; and
- b) Authorize staff to take any appropriate or necessary action to include filing 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.