



## **ATTACHMENT K - AGREEMENT FOR INDEPENDENT ADJUSTING SERVICES - LITIGATED**

This Agreement (“Agreement”) is between CITIZENS PROPERTY INSURANCE CORPORATION (“**Citizens**”), a legislatively created Florida governmental entity, having its principal place of business at 2101 Maryland Circle, Tallahassee, Florida 32303, and **VENDOR NAME** (“**Vendor**”) having its principal place of business at **VENDOR ADDRESS**. Citizens and Vendor shall each be known as a “Party,” and collectively shall be known as the “Parties.”

### **Recitals**

On March 20, 2017, Citizens issued a Request for Proposal, No. 17-0002 for Independent Adjusting Services - Litigated (the “Solicitation”). Vendor’s response to the Solicitation was accepted by Citizens, subject to the terms set forth in this Agreement. **[NOTE: Citizens may award Contingent Contract(s) under this RFP. Refer to Section 1.1. of the RFP for more details. Contingent Contracts will not require performance by Vendor unless and until Citizens provides written notice of activation to provide Services hereunder.]**

In consideration of the mutual promises and restrictions stated in this Agreement, the Parties acknowledge and agree as follows:

### **Terms of Agreement**

1. **Definitions.** As used in this Agreement, the following terms have the following meanings:
  - 1.1. “Adjuster” means a properly licensed and appointed independent adjuster as defined by Section 626.855, Florida Statutes, and who meets the requirements of and is fully credentialed in accordance with the provisions of this Agreement.
  - 1.2. “Best Claims Practices & Estimating Guidelines” means the claims and estimating guidelines developed by Citizens for the administration and adjustment of claims incurred on Citizens’ policies. A copy of the Best Claims Practices & Estimating Guidelines is attached to this Agreement as Exhibit A. Citizens, in its sole discretion, reserves the right to periodically revise the Best Claims Practices & Estimating Guidelines in order to meet Citizens’ business needs, legislative requirements, or for other legal or business-related purposes.
  - 1.3. “Business Hours” means the hours from 8:00 AM to 6:00 PM EST, Monday through Friday, excluding Citizens’ observed holidays.
  - 1.4. “Citizens Confidential Information” means all information, data, and documentation, whether marked as confidential or not, disclosed to Vendor in the course of this Agreement that is: (a) Protected under any applicable state or federal law (including Chapter 119, Florida Statutes; Sections 501.171, and 627.351(6), Florida Statutes; Chapter 690-128, Florida Administrative Code;

and, 15 U.S.C. § 6801 et seq.); (b) private information concerning Citizens' employees or policyholders (including social security numbers, personal health information, personal credit information, banking information, drivers' license numbers, personal email addresses, personal phone numbers, and home addresses); or, (c) related to any Citizens' manuals, lists, operating and other systems or programs, business practices or procedures, insurance policies, claimants or claims, or any business, governmental, and regulatory matters affecting Citizens. "Citizens Confidential Information" does not include any information, data or documentation that: (a) is publicly available through no fault of Vendor or Vendor Staff; or, (b) Vendor developed independently without relying in any way on Citizens Confidential Information.

- 1.5. "Committed Adjuster" means one of the Adjusters that Vendor has agreed to make available to Citizens as further detailed in Section 3.1.1.
- 1.6. "Committed Adjuster Total" means the collective sum of Committed Adjusters that Vendor is required to make available to Citizens under this Agreement. Vendor's Committed Adjuster Total may be revised from time to time in accordance with Section 3.1.1.
- 1.7. "Deliverables" means the quantifiable, measurable, and verifiable items required to be delivered to Citizens by Vendor under this Agreement.
- 1.8. "Effective Date" means the date on which the last Party executes this Agreement and the date upon which this Agreement is effective and commences.
- 1.9. "Services" means all services and Deliverables to be provided by Vendor to Citizens under this Agreement. If any service or Deliverable is not specifically described in this Agreement but is necessary for the proper performance and provisioning of the Services, that service or Deliverable shall be included within the definition of the Services to the same extent and in the same manner as if specifically described herein.
- 1.10. "Vendor Staff" means any of Vendor's employees, agents, subcontractors or representatives who: (a) provide the Services; or, (b) have access to Citizens Confidential Information.
- 1.11. "Work Product" means each Deliverable and any drawing, design, specification, rendering, notebook, tracing, photograph, reference book, equipment, material, negative, report, finding, recommendation, data and memorandum of every description, created for Citizens under this Agreement and shared with or delivered to Citizens by Vendor or Vendor Staff in the course of performing this Agreement.

## 2. **Term and Renewals.**

- 2.1. **Term of Agreement.** This Agreement shall commence on the Effective Date and, unless terminated as provided for herein, shall continue for five (5) years.
- 2.2. **Renewals.** This Agreement may be renewed for five (5), one (1) year renewal periods either: (a) by Citizens, at its discretion upon ninety (90) calendar days prior written notice to Vendor; or, (b) by mutual written agreement of the Parties. Renewals shall be subject to the same terms and conditions set forth in this Agreement at the time of renewal, including any written amendments signed by

the Parties. The combined renewals shall not exceed the original term of this Agreement.

### 3. **Services and Service Requirements.**

3.1. **Description.** Vendor shall provide professional insurance adjusting services relating to pre-suit mediation, pre-suit appraisal, litigated claims, and desk adjustment of catastrophe claims. Services shall include the provision of services by any Vendor Staff necessary to support and provide the Services of Adjusters, including management and administrative support staff. As a part of performing Services, and in addition to any other responsibilities of Vendor described in this Agreement, Vendor shall:

3.1.1. maintain the following minimum numbers of Adjusters who are credentialed and approved by Citizens in the Credentialing Administration Information System ("CAIS") or other designated system, and who at all times remain available to provide Services as requested by Citizens in accordance with this Agreement (each a "Committed Adjuster", and collectively the "Committed Adjuster Total"):

3.1.1.1. thirty-five (35) Adjusters who are approved as meeting the requirements of an Adjuster II serving in a property claims **role** **[NOTE: if Vendor proposes additional Committed Adjusters in Vendor's Response to the RFP, this number will be modified to reflect Vendor's proposed number of Committed Adjusters]**; and,

3.1.1.2. two (2) additional Adjusters who are approved as meeting the requirements of a Litigation Administrator serving in a property claims role.

At any time over the term of this Agreement, Citizens may request an increase to Vendor's Committed Adjuster Total. Such request(s) may specify any Adjuster classification, including Adjuster I, II, III, Litigation Administrator, Team Lead II, III, Pre-Suit Mediation, or Pre-Suit Appraisal Adjuster. There is not currently a Committed Adjuster minimum for Adjuster I, Team Lead II, III, Pre-Suit Mediation, or Pre-Suit Appraisal Adjusters.

Vendor agrees to use its best efforts to comply with a requested increase to Vendor's Committed Adjuster Total within thirty (30) calendar days of Citizens' request. Citizens will notify Vendor when Citizens is satisfied with Vendor's response. This notification will provide written confirmation of the agreed upon increase, including the resulting revision to the Committed Adjuster Total required to be provided by Vendor under the Agreement. In the event that Vendor is unable to provide a satisfactory response within thirty (30) days of Citizens' request, Vendor will continue to use its best efforts unless and until otherwise agreed to by the Parties in writing.

Over the course of this Agreement, Citizens anticipates incremental increases to claims volume for "Litigated Claims Adjusting Services" as further defined herein. In order to meet this need, Citizens anticipates requesting increases to the Committed Adjuster Total in increments of

approximately ten (10) Adjusters II/III, plus one (1) Litigation Administrator. Citizens will endeavor to spread these requests across all vendors awarded contracts for these Services. Notwithstanding the foregoing, Citizens' needs may vary.

- 3.1.2. monitor and ensure its Adjusters are properly licensed and maintain compliance with all applicable laws, rules and regulations;
- 3.1.3. ensure that Adjusters who do not meet the applicable requirements are prohibited from providing Services;
- 3.1.4. provide qualified and credentialed Adjusters to provide Services as directed and assigned by Citizens;
- 3.1.5. provide management and oversight of Adjusters providing Services to ensure satisfactory performance;
- 3.1.6. coordinate and monitor work assignments and perform routine performance evaluations of Adjusters and applicable Vendor Staff;
- 3.1.7. at Vendor's expense, ensure Adjusters possess the required equipment and utilize Citizens' current software including estimatics to perform Services in both field and office settings;
- 3.1.8. if determined necessary by Vendor, or at Citizens' request, promptly remove any Vendor Staff from Citizens' property and any work assignments; and, at Citizens sole discretion, replace removed staff with qualified and credentialed staff within seventy-two (72) hours;
- 3.1.9. as required by Citizens, provide Services after Business Hours, during weekends, and on holidays;
- 3.1.10. provide internal training personnel and resources to ensure Vendor Staff are adequately trained to provide Services;
- 3.1.11. ensure that all Vendor Staff performing Services have a unique, Citizens-approved login and password to submit information into the applicable Citizens' systems; and,
- 3.1.12. ensure that an Adjuster provided as a Committed Adjuster under this Agreement is not assigned to provide services to Citizens under any other agreement except pursuant to written permission from Citizens.

3.2. Adjusting Service Area Descriptions.

- 3.2.1. Litigated Claims Adjusting Services. Adjusters performing Litigated Claims Adjusting Services ("Litigated Claims Adjusting Services") will have primary responsibility for all aspects of assigned claims within the limitations set forth in this Agreement, and within other operational directives as determined by Citizens. Adjusters will perform Litigated Claims Adjusting Services in accordance with the Best Claims Practices & Estimating Guidelines, including but not limited to with respect to each Adjuster's authority for loss adjustment expenses and indemnity payments and/or settlements, and escalation of certain trigger issues to Citizens' supervisory staff as directed.

As directed by Citizens, Adjusters performing Litigated Claims Adjusting Services may be responsible for one or more of the following:

- 3.2.1.1. direct file handling of litigation arising out of property claims, residential and commercial;
  - 3.2.1.2. direct file handling of pre-suit adjustment and litigation arising out of third liability claims;
  - 3.2.1.3. direct file handling of pre-suit adjustment and litigation arising out of subrogation, recovery, and salvage claims;
  - 3.2.1.4. field task assignments for investigation of third party liability claims; and,
  - 3.2.1.5. assignment to strategic litigation-related discovery, metrics and reporting projects as business needs require.
- 3.2.2. In the event of a Catastrophe Deployment as further defined herein, Citizens may request expanded support from Adjusters performing Litigated Claims Adjusting Services. Such Adjusters are not required to participate, but upon electing to participate in the Catastrophe Deployment, an Adjuster who provides Litigated Claims Adjusting Services must (a) continue to report to the same office space; (b) continue to provide routine Litigated Claims Adjusting Services to Citizens during Business Hours; and, (c) provide desk adjustment of catastrophe claims during Business Hours as well as for up to an additional two (2) hours each day Monday through Friday, and up to an additional twelve (12) hours each day on Saturday and Sunday, (a "Cat Deployed Litigated Claims Adjuster"). Under the desk adjustment process, the Cat Deployed Litigated Claims Adjuster will receive field adjuster submissions of the claim loss estimate, diagrams, and related photos. The Cat Deployed Litigated Claims Adjuster will be responsible for closing the claim completely, including coverage decisions, estimate review and approval, and providing closing documents to the insured to include any claims settlement. At Citizens' discretion, a Cat Deployed Litigated Claims Adjuster may be required to allocate a higher or lower proportion of time to desk adjustment of catastrophe claims. A Cat Deployed Litigated Claims Adjuster will be compensated at the Catastrophe Rate for each day of work, regardless of the proportion of work involving catastrophe claims.
- 3.2.3. Litigated Claims Adjusting Services do not involve Adjuster deployments outside of the Jacksonville area, subject to unique and specific circumstances as agreed to by the Parties.
- 3.2.4. Pre-Suit Mediation Adjusting Services. Adjusters performing Pre-Suit Mediation Adjusting Services ("Pre-Suit Mediation Adjusting Services"), which shall also be a part of the Services will have primary responsibility for all aspects of a claim undergoing pre-suit mediation through the non-adversarial alternative dispute resolution process set forth in Section 627.7015, Florida Statutes. Adjusters will perform Pre-Suit Mediation Adjusting Services in accordance with the Best Claims Practices & Estimating Guidelines, including but not limited to, with respect to loss adjustment expenses and indemnity payments and/or settlements, and escalation of certain trigger issues to Citizens' supervisory staff as directed.

Pre-Suit Mediation Adjusting Services involve Adjuster deployment near locations throughout Florida as specified by Citizens. A deployed Adjuster will be required to travel and attend each mediation in person.

- 3.2.5. Pre-Suit Appraisal Adjusting Services. Adjusters performing Pre-Suit Appraisal Adjusting Services (“Pre-Suit Appraisal Adjusting Services”), which shall also be a part of the Services will have primary responsibility for all aspects of a claim undergoing pre-suit appraisal as set forth in the insurance policy. Adjusters will perform Pre-Suit Appraisal Adjusting Services in accordance with the Best Claims Practices & Estimating Guidelines, including but not limited to with respect to loss adjustment expenses and indemnity payments and/or settlements, and escalation of certain trigger issues to Citizens’ supervisory staff as directed.

Pre-Suit Appraisal Adjusting Services do not involve Adjuster deployment outside of the Jacksonville area, subject to unique and specific circumstances as agreed to by the Parties.

- 3.2.6. Time and Materials Adjusting Services. Vendor may be required by Citizens to provide qualified Adjusters for various tasks unrelated to a specific claim which shall also be a part of the Services. In such case the payment for these Services will be on a time and materials basis at the rates set forth in Section 8.25., Compensation Schedule. Prior to committing to the order, Vendor will provide a detailed written estimate based on the scope of the engagement. After receipt of the estimate, Citizens will either formalize the engagement by placing an order or decline the engagement. If the Services are ordered, Vendor shall comply with any requirements or deadlines as directed by Citizens.

- 3.3. Vendor General Requirements; Vendor Staff Standards of Conduct. Vendor shall be responsible for the overall management and actions of Vendor Staff who are providing Services.

- 3.3.1. General Management. In the discharge of its general duty to manage the successful performance of the Services, Vendor shall:

3.3.1.1. within thirty (30) calendar days of the Effective Date, identify to Citizens the primary and secondary management contacts responsible for the oversight and management of Services for Citizens;

3.3.1.2. ensure Vendor Staff tasked with management and oversight of the Services are available promptly to perform Services during Business Hours;

3.3.1.3. ensure each assigned Adjuster submits a time record directly to Vendor’s manager or point of contact. At any time during this Agreement, Citizens may require copies of time records from Vendor;

3.2.1.1. ensure that no Vendor Staff carries a weapon on their person while performing Services;

3.2.1.2. ensure that no Vendor Staff uses impairing drugs, chemicals, or alcohol while performing Services;

- 3.2.1.3. ensure that Vendor Staff avoid using their duties and obligations under this Agreement to engage in any conduct that could create either an actual or perceived conflict of interest, such as due to an ongoing business relationship with an entity other than Citizens that would enable Vendor Staff to receive an improper benefit or unfair competitive advantage;
- 3.2.1.4. ensure that the Services comply with the Best Claims Practices & Estimating Guidelines and any other policies or processes set forth by Citizens, including but not limited to:
  - a. monitoring file production on a weekly basis to determine compliance with Citizens' production requirements; and,
  - b. providing detailed reports to Citizens related to Vendor performance upon request.
- 3.3.2. Staff Appearance. Vendor shall ensure that all Vendor Staff maintain a well-groomed appearance and wear appropriate work attire at all times while performing any Services pursuant to this Agreement. Appropriate work attire includes, but is not limited to clean and appropriate footwear, khaki type pants, and collared shirts. Vendor Staff must wear business professional attire when participating in mediation or other legal proceedings. Vendor Staff is prohibited from wearing denim (blue jeans) or short pants while at a Citizens' policyholders' home or business.
- 3.3.3. Teamwork. At Citizens' discretion, Vendor Staff may be required to work in cooperation with other vendor's staff or report to a supervisor from another vendor. Vendor shall cooperate and cause its staff to cooperate with any other Citizens' vendor or any other party identified by Citizens.
- 3.4. Vendor Office Space. Within thirty (30) days of the Effective Date, Vendor shall provide adequate and sufficient office space to house Adjusters providing Litigated Claims Adjusting Services and Pre-Suit Appraisal Adjusting Services, ("Vendor's Jacksonville Office Location"). Such office space must meet the following requirements:
  - 3.4.1. sufficient to house one-hundred percent (100%) of Committed Adjusters in one, contiguous location. This includes any agreed upon increases to the Committed Adjuster Total as contemplated in Section 3.1.1. However, if Vendor has insufficient space to house additional Adjusters performing Pre-Suit Appraisal Adjusting Services in support of a Catastrophe Deployment as further defined herein, Vendor may separately house its Adjusters performing Pre-Suit Appraisal Adjusting Services upon written confirmation from Citizens;
  - 3.4.2. contain or connect to disaster recovery and backup systems sufficient to provide one-hundred percent (100%) recovery of business operations within twenty-four (24) hours of a total loss of the office space;
  - 3.4.3. be located within the city limits of Jacksonville, Florida;
  - 3.4.4. must include space for meetings involving all Vendor Staff;
  - 3.4.5. must include an enclosed office space for meetings requiring privacy and quiet, such as meetings with defense counsel or experts; and,

- 3.4.6. must include three (3) work spaces for Citizens' personnel. Vendor may be required to provide additional work spaces for Citizens personnel as required in connection with an increase to the Committed Adjuster Total, per Section 3.1.1. Citizens anticipates requiring an increase of one (1) Citizens' personnel work space for each increase of ten (10) Committed Adjusters. As part of Vendor's obligation to provide these work spaces at no additional cost, Vendor will include basic office accommodations to the Citizens' personnel who work in the work spaces for a majority of each work week. Such basic office accommodations must be limited to accommodations provided by Vendor to its Vendor Staff, but may include pens, paper, paperclips, tap water, coffee from a Vendor coffee pot, and access to a Vendor provided first aid kit. Such accommodations do not include food;
- 3.5. Temporary Suspension of Services. Citizens may, in its sole discretion, temporarily suspend all or certain portions of the Services at any time by providing written notice to Vendor. Upon receiving a suspension notice, Vendor shall cease performing the suspended Services in accordance with the suspension notice. Within ninety (90) calendar days after Citizens provides the suspension notice, or any longer period agreed to by Vendor, Citizens shall either: (a) issue a notice authorizing resumption of the Services, at which time the Services shall resume; or, (b) exercise its right under Section 12.1. to terminate this Agreement without cause. Nothing in this Section allows Citizens to withhold or delay any payment for Services satisfactorily performed prior to the suspension. However, Vendor shall not be entitled to any additional compensation for the suspension of Services.

#### **4. Qualifications and Credentialing Requirements.**

- 4.1. Vendor Staff Qualifications and Removal. All Vendor Staff shall be properly trained and qualified. Upon request, Vendor shall furnish a copy of all technical certifications or other proof of qualification to Citizens. All Vendor Staff must comply with all reasonable administrative requirements of Citizens and with all controlling laws and regulations relevant to the Services.

If Vendor knows or learns of circumstances indicating that a Vendor Staff member: (a) lacks the proper training or qualifications to perform the Services; or, (b) is lacking in honesty or integrity, then Vendor will not allow that person to perform Services. Without limiting the foregoing, Vendor agrees that Vendor Staff shall meet the following minimum qualifications in Section 4.2. and 4.3. below where applicable to the Vendor Staff.

- 4.2. Qualifications and Classifications for Litigated Claims Adjusting Services.
- 4.2.1. General Qualifications. The following requirements are applicable to all Vendor Staff performing Litigated Claims Adjusting Services:
- 4.2.1.1. exceptional written communication and organizational skills;
  - 4.2.1.2. ability to effectively communicate verbally and in writing;
  - 4.2.1.3. ability to effectively interact with external business partners and exercise independent judgment;

- 4.2.1.4. ability to review, interpret and accurately apply policy language;
  - 4.2.1.5. ability to evaluate claims and address policy coverage issues;
  - 4.2.1.6. strong caseload management skills to include monitoring activities, setting reserves, recommend task assignments and/or experts;
  - 4.2.1.7. ability to develop strategy and settlement solutions for claims;
  - 4.2.1.8. ability to review and interpret legal pleadings, legal opinions, expert reports and case law as necessary;
  - 4.2.1.9. ability to proactively direct and monitor the discovery process;
  - 4.2.1.10. ability to prepare summary reports and monitor activities of experts;
  - 4.2.1.11. ability to continuously document the claims and/or litigation file timely and appropriately;
  - 4.2.1.12. ability to prepare settlement evaluations and negotiate settlements;
  - 4.2.1.13. ability to continuously evaluate file for settlement opportunity or court adjudicated file resolution;
  - 4.2.1.14. ability to calculate, negotiate and issue settlement payments with claimants and attorneys accurately and within specified time frames;
  - 4.2.1.15. ability to attend and effectively represent Citizens in mediations, court hearings, trials or other legal proceedings as necessary and required; and,
  - 4.2.1.16. ability to effectively present and articulate complex claims to Citizens management for reserve and settlement authority.
- 4.2.2. Qualifications for Property Claims Litigation. The following requirements are applicable to all Vendor Staff performing property claims related Litigated Claims Adjusting Services:
- 4.2.2.1. ability to institute and manage the property appraisal process in litigated files;
  - 4.2.2.2. if requested, the ability to handle complex claims in litigation including commercial claims; and,
  - 4.2.2.3. demonstrate working knowledge of subrogation, salvage and Special Investigation Unit (SIU) processes.
- 4.2.3. Qualifications for Liability Claims Litigation. The following requirements are applicable to all Vendor Staff performing liability claims related Litigated Claims Adjusting Services:
- 4.2.3.1. experience handling personal and commercial lines cases involving serious injury or death;
  - 4.2.3.2. ability to conduct comprehensive claims investigations involving complex issues regarding coverage, liability and

damages with strong working knowledge of applicable Florida State negligence laws;

4.2.3.3. ability to review and interpret medical reports; and,

4.2.3.4. comprehensive knowledge of liability claims practices and both legal and medical terminology.

4.2.4. Adjuster Classifications. When requesting an Adjuster to perform Litigated Claims Adjusting Services, Citizens will specify one or more of the following Adjuster classifications. Prior to submission to Citizens, Vendor must confirm that all submitted Adjusters meet or exceed the corresponding minimum qualifications detailed below. Each Adjuster must also meet the minimum qualifications set forth in Sections 4.2.1., 4.2.2., and 4.2.3.

Citizens may require any classification of Adjuster in any role based on the needs of Citizens in the performance of Litigated Claims Adjusting Services.

4.2.4.1. Adjuster I.

a. Two (2) years property claims experience if serving in a property claims role, including at least one (1) year property claims litigation experience; or, two (2) years experience handling third party liability claims if serving in a non-litigated liability claims role; or, two (2) years experience handling third party liability claims, including at least one (1) year experience handling third party litigated liability claims if serving in a litigated liability claims role; or,

b. Hold a Juris Doctor from an institution that is accredited by the American Bar Association, and is properly licensed as an adjuster in the State of Florida, and also has any one of the following:

i. a minimum of one (1) year claims experience; or,

ii. a minimum of forty (40) cumulative hours of training in programs that are:

1. approved by the State of Florida Department of Financial Services (“DFS”) as qualifying for continuing education for property and casualty insurance adjusters as required by Florida Statutes; Section 626.869; or,

2. approved by Citizens as qualifying towards litigated claims adjuster training; or,

3. the designation of Chartered Property Casualty Underwriter by the American Institute for Chartered Property Casualty Underwriters.

- c. an attorney at law duly licensed to practice law in the State of Florida, and is in good standing with The Florida Bar, and is exempt from adjuster licensure pursuant to Florida Statutes; 626.860, and also has any one of the following:
  - i. a minimum of six (6) months claims experience; or,
  - ii. a minimum of six (6) months insurance claims litigation experience; or,
  - iii. a minimum of forty (40) cumulative hours of training in programs that are either:
    - 1. approved by DFS as qualifying for continuing education for property and casualty insurance adjusters as required by Florida Statutes; Section 626.869; or,
    - 2. approved by Citizens as qualifying towards litigated claims adjuster training; or,
    - 3. the designation of Chartered Property Casualty Underwriter by the American Institute for Chartered Property and Casualty Underwriters.

4.2.4.2. Adjuster II.

- a. Four (4) years property claims experience if serving in a property claims role, including at least two (2) years property claims litigation experience; or, four (4) years experience handling third party liability claims if serving in a non-litigated liability claims role; or, four (4) years experience handling third party liability claims, including at least two (2) years experience handling third party litigated liability claims if serving in a litigated liability claims role; or,
- b. Hold a Juris Doctor from an institution that is accredited by the American Bar Association, and is properly licensed as an adjuster in the State of Florida, and also has any one of the following:
  - i. a minimum of two (2) years claims experience; or,
  - ii. a minimum of eighty (80) cumulative hours of training in programs that are:
    - 1. approved by DFS as qualifying for continuing education for property and casualty insurance adjusters as required by Florida Statutes; Section 626.869; or,
    - 2. approved by Citizens as qualifying towards litigated claims adjuster training; or,

3. the designation of Chartered Property Casualty Underwriter by the American Institute for Chartered Property Casualty Underwriters.
- c. An attorney at law duly licensed to practice law in the State of Florida, and is in good standing with The Florida Bar, and is exempt from adjuster licensure pursuant to Florida Statutes; 626.860, and also has any one of:
- i. a minimum of one (1) year claims experience; or,
  - ii. a minimum of one (1) insurance claims litigation experience; or,
  - iii. a minimum of eighty (80) cumulative hours of training in programs that are either:
    1. approved by DFS as qualifying for continuing education for property and casualty insurance adjusters as required by Florida Statutes; Section 626.869; or,
    2. approved by Citizens as qualifying towards litigated claims adjuster training; or,
    3. the designation of Chartered Property Casualty Underwriter by the American Institute for Chartered Property and Casualty Underwriters.

4.2.4.3. Adjuster III.

- a. Eight (8) years property claims experience if serving in a property claims role, including at least four (4) years property claims litigation experience; or, eight (8) years experience handling third party liability claims if serving in a non-litigated liability claims role; or, eight (8) years experience handling third party liability claims, including at least four (4) years experience handling third party litigated liability claims if serving in a litigated liability claims role; or,
- b. Hold a Juris Doctor from an institution that is accredited by the American Bar Association, and is properly licensed as an adjuster in the State of Florida, and also has any one of the following:
  - i. a minimum of three (3) years claims experience; or,
  - ii. a minimum of one hundred–twenty (120) cumulative hours of training in programs that are:

1. approved by DFS as qualifying for continuing education for property and casualty insurance adjusters as required by Florida Statutes; Section 626.869; or,
  2. approved by Citizens as qualifying towards litigated claims adjuster training; or,
  3. the designation of Chartered Property Casualty Underwriter by the American Institute for Chartered Property Casualty Underwriters.
- c. An attorney at law duly licensed to practice law in the State of Florida, and is in good standing with The Florida Bar, and is exempt from adjuster licensure pursuant to Florida Statutes; 626.860, and also has any one of the following:
- i. a minimum of two (2) years claims experience; or,
  - ii. a minimum of two (2) years insurance claims litigation experience; or,
  - iii. a minimum of one hundred-twenty (120) cumulative hours of training in programs that are either:
    1. approved by DFS as qualifying for continuing education for property and casualty insurance adjusters as required by Florida Statutes; Section 626.869; or,
    2. approved by Citizens as qualifying towards litigated claims adjuster training; or,
    3. the designation of Chartered Property Casualty Underwriter by the American Institute for Chartered Property and Casualty Underwriters.

4.2.4.4. Litigation Administrator.

- a. Three (3) years property claims experience if serving in a property claims role, or three (3) years liability claims experience if serving in a liability claims role; or,
- b. Hold a Juris Doctor from an institution that is accredited by the American Bar Association, and is properly licensed as an adjuster in the State of Florida, and also has either a minimum of two (2) years property claims experience if serving in a property claims role, or two (2) years liability claims experience if serving in a liability claims role; or,
- c. An attorney at law duly licensed to practice law in the State of Florida, and is in good standing with The

Florida Bar, and is exempt from adjuster licensure pursuant to Florida Statutes; 626.860, and also has either a minimum of one (1) year property claims experience if serving in a property claims role, or one (1) year liability claims experience if serving in a liability claims role; and,

d. Hold a State of Florida notary commission.

4.3. Qualifications and Classifications for Pre-Suit Mediation and Pre-Suit Appraisal Adjusting Services.

4.3.1. General Qualifications. The following requirements are applicable to all Vendor Staff performing Pre-Suit Mediation Adjusting Services and/or Pre-Suit Appraisal Adjusting Services:

- 4.3.1.1. possess exceptional listening, oral and written communication skills;
- 4.3.1.2. ability to effectively interact with internal and external business partners and exercise independent judgement;
- 4.3.1.3. ability to conduct comprehensive claims investigations, involving complex issues regarding coverage with strong working knowledge of applicable Florida laws;
- 4.3.1.4. proficiency in the review, preparation and evaluation of complex scope of damage and dollar estimates utilizing the platform currently used by Citizens while adhering to the Best Claims Practices & Estimating Guidelines;
- 4.3.1.5. ability to research, analyze, interpret and apply policy language and Florida law as it applies to assigned claims and be able to articulate policy language in laymans terms;
- 4.3.1.6. ability to develop negotiation strategy and settlement solutions;
- 4.3.1.7. ability to maintain file quality in accordance with the Best Claims Practices & Estimating Guidelines;
- 4.3.1.8. ability to calculate, reconcile, evaluate, and negotiate claim settlements and payments with Citizens' policyholders and/or their representative;
- 4.3.1.9. prior experience managing the use of multiple experts and consultants;
- 4.3.1.10. ability to properly analyze and submit vendor invoices for manager approval and payment;
- 4.3.1.11. ability to analyze claims and evaluate relevant issues with the processes established by Citizens Subrogation, Salvage, SIU and Underwriting units;
- 4.3.1.12. ability to effectively present and articulate complex claims to Citizens' management for reserve and settlement authority;

- 4.3.1.13. strong caseload management skills to include monitoring activities, setting reserves, recommend task assignments and/or experts;
- 4.3.1.14. ability to represent Citizens in claim adjudication, hearings, depositions, trials and other court proceedings;
- 4.3.1.15. working knowledge of Citizens systems such as ClaimCenter, and PolicyCenter as well as Microsoft Word, Excel and use of virtual private networks; and,
- 4.3.1.16. knowledge of Florida and local building codes.

4.3.2. Adjuster Classifications. When requesting an Adjuster to perform Pre-Suit Mediation or Pre-Suit Appraisal Adjusting Services, Citizens will specify one or more of the following Adjuster classifications. Prior to submission to Citizens, Vendor must confirm that all submitted Adjusters meet or exceed the corresponding minimum qualifications detailed below. Each Adjuster must also meet the minimum qualifications set forth in Section 4.3.1.

Citizens may require any classification of Adjuster in any role based on the needs of Citizens in the performance of Pre-Suit Mediation Adjusting Services or Pre-Suit Appraisal Adjusting Services.

4.3.2.1. Pre-Suit Mediation and/or Pre-Suit Appraisal Adjuster.

- a. Minimum of four (4) years adjusting multi-peril property losses; and,
- b. Two (2) years experience handling complex appraisal/mediation/disputed property losses as applicable.

4.3.2.2. Team Lead II. In addition to the mandatory requirements outlined above for Pre-Suit Mediation and/or Pre-Suit Appraisal Adjuster, a Team Lead II must possess the following skills and qualifications:

- a. minimum of six (6) consecutive years of property loss adjusting experience;
- b. minimum of three years of claims supervisory experience;
- c. ability to supervise and manage a team of Adjusters in accordance with Citizens processes and procedures including managing a team of up to twenty adjusters;
- d. ability to manage adjuster file quality standards in accordance with Citizens' Procedures, Best Claims Practices & Estimating Guidelines and other applicable standards;
- e. complete File Audits in compliance with Citizens' policies and procedures, including accuracy of Vendor fee invoices before submitting to Citizens;

- f. train, mentor and coach Adjuster teams as outlined in the Best Claims Practices & Estimating Guidelines;
- g. capability to attend Citizens' meetings and inspections as required by Citizens. There shall be no additional fees for attendance at these meetings and inspections;
- h. ability to review, analyze and develop action plans based on Quality Assurance data and management direction; and,
- i. possess comprehensive knowledge of estimating programs for evaluating and determining scope and repair costs.

4.3.2.3. Team Lead III. The Team Lead III must possess all of the Team Lead II minimum skills and qualifications, plus a minimum of ten (10) years of property loss adjusting experience and a minimum of five (5) years of claims supervisory experience.

4.4. Vendor Credentialing Requirements. Vendor acknowledges that Citizens employs a comprehensive and ongoing credentialing management process for the Services. Vendor agrees to participate in Citizens' credentialing management process and ensure that all credentialing requirements are met by Vendor Staff. Vendor acknowledges that Citizens may change credentialing requirements as it deems appropriate in response to changing business, regulatory and technological requirements and capabilities and Vendor agrees that it shall comply with any credentialing requirement changes implemented by Citizens.

Vendor must provide Citizens with qualification and credentialing information related to Vendor's entity and Vendor Staff. The information will be utilized to verify that Vendor and Vendor's Staff meet and continue to meet the requirements of this Agreement. At Citizens request, Vendor will be required to access CAIS, or other Citizens' system, where Vendor will input, update, and maintain the following credentialing information listed below.

Except as otherwise approved by Citizens' Contract Manager in writing, Vendor must not allow any Vendor Staff member to provide Services unless and until that Vendor Staff member is approved in CAIS or other designated Citizens' system pursuant to submission and approval of all required documentation as further detailed in Section 4.4.7. below.

4.4.1. Vendor Conflict of Interest Disclosure Form. Vendor will provide the completed form within thirty (30) calendar days of the Effective Date and immediately upon identification by Vendor of any additional potential conflict of interest as described in the Vendor Conflict of Interest Disclosure Form.

4.4.2. Vendor Annual Financial Statement. At its own cost and expense, Vendor shall provide its financial documents as listed below to Citizens within thirty (30) calendar days of the Effective Date and as additionally requested by Citizens. Additionally, Vendor will provide immediate notification and relevant documentation of any material adverse change in business operations or financial condition which negatively impacts

Vendor's capacity to meet its financial obligations, such as filing by Vendor of a voluntary petition in bankruptcy, or a petition or an answer seeking an arrangement with creditors to take advantage of any bankruptcy, insolvency, or readjustment of debt.

- 4.3.2.1. A copy of Vendor's most recent year end audited financial statements and the most recent interim financial statements; or,
  - 4.3.2.2. If financial statements are not audited, provide a year end compilation or a review and the most recent interim financial statements; or,
  - 4.3.2.3. If none are available, indicate such and provide year-end internal financial statements which must include the balance sheet, income statement and the most recent interim financial statements;
  - 4.3.2.4. Vendor shall provide the name, address, and telephone number of the fiscally responsible representative of Vendor's organization;
  - 4.3.2.5. The reports and statements required of a publicly held corporation, if available;
  - 4.3.2.6. Any other pertinent information as requested by Citizens;
  - 4.3.2.7. A non-publicly held Vendor shall provide a credit report or a Dunn and Bradstreet Report; and,
  - 4.3.2.8. A signed W-9 with Federal Employment Identification Number.
- 4.4.3. Vendor Florida Registration. Vendor will provide proof of registration with Florida Department of State, Division of Corporations within thirty (30) calendar days of the Effective Date and annually by April 15<sup>th</sup>.
  - 4.4.4. W-9. Vendor will provide a current W-9 within thirty (30) calendar days of the Effective Date and upon any change to Vendor's legal business name, DBA name, payment address or FEIN.
  - 4.4.5. Verification of Office Space. Within thirty (30) calendar days of the Effective Date, Vendor will provide documentation of either owned or leased office space that meets the requirements of this Agreement as further described in Section 3.4.
  - 4.4.6. Proof of Insurance Coverage. Within thirty (30) calendar days of the Effective Date, and upon renewal or reissuance of coverage thereafter, Vendor must provide current and properly completed in-force certificates of insurance as further described in Section 10.12.
  - 4.4.7. Accurate Data on Vendor Staff. Within thirty (30) calendar days of the execution of this Agreement, Vendor will provide the following information for each of its Vendor Staff. Except as otherwise approved by Citizens' Contract Manager in writing, a Vendor Staff member is not authorized to provide Services unless and until that Vendor Staff member is approved in CAIS or other designated Citizens' system pursuant to submission and approval of all required documentation as set forth below. Vendor may submit documentation for review and approval of additional Vendor Staff

at any time. At Citizens' discretion, Citizens' Credentialing Department may require Citizens' review and approval of all necessary Vendor Staff submission documents prior to any Vendor Staff being approved to provide Services.

- 4.4.6.1. Resume. A current and detailed resume in the format approved by Citizens, annually by April 15<sup>th</sup> and within thirty (30) calendar days of the Effective Date or as otherwise directed by Citizens. Each detailed resume shall include at minimum, the Adjuster's principal location of residence, prior adjusting experience and relevant work history with dates of employment, any certifications or related training, and client references related to such relevant work. The resume shall substantiate the Adjuster's property loss adjusting experience and match the information inputted by Vendor for the Adjuster under the qualifications section within Citizens' systems.
- 4.4.6.2. Ethics and Confidentiality Form. An Ethics and Confidentiality Acknowledgement Form executed by the Vendor Staff member. The Ethics and Confidentiality Acknowledgement Form is due within thirty (30) calendar days of the Effective Date and annually by April 15<sup>th</sup>.
- 4.4.6.3. Florida Adjusters License and Appointment. Documentation proving that the Vendor Staff member is a qualified and credentialed Adjuster for claims within the State of Florida. This documentation is due within thirty (30) calendar days of the Effective Date and annually by April 15<sup>th</sup>.
- 4.4.6.4. Qualification Documentation. Documentation verifying that the Vendor Staff member satisfies the qualifications required for the applicable Adjuster classification, as further detailed in Sections 4.2 and 4.3. This documentation is due within thirty (30) calendar days of the Effective Date and annually by April 15<sup>th</sup>.
- 4.4.6.5. Photo Identification. A recent, clear head-shot photograph of the Vendor Staff member. This photograph is due within thirty (30) calendar days of the Effective Date, and within thirty (30) days of any major change in appearance of a Vendor Staff member.
- 4.4.6.6. Criminal Background Investigations. A criminal background report on the Vendor Staff member as further detailed herein, which may be reimbursable as further described in Section 8.2. Vendor must provide the criminal background report on each Vendor Staff member within (30) days of execution of this Agreement, and every twenty-four (24) months thereafter.

Vendor shall conduct a criminal background check on all Vendor Staff prior to assigning them to perform Services. All criminal background checks will be at Vendor's expense except as provided in Section 8.2. Unless otherwise approved in writing by the Contract Manager, each background check

shall include but not be limited to: (a) state and federal felony convictions or pending adjudications; (b) state and federal misdemeanor convictions or pending adjudications; (c) any crimes in violation of the Violent Crime Control and Law Enforcement Act of 1995 or pending adjudications; and (d) a seven (7) year minimum timeframe, extending as close as practicable to the date of assignment to perform Services.

If a Vendor Staff member has been convicted of, pled guilty or nolo contendere (no contest) to, or has been found guilty of a felony, regardless of whether adjudication was withheld, then Vendor will not submit a request to Citizens for review of documentation for that Vendor Staff member, and will not allow that Vendor Staff Member to perform Services. If a Vendor Staff member has been convicted of, pled guilty or nolo contendere (no contest) to, or has been found guilty of a misdemeanor, regardless of whether adjudication was withheld, then the background report for such individual may be submitted to Citizens for review if Vendor determines that the individual should be allowed to perform Services considering (a) the nature and gravity of the offense; (b) the amount of time that lapsed since the offense; (c) the rehabilitation efforts of the individual involved; and, (d) the relevancy of the offense to the individual's role in connection with this Agreement. A disqualifying offense is any crime (in any jurisdiction within and/ or outside of the United States of America) where the nature of the criminal activity is such that a reasonable vendor would agree that the engagement would create a risk of injury, loss, or damage to people and/or property of Citizens.

Any Vendor Staff member whose criminal background check indicates, to Vendor or Citizens, conduct that demonstrates a lack of honesty or integrity, or otherwise demonstrates an inability to safely and reliably perform Services, will not be allowed to perform Services. In considering whether an offense demonstrates a lack of honesty or integrity, or otherwise demonstrates an inability to safely and reliably perform Services, Citizens will consult Citizen's Applicant Background Review Guide attached hereto as Exhibit B. Citizens' Applicant Background Review Guide may be amended by Citizens from time to time in response to changing legal, regulatory or business requirements.

Vendor will comply with all requirements of the federal Fair Credit Reporting Act, including the provision to Vendor Staff of all required pre-notification and post-report notices. Vendor is responsible for any adverse action notices that may apply to its employment decisions.

- 4.5. Work Assignments. At Citizens' discretion, Citizens' Credentialing Department may require Citizens' review and approval of all required Vendor and Vendor Staff credentialing submission documents prior to Vendor being eligible to

receive any assignments under this Agreement. Citizens will, from time to time, assign work under this Agreement to Vendor's Adjusters. Citizens may make such assignments to Vendor for delegation to an Adjuster or may direct the assignment of specific Adjusters based on special qualifications or experience and Citizens' particular needs. Vendor acknowledges that Citizens does not in any way represent or guarantee that Vendor will receive any specific or minimum volume of assignments under this Agreement. At its sole discretion, Citizens will assign claims and task assignments to vendors based on vendor performance, capability and capacity. To aid in this process, Vendor acknowledges that Citizens will employ a comprehensive vendor ranking and evaluation process to include performance and quality assessment measurements using an ongoing performance report or scorecard.

## **5. Service Warranties and Standards.**

- 5.1. **General Warranty.** Vendor warrants that the Services will be performed and delivered in a professional, first-class manner in accordance with this Agreement and the standards prevailing in the industry. To this end, Vendor will undertake the following actions without additional consideration during the term of this Agreement and for one (1) year thereafter: (a) promptly make necessary revisions or corrections to resolve any errors and omissions on the part of Vendor; and, (b) confer with Citizens as Citizens deems appropriate for the purpose of interpreting any of the Services or information furnished. Acceptance of or payment for the Services by Citizens shall not relieve Vendor of these responsibilities. The warranties and covenants in this Section will extend to and bind Vendor's subcontractors, if any.
- 5.2. **Ability to Perform.** As of the Effective Date, Vendor warrants that, to the best of its knowledge, there is no pending or threatened action, proceeding, or investigation, or any other legal or financial condition, that would in any way prohibit, restrain, or diminish Vendor's ability to perform the Services or satisfy its contractual obligations. During the term of this Agreement, Vendor shall notify Citizens of any change in circumstances that would in any way diminish Vendor's ability to perform the Services or satisfy its contractual obligations.
- 5.3. **Monitoring of Performance.** Vendor shall continuously monitor and record its performance to ensure that all of Vendor's responsibilities and obligations hereunder are being met and fulfilled. Citizens may conduct programmatic and other administrative contract monitoring during the term of this Agreement, including but not limited to quarterly, in-person meetings with Citizens to include Vendor's key staff members as requested by Citizens. The purpose of this monitoring is to ensure that all of Vendor's responsibilities and obligations are being met and fulfilled. Such monitoring may include on-site visits, report reviews, invoice reviews, compliance reviews, and a review of any other areas reasonably necessary, including as detailed below.
- 5.4. **Service Level Standards.** In addition to all other requirements in this Agreement, and in accordance with the Best Claims Practices & Estimating Guidelines, Vendor shall use reasonable and good faith efforts to meet the Service Level Standards set forth below.
  - 5.4.1. **General Standards.**

- 5.4.1.1. Update the applicable Citizens' system with routine status reports, diary notes and other file documentation as directed by Citizens;
  - 5.4.1.2. Follow up on phone calls, correspondence and requests as necessary to any and all parties in accordance with the Best Claims Practices & Estimating Guidelines and procedures; and,
  - 5.4.1.3. Ensure all legal deadlines are met for the protection of Citizens and/or its policyholders.
- 5.4.2. Deployment of Vendor Staff. Upon notification of a deployment opportunity, Vendor will be required to provide the requested number of Committed Adjusters to fill the work assignments. If such a request is for Adjusters in excess of Vendor's Committed Adjuster Total, then Vendor will exercise its best efforts to fill the work assignment in excess of the Committed Adjuster Total. Dependent upon the Services required, Citizens will notify Vendor through an electronic notification process within the applicable Citizens' system or other manner as stipulated by Citizens ("Deployment Notification"). Once the Deployment Notification has been issued by Citizens, Vendor shall:
- 5.4.2.1. ensure all deployed Adjusters and required management and administrative support staff are available to provide Services during Business Hours;
  - 5.4.2.2. ensure all deployed Adjusters will arrive at Vendor's Jacksonville Office Location (or other location to the extent provided for in this Agreement) within seventy-two (72) hours of receipt of the Deployment Notification unless another timeframe is agreed to by the Parties in writing;
  - 5.4.2.3. ensure that one hundred percent (100%) of all Committed Adjusters are deployable and available to Citizens at all times throughout the duration of this Agreement; and,
  - 5.4.2.4. ensure that all deployed Adjusters provide Services exclusively for Citizens, unless otherwise expressly approved by Citizens in writing.
- 5.4.3. Catastrophe Deployment. In the event of a natural or man-made event where Citizens receives or anticipates receiving no less than five-hundred (500) claims, Citizens may notify Vendor of a catastrophe deployment opportunity, (a "Catastrophe Deployment"). If Vendor's Committed Adjuster Total includes commitments for Pre-Suit Mediation Adjusters, Pre-Suit Appraisal Adjusters, Team Lead IIs, or Team Lead IIIs, then Vendor will be required to provide at least ninety percent (90%) of the requested number of such Committed Adjusters to fill the Catastrophe Deployment work assignments; if such request is for Adjusters in excess of Vendor's Committed Adjuster Total, Vendor will exercise its best efforts to fill the work assignment in excess of the Committed Adjuster Total. Vendor and Adjusters are not required to participate in deployment of Cat Deployed Litigated Adjusters; however, to the extent that Vendor or Adjusters decline, Vendor remains obligated with respect to Vendor's

non-catastrophe deployment(s) of Adjusters performing Litigated Claims Adjusting Services. Once the Deployment Notification has been issued by Citizens, Vendor shall:

- 5.4.3.1. reply to Citizens' communications regarding deployment within one (1) hour of receipt of the Deployment Notification;
- 5.4.3.2. within eight (8) hours of receipt of Deployment Notification, provide Citizens (electronically, or via an alternative method designated by Citizens) a complete list of the names of Adjusters that will be deployed as requested; and,
- 5.4.3.3. within seventy-two (72) hours of receipt of the Deployment Notification, ensure that all Cat Deployed Litigated Claims Adjusters are performing Services as further detailed in Section 3.2.2., unless another timeframe is agreed to by the Parties in writing;
- 5.4.3.4. ensure all deployed Adjusters will arrive at Vendor's Jacksonville Office Location (or other location to the extent provided for in this Agreement) within seventy-two (72) hours of receipt of the Deployment Notification unless another timeframe is agreed to by the Parties in writing.
- 5.4.3.5. ensure that all deployed Adjusters and required management and administrative support staff are available to work up to seven (7) days per week, twelve (12) hours per day, including during non-Business Hours and holidays;

5.4.4. Prohibitions. Adjusters are not authorized to do the following without express written permission from Citizens:

- 5.4.4.1. hire counsel to conduct examinations under oath;
- 5.4.4.2. respond directly to demands for appraisal, a rejection of same, or failing to forward the demand for appraisal to Citizens;
- 5.4.4.3. send out denial letters directly to the insured;
- 5.4.4.4. hire outside experts or vendors or making assignments to an expert or vendor;
- 5.4.4.5. hire mediators;
- 5.4.4.6. hire counsel to represent Citizens or Citizens' insured; or,
- 5.4.4.7. agree to settlement terms or accepting a proposal for settlement.

5.4.5. Staff Training on Applicable Citizens' Policies. Vendor shall be responsible for training Vendor Staff on all applicable Citizens' policies and procedures. Citizens will provide all applicable policies, procedures and training materials to be used during Vendor's training. Vendor must ensure the required training is completed by Vendor Staff prior to performing any Services. Vendor Staff may be required to attend additional training (online and/or classroom) sessions as deemed necessary by Citizens.

In addition to training, Vendor shall be responsible for maintaining complete training records for Vendor Staff. At its sole discretion, Citizens reserves the right to institute learning via a learning management system that tracks and records Vendor Staff training and scores.

To meet Citizens' training requirements, Vendor shall comply with the following for all Vendor Staff:

- 5.4.5.1. Vendor shall provide a trainer resource responsible for providing training to all of Vendor Staff. Training shall include applicable Citizens' policies and procedures, Citizens systems and any other items as identified by Citizens;
- 5.4.5.2. Vendor must utilize the appropriate training materials provided by Citizens. Updated training materials will be presented by Citizens to appropriate Vendor Staff in a "Training Workshop;"
- 5.4.5.3. Vendor must provide an initial training to be completed prior to Vendor or Vendor Staff receiving and accepting any work assignments or otherwise performing Services;
- 5.4.5.4. Present initial training materials in a "face to face" training session between Vendor and Vendor Staff. The dates and locations for all Vendor training sessions are to be submitted to Citizens' Contract Manager in advance of the scheduled training dates. All initial training will be open to unannounced audits by Citizens for quality of content and to confirm attendance rosters; and,
- 5.4.5.5. Provide recertification training with Citizens issued training materials. Recertification training may occur through a webinar. Citizens reserves the right to request training dates, proof of attendance, applicable documents and the training site location. Citizens' certification requirements will include but not be limited to training on:
  - a. Citizens' policy history, background, interpretation and application;
  - b. estimating platforms related to any Citizens' specific procedures or guidelines;
  - c. assignment workflow;
  - d. communications expectations;
  - e. Public Records requirements; and,
  - f. ethics and confidentiality requirements.

In addition, Vendor shall ensure that all Adjusters and managers are properly trained and proficient in the use of the most recent version of estimating software utilized by Citizens. At no cost or expense to Citizens, Vendor shall obtain, implement, utilize, and maintain the estimating software currently used by Citizens to perform the Services. Vendor shall also ensure that all Adjusters and managers are properly

trained and proficient in the use of Citizens' claims management and litigation management Citizens.

5.4.6. Professional Competence and Professionalism. All Vendor Staff are required to demonstrate the highest levels of professional competence and professionalism while performing work for Citizens or otherwise being associated with Citizens. Citizens reserves the right at any time and for any reason to require that certain Vendor Staff be disallowed from performing Services.

5.4.7. Committed Adjusters. Vendor agrees to maintain a minimum number of Committed Adjusters as provided in Section 3.1.1. Upon execution of the Agreement, Vendor shall input the required information into Citizens CAIS system in order to secure full credentialing and qualification for its Committed Adjusters. Any alternative or substituted Committed Adjusters must be credentialed and approved through Citizens' systems.

At all times throughout the term of the Agreement, Vendor shall maintain the required number of Committed Adjusters. In the event Vendor falls below the required number of Committed Adjusters, Vendor may become ineligible to receive any new assignments until full compliance with this requirement is met. Should Vendor fail to adequately address and remedy Vendor's noncompliance with the required number of Committed Adjusters or fail to comply with any resulting Corrective Action Plan, as further defined herein imposed by Citizens, Citizens shall have the right, at its' sole discretion, to immediately terminate this Agreement.

5.5. Performance Measures. The Parties recognize that certain breaches of Vendor's duties under this Agreement will result in harm to Citizens which is not easily quantifiable. Therefore, the Parties agree to the following liquidated damages for the specific breaches described below. Additionally, failure to meet the performance measures below will entitle Citizens to: (a) withhold any payment associated with the performance measure until such delivery is made; (b) suspend Vendor until such delivery is made, or as otherwise deemed appropriate at Citizens' sole discretion; and / or, (c) terminate this Agreement for cause in accordance with the notice and cure provisions set forth in Section 12.2. below.

5.5.1. Abandonment by Adjuster. Upon notice to Vendor by Citizens that an Adjuster has abandoned or stopped performing Services on an assigned claim, Vendor will provide a replacement Adjuster to the designated location within seventy-two (72) hours. If Vendor fails to comply with Citizens' notification within the stated timeframe, Citizens will require a Corrective Action Plan and Vendor will pay to Citizens, as liquidated damages and not as a penalty, the Adjuster Daily Rate identified in Section 8.2. for each replacement Adjuster requested and not provided to the designated location for each day following the stated timeframe until a replacement Adjuster is provided to the designated location.

## 6. Changes.

6.1. Citizens may require changes altering, adding to, or deducting from the Services (each, a "Change"), provided that: (a) such Change is within the general scope of this Agreement; and, (b) Citizens will make an equitable adjustment in Vendor's

compensation or delivery date if a Change materially affects the cost or time of performance of the Services. Such equitable adjustments require the written consent of Vendor, which consent shall not be unreasonably withheld, delayed or conditioned. The Parties will cooperate in good faith to determine the scope and nature of a Change, the availability of Vendor Staff, the expertise and resources to provide such Change, and the time period in which such Change will be implemented.

- 6.2. A Change resulting in an increase or decrease to Vendor's compensation or the scope of Services must be evidenced by an amendment to this Agreement. All other changes shall be evidenced by either a writing signed by the Contract Manager or designee of each Party or an amendment to this Agreement.

## 7. **Acceptance**

- 7.1. **Acceptance Period.** For all Services provided under this Agreement, Vendor grants to Citizens a thirty (30) calendar day acceptance period ("Acceptance Period") commencing on the date completed Services are delivered to Citizens. Citizens shall have the right to reject the Services, in whole or in part, during the Acceptance Period for Vendor's failure to meet the specifications associated with the delivered Services, with such determination to be made in Citizens' reasonable judgment. At the end of the Acceptance Period, if Citizens has not rejected the Services, the Services shall be deemed to be accepted by Citizens; provided, however, that Citizens' acceptance of the Services shall not be deemed a waiver of any of Citizens' warranty rights as expressly provided in this Agreement.
- 7.2. **Opportunity to Cure.** Upon being advised of Citizens' rejection of Services within the Acceptance Period, Vendor shall have thirty (30) calendar days to cure any deficiency identified by Citizens (the "Cure Period"). In the event Vendor is unable to cure said deficiency within the Cure Period, Citizens may, in its sole discretion, terminate this Agreement in whole or in part for cause and pursue such other rights and remedies allowable in law or equity. This Cure Period applies only to the failure to deliver Services as specified in this Agreement and is a limited exception to the general cure period set forth in Section 12.2.
- 7.3. **Corrective Action Plan.** At any stage during the Cure Period or whenever Citizens identifies a deficiency in Vendor's performance of this Agreement, Citizens may require Vendor to take the following actions: (a) perform a cause analysis to identify the cause of the deficiency; (b) provide a written plan (the "Corrective Action Plan") detailing the cause of, and procedure for, correcting such deficiency (Citizens will be afforded the time necessary to review and approve the proposed Corrective Action Plan or require Vendor to make revisions); (c) implement the Corrective Action Plan as approved by Citizens; and, (d) provide Citizens with satisfactory assurance that such deficiency will not reoccur following the implementation of the Corrective Action Plan. In the case of a deficiency identified by Citizens during an Acceptance Period, completion of the cause analysis and implementation of the Corrective Action Plan by Vendor must occur before the end of the Cure Period, unless otherwise agreed to by Citizens in its sole discretion.

## 8. **Compensation.**

- 8.1. Maximum Compensation and Budget Requirement. Citizens' obligation to pay Vendor for all Services and reimbursable expenses under this Agreement (a) shall not exceed a total dollar amount of **\$DOLLAR AMOUNT**; and, (b) is contingent on the availability of budgeted funds approved by Citizens' Board of Governors on an annual basis. Citizens' does not guarantee that Vendor will receive any Work Assignments or any minimum volume of work. Vendor acknowledges and agrees that the Services provided during a State of Florida or federal government declared emergency or catastrophe will be paid at the rates set forth in this Agreement.
- 8.2. Compensation Schedule. Vendor will be paid on a monthly basis for the Services accepted by Citizens in the preceding month according to the following table. Vendor agrees and acknowledges that Citizens may adjust pricing either up or down due to market conditions and any such changes will be communicated in writing to Vendor. Where provided, the Catastrophe Rate applies to Services performed during a Catastrophe Deployment.

Daily Rates		
Fee Type	Rate	Catastrophe Rate
Adjuster I	\$525.00	\$800.00
Adjuster II, Pre-Suit Appraisal Adjuster, and Pre-Suit Mediation Adjuster	\$625.00	\$950.00
Adjuster III	\$725.00	\$1,100.00
Litigation Administrator	\$575.00	\$875.00
Team Lead II	\$725.00	\$1,100.00
Team Lead III	\$850.00	\$1,275.00

Third Party Liability Fee Schedule – Field Task Assignments	
Fee Type	Rate
Flat Fee – Standard Liability Property Damage Claims	\$525.00
Flat Fee – Standard Liability Bodily Injury Claims	\$900.00
Time and Material - Complex Liability Cases (i.e., fatalities, catastrophic injuries, claims with multiple claimants or numerous witnesses) with advanced approval by Citizens' Contract Manager or designee.	This will be paid at the Time and Material Rates set forth below.

Time and Material Rates	
Fee Type	Rate

Time and Material Rates	
Fee Type	Rate
Adjuster I	\$75.00*
Adjuster II, Pre-Suit Appraisal Adjuster, and Pre-Suit Mediation Adjuster	\$75.00*
Adjuster III	\$100.00*
Clerical	\$25.00*
*Driving time is billed at seventy-five percent (75%) of the applicable hourly rate	

Reimbursements	
Fee Type	Rate
<u>Vendor Staff Background Checks:</u> If Vendor purchases a background check in order to comply with the requirements of this Agreement, Vendor may submit the background check to Citizens for reimbursement. The submission for reimbursement must identify the subject of the background check and must verify the price paid. Reimbursement is limited to one background check per twenty four month period per Vendor Staff member. Additionally, reimbursement is limited to one hundred twenty percent (120%) of the Committed Adjuster Total per twenty four month period, unless otherwise determined by Citizens. A background check is not eligible for reimbursement unless the subject of the background check becomes or remains credentialed and approved by Citizens.	Not to Exceed \$100.00
<u>Parking:</u> If Citizens requests that Vendor or Vendor Staff travel to Citizens' Jacksonville office location, Vendor may submit an incurred parking expense to Citizens for reimbursement. The submission for reimbursement must identify the Vendor or Vendor Staff that traveled to Citizens' Jacksonville office location and must verify the price paid.	Not to Exceed \$8.00

- 8.3. Vendor's Compensation to Vendor Staff. Vendor must compensate all Vendor Staff in a timely fashion for Services rendered, as measured from when payment is received by Vendor from Citizens. Any dispute in compensation between Vendor Staff and Vendor is the sole responsibility of Vendor.
- 8.4. Invoices. Vendor must timely submit all requests for compensation for Services or expenses, where permitted, in sufficient detail for a pre- or post-audit. The compensation request must include a unique invoice number, be in U.S. dollars, legible, page-numbered, signed, and dated. Vendor shall also submit a copy, marked as duplicate, of the original, invoice to Citizens' Contract Manager or designee. All invoices and payment credits must be submitted to the attention of Citizens' Accounts Payable department at [AccountsPayable@citizensfla.com](mailto:AccountsPayable@citizensfla.com) or Post Office Box 10749, Tallahassee, Florida 32302-2749 on a monthly basis and must include, at a minimum, the following: (a) Agreement/task order number/

purchase order number, if applicable; (b) Vendor's name, address, phone number (and remittance address, if different); (c) Vendor's Federal Employment Identification Number; (d) Citizens' Contract Manager's name; (e) invoice date; (f) Services period; (g) taxes listed separately, if applicable (see Section 8.9.); and, (h) itemized Services for which compensation is being sought, including position title, rate and number of hours when applicable.

- 8.5. Payment Processing. Citizens may require any other information from Vendor that Citizens deems necessary to verify any compensation request placed under this Agreement and Vendor agrees that it will provide such information as reasonably requested by Citizens. Payment shall be due net thirty (30) calendar days of Citizens' actual receipt of a complete and undisputed invoice. Where a submitted invoice is incomplete, such as not containing the information described in this Section, Citizens will return the incomplete invoice to Vendor for correction within thirty (30) calendar days of Citizens' actual receipt of such invoice. Where Citizens reasonably disputes any part of a complete invoice, such as the amount of the compensation request, Citizens shall pay any undisputed portion of the invoiced amount within thirty (30) calendar days of Citizens' actual receipt of the complete invoice and will describe the basis for the disputed portion of the invoiced amount. Where Vendor disagrees with Citizens dispute of any invoice, the Parties shall seek to resolve the dispute in accordance with the Dispute Resolution Process further described in this Agreement. In no case shall Citizens be subject to late payment interest charges where Vendor has submitted an incomplete invoice or where Citizens has reasonably disputed an invoice. Where Vendor fails to submit an invoice within twelve (12) calendar months of the Services for which compensation is being requested, Vendor acknowledges and agrees that any payment due for such Services is forfeited by Vendor for its failure to timely submit an invoice.
- 8.6. Travel-related Expenses. Vendor agrees to comply with Citizens' then-current Vendor Travel Reimbursement Guidelines. All travel-related expenses must be pre-approved in writing by Citizens' Contract Manager or designee. Citizens shall reimburse Vendor for pre-approved travel-related expenses incurred in the performance of Services following Citizens' receipt of Vendor's reimbursement request submitted in accordance with the then-current Vendor Travel Reimbursement Guidelines.
- 8.7. No Additional Charges. Except for the compensation described in the Compensation Schedule and travel-related expenses, if permitted, Citizens shall not be billed for or be obligated to pay to Vendor any charges, expenses, or other amounts for the Services or otherwise.
- 8.8. Offsets and Credits. Any amounts due from Vendor may be applied by Citizens against any amounts due to Vendor. Any such amounts that are not so applied shall be paid to Citizens by Vendor within thirty (30) calendar days following Citizens' request.
- 8.9. Taxes. Citizens is a State of Florida, legislatively created, governmental entity which does not pay federal excise or state sales taxes on direct purchases of tangible personal property. Vendor represents and warrants that it is an independent contractor for purposes of federal, state, and local employment taxes. Vendor agrees that Citizens is not responsible to collect or withhold any federal, state, or local employment taxes, including personal property tax, income

tax withholding, and social security contributions, for Vendor or Vendor Staff. Any and all taxes, interest or penalties, including personal property tax or any federal, state, or local withholding or employment taxes, imposed, assessed, or levied as a result of this Agreement shall be paid or withheld by Vendor or, if assessed against and paid by Citizens, shall be immediately reimbursed by Vendor upon demand by Citizens.

**9. Indemnification.**

9.1. Indemnification. Vendor shall be fully liable for the actions of Vendor Staff and shall fully indemnify, defend, and hold harmless Citizens, and its officers, members of the Board of Governors, agents and employees (each, an "Indemnitee" and collectively, the "Indemnitees") from suits, actions, damages, liabilities, demands, claims, losses, expenses, fines, penalties, fees, and costs of every name and description (collectively, "Claims"), including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from any Indemnitee, by reason of any Claim arising out of or relating to any act, error or omission, or misconduct of Vendor, its officers, directors, agents, employees, or contractors, including without limitation: (a) a violation of federal, state, local, international, or other laws or regulations; (b) bodily injury (including death) or damage to tangible personal or real property; (c) breaches of any representations made by Vendor under this Agreement; (d) any claim that any Work Product violates or infringes upon a trademark, copyright, patent, trade secret or intellectual property right; or, (e) Vendor's failure to timely forward a public records request to Citizens for handling; provided, however, that the foregoing indemnity shall not apply to the extent that the applicable Claim resulted from the acts or omissions of Citizens, its officers, directors, agents, or employees.

9.1.1. Vendor's obligations of indemnification with respect to any Claim are contingent upon Citizens (or other Indemnitee) providing Vendor: (a) written notice of the Claim; (b) the opportunity to settle or defend against the Claim at Vendor's sole expense; and, (c) assistance in defending against or settling the Claim at Vendor's sole expense. Vendor shall not be liable for any cost, expense, or compromise incurred or made by an Indemnitee in any legal action without Vendor's prior written consent, which shall not be unreasonably withheld.

9.1.2. Notwithstanding anything in this Agreement to the contrary, Vendor shall not indemnify for that portion of a Claim proximately caused by: (a) a negligent act or omission of an Indemnitee; or, (b) an Indemnitee's misuse or modification of the Service or Work Product.

9.1.3. The obligations in this Section are separate and apart from, and in no way limit Citizens' rights under any insurance provided by Vendor pursuant to this Agreement or otherwise.

9.1.4. The provisions of this Section shall survive the termination of this Agreement.

## 10. Insurance.

- 10.1. Vendor Insurance Requirements. During the term of this Agreement, Vendor will maintain at its sole expense the following insurance, purchased from an insurer licensed to transact business in the State of Florida:
- 10.1.1. Workers' Compensation which provides coverage for Vendor's employees and independent contractors' employees, regardless of the state of hire, in at least the minimum statutory limits required by the State of Florida, and Employers' Liability with limits of \$1 million per accident; provided, however, that such workers' compensation policy may exclude coverage for independent contractor employees who are covered by a workers' compensation policy that meets the requirements (including Employers' Liability coverage) set forth herein.
  - 10.1.2. Commercial General Liability with minimum limits of \$1 million per occurrence (to include contractual liability for liability assumed hereunder) and \$2 million in the aggregate;
  - 10.1.3. Umbrella Excess General Liability and Auto Liability insurance with minimum limits of \$4 million in the aggregate;
  - 10.1.4. Automobile Liability with combined single limits of not less than \$1 million per accident (this policy must include Symbol 1 "Any Auto" coverage);
  - 10.1.5. Professional Liability (errors and omissions) with minimum limits of \$2 million per claim and \$4 million in the aggregate, coverage shall be provided on a claims made and reported basis;
  - 10.1.6. Network Security Liability with data breach coverage limits of \$5 million per occurrence and \$5 million in the aggregate.
- 10.2. Insurance Company Qualifications. Each company issuing policies required under Sections 10.1. must: (a) be licensed to transact business in the State of Florida; and, (b) have an AM Best Financial Strength rating of "A-" or above.
- 10.3. Acceptable Deductible Amounts. The policies required under Sections 10.1. and 10.2. shall not have deductibles in excess of \$100,000 per claim/occurrence. Citizens shall be exempt from, and in no way liable for, any sum of money which may represent a deductible in any of these policies. The payment of deductibles shall be the sole responsibility of Vendor.
- 10.4. Defense Costs. The limits of indemnity coverage required under Section 10.1. and 10.2. shall not include costs incurred in defending against a claim and shall not be reduced by the payment of such costs; provided, however, that with respect to professional liability coverage as set forth in Section 10.1.5., Vendor may alternatively maintain coverage with minimum limits of \$3 million per claim and \$4 million in the aggregate.
- 10.5. Loss History. Vendor shall provide, or Vendor shall request its insurer to provide, upon request by Citizens, a list of claims paid (with amounts) in the three years prior to the date of Citizens' request, together with a list of any outstanding claims with current reserves.
- 10.6. Vendor's Insurance is Primary. The insurance required under Section 10.1. shall apply on a primary basis to, and shall not require contribution from, any other

insurance or self-insurance maintained by Citizens, Citizens' Board Member, or any Citizens' employee.

- 10.7. Citizens to be an Additional Insured. The Commercial General Liability and Auto Liability policies in Section 10. shall include Citizens as an additional insured. For Commercial General Liability coverage, the policy must include ISO Form #CG 20 10 10 01 or a comparable company specific endorsement.
- 10.8. Waiver of Subrogation. The insurance required under Section 10. will include a provision waiving the insurer's rights of recovery or subrogation against Citizens.
- 10.9. Coverage for Indemnity Obligations. The Commercial General Liability, Auto Liability, Umbrella Liability, and Professional Liability coverages will cover claims made under the indemnity provisions of this Agreement.
- 10.10. Notice of Cancellation or Change. To the extent practicable, the Commercial General Liability and Professional Liability policies shall require thirty (30) calendar days prior written notice to Citizens of cancellation, non-renewal or change in any coverage, except for ten (10) calendar days prior written notice for non-payment of premium.
- 10.11. Proof of Coverage. Within thirty (30) calendar days of execution of this Agreement, and upon renewal or reissuance of coverage thereafter, Vendor must provide current and properly completed in-force certificates of insurance to Citizens that evidence the coverages required in Sections 10.1. and 10.2. The certificates for Commercial General Liability, Umbrella Liability and Professional Liability insurance certificates must correctly identify the type of work Vendor is providing to Citizens under this Agreement. The agent signing the certificate must hold an active Insurance General Lines Agent license (issued within the United States). Vendor shall provide copies of its policies upon request by Citizens.

## 11. **Contract Administration.**

- 11.1. Contract Administrator. Citizens shall name a Contract Administrator during the term of this Agreement whose responsibility shall be to maintain this Agreement. All legal notices and contractual documents shall be sent to the Contract Administrator in addition to the Citizens' Contract Manager named below. As of the Effective Date, the Contract Administrator is:

Lori Newman, Vendor Management Office  
301 West Bay Street, Suite 300  
Jacksonville, Florida 32202  
904-407-0225  
[Lori.Newman@citizensfla.com](mailto:Lori.Newman@citizensfla.com)

Citizens shall provide written notice to Vendor of any changes to the Contract Administrator or Contract Manager; such changes shall not be deemed Agreement amendments.

- 11.2. Contract Managers. Each Party will designate a Contract Manager during the term of this Agreement whose responsibility shall be to oversee the Party's performance of its duties and obligations pursuant to the terms of this Agreement. As of the Effective Date, Citizens' and Vendor's Contract Managers are as follows:

Citizens' Contract Manager  
Cherie Hamilton  
Citizens Property Insurance Corporation  
301 West Bay Street, Suite 300  
Jacksonville, Florida 32202  
904-407-0628  
[Tera.Hamilton@citizensfla.com](mailto:Tera.Hamilton@citizensfla.com)

Vendor's Contract Manager

Name  
Company Name  
Address  
City, State Zip  
Phone  
Email

Vendor shall provide written notice to Citizens of any changes to the Contract Manager; such changes shall not be deemed Agreement amendments.

**12. Agreement Termination; Transition Assistance.**

- 12.1. Termination without Cause. By thirty (30) calendar days advance written notice, Citizens may terminate this Agreement in whole or in part, at its sole discretion and without the need to specify a reason for termination. The actual date of termination of this Agreement will be thirty (30) calendar days from the date of the written notice, or as otherwise specified in Citizens' written notice (the "Termination Date"). Where Citizens elects to terminate this Agreement in part, Vendor shall continue to provide Services on any portion of the Agreement not terminated. Vendor shall be entitled to payment for Services satisfactorily performed through the Termination Date but shall not be entitled to recover any cancellation charges or damages, including lost profits or reliance damages. Vendor shall not have a reciprocal right to terminate without cause; it being understood that Citizens' payment for Services forms the consideration for Vendor not having this right.
- 12.2. Termination for Cause. Either Party may terminate this Agreement if the other Party fails to honor its material obligations under this Agreement. Unless otherwise provided herein, before terminating this Agreement, the Party that believes the other Party is failing to perform this Agreement shall notify the other Party, in writing, of the nature of the failure to perform and provide a reasonable time certain for correcting the failure (such time should not generally be less than ten (10) calendar days from receipt of the notice). If the other Party does not correct its failure to perform within the time provided, and its failure is not legally excusable, the Party claiming failure to perform may thereafter notify the other Party, in writing, that it considers the other Party in default and may terminate this Agreement and pursue any remedies allowed in law or equity. Instead of terminating this Agreement in whole, Citizens may elect to terminate this Agreement in part, in which case Vendor shall continue to provide Services on any portion of the Agreement not terminated. If after termination it is determined that Vendor was not in default, or that the default was excusable, the rights and

obligations of the Parties shall be the same as if the termination had been issued without cause under Section 12.1.

12.3. Duties upon Termination. Upon termination or expiration of this Agreement for whatever reason, Citizens may, at its discretion, require Vendor:

12.3.1. to continue to provide Services as specified in this Agreement for indications previously assigned to Vendor and upon closure of all assigned indications, require Vendor to immediately return to Citizens all files, documentation and information, including all Citizens' property or supplies; or

12.3.2. immediately cease providing any Services for indications previously assigned to Vendor and immediately return to Citizens all files, documentation and information, including all Citizens' property and supplies.

In any event, upon completion of Vendor's Services, Vendor shall return or destroy all copies of Citizens' Confidential Information in its possession. Vendor shall have an obligation to discharge its duties upon termination regardless of the reason for the termination of the Agreement.

### 13. Disputes.

13.1. Dispute Resolution Process. Each Party will make a good faith effort to resolve any disputes relating to this Agreement prior to commencing a legal action. These efforts may include an offer to arrange for executive-level discussions or an offer to submit the dispute to non-binding mediation. This section shall not apply if (a) a Party considers the immediate commencement of a legal action for an injunction necessary to protect its interests (e.g., to protect against the improper use or disclosure of its confidential information); or, (b) the dispute is subject to another provision in this Agreement that includes a different dispute resolution process. For the sake of clarity, Citizens is not subject to the dispute resolution processes set forth in The Florida Administrative Procedure Act, Chapter 120, Florida Statutes.

13.2. Jurisdiction and Venue; Waiver of Jury Trial. This Agreement shall be deemed to have been made in the State of Florida and shall be subject to, and governed by, the laws of the State of Florida, and no doctrine of choice of law shall be used to apply any law other than that of the State of Florida. Each Party hereby irrevocably consents and submits to the exclusive jurisdiction of the Circuit Court of Leon County, Florida, for all purposes under this Agreement, and waives any defense to the assertion of such jurisdiction based on inconvenient forum or lack of personal jurisdiction. The Parties also agree to waive any right to jury trial.

13.3. The provisions of this Section shall survive the termination of this Agreement.

### 14. Records; Audits; Public Records Laws.

14.1. Record Retention. Vendor shall retain all records relating to this Agreement for the longer of: (a) five (5) years after the termination of this Agreement; or, (b) the period specified by Citizens as necessary to comply with Florida law.

14.2. Right to Audit Records. Citizens shall have reasonable access to Vendor's facilities and the right to review and audit any of Vendor's records relating solely

to this Agreement, upon written notice to Vendor of at least three (3) business days. Vendor shall not unreasonably delay or inhibit Citizens' right to audit as set forth in this Section. Vendor shall cooperate with auditor(s) and, provide requested documentation in a timely manner (preferably within five (5) business days). Vendor must resolve any deficiencies discovered during the audit within ninety (90) calendar days from being reported. Citizens may extend the response time period in its sole discretion. Citizens has the right to conduct follow-up audit procedures to assess Vendor's corrective action(s). Any entity performing auditing services pursuant to this Section shall execute a non-disclosure agreement with regard to Vendor's proprietary information, unless precluded from doing so by law. Vendor agrees to reimburse Citizens for the reasonable costs of investigation incurred by Citizens for investigations of Vendor's compliance with this Agreement which result in termination for cause or in regulatory or criminal penalties in connection with performance of this Agreement. Such costs shall include, but shall not be limited to: salaries of investigators, including overtime; travel and lodging expenses; expert witness fees and, documentary fees.

- 14.3. Public Records Laws. Vendor acknowledges that Citizens is subject to Florida public records laws, including Chapter 119, Florida Statutes, (collectively, "Florida's Public Records Laws"). Therefore, any information provided to Citizens or maintained by Vendor in connection with this Agreement may be subject to disclosure to third parties.

14.3.1. Protection of Vendor's Confidential Information. Section 627.351(6)(x)1.e., Florida Statutes, provides that proprietary information licensed to Citizens under a contract providing for the confidentiality of such information is confidential and exempt from the disclosure requirements of Florida's Public Records Law. Other Florida Statutes allow for various protection of vendor's trade secrets and financial information. In order to protect any information provided to Citizens that vendor considers to be protected from disclosure under Florida law ("Vendors Confidential Information") Vendor should clearly label and mark each page or section containing such information as "Confidential", "Trade Secret" or other similar designation.

14.3.2. Responding to Request for Vendor Confidential Information. If Citizens receives a Public Records Request ("PRR") or a request from any regulatory or legislative entity regarding Vendor's Confidential Information, it shall promptly notify Vendor in writing, or electronically. To the extent permitted by law, Citizens shall not produce Vendor's Confidential Information unless authorized by Vendor, or by order of a court of competent jurisdiction. In the event a legal proceeding is brought to compel the production of Vendor's Confidential Information, the Parties agree that Citizens is authorized to deliver Vendor's Confidential Information to the court or other legal tribunal for disposition. If Vendor continues to assert in good faith that Vendor's Confidential Information is confidential or exempt from disclosure or production pursuant to Florida's Public Records Laws then Vendor shall be solely responsible for defending its position, or seeking a judicial declaration. Nothing in this Agreement shall create an obligation or duty for Citizens to defend or justify Vendor's position. Vendor also agrees to indemnify and hold

harmless any Citizens Indemnitee for any Claims, including attorneys' fees, costs, and expenses incidental thereto, incurred by Citizens in connection with this Section.

14.3.3. Vendor's Duty to Forward Records Requests to Citizens. Vendor receives a PRR that is in any way related to this Agreement, Vendor agrees to immediately notify Citizens' Records Custodian and forward the PRR to Citizens' Records Custodian for logging and processing. Citizens' Records Custodian's email address is: [Recordsrequest@citizensfla.com](mailto:Recordsrequest@citizensfla.com). Citizens shall be the Party responsible for coordinating the response and production to the PRR. Vendor shall communicate with Citizens to determine whether requested information is confidential and/or exempt from public records disclosure requirements. Vendor agrees to assist Citizens in responding to any PRR in a prompt and timely manner as required by Florida's Public Records Laws.

14.3.4. Additional Duties. To the extent Vendor is "acting on behalf of" Citizens as provided under Section 119.011(2), Florida Statutes, Vendor must: (a) keep and maintain public records required by Citizens to perform the Services; (b) upon request of Citizens' Records Custodian, provide Citizens with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or as otherwise provided by law; (c) ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law, for the duration of the term of this Agreement and following the completion of this Agreement if Vendor does not transfer the records to Citizens; and, (d) upon completion of this Agreement, transfer at no cost to Citizens all public records in possession of Vendor or, alternatively, Vendor may keep and maintain all records required by Citizens to perform the Services. If Vendor transfers all public records to Citizens upon completion of this Agreement, Vendor shall destroy any duplicate public records that are exempt, or confidential and exempt from public records disclosure. If Vendor keeps and maintains public records upon completion of this Agreement, Vendor shall meet all applicable requirements for retaining public records. All public records stored electronically must be provided to Citizens, upon request by Citizens' Records Custodian, in a format that is compatible with the information technology systems of Citizens.

**IF VENDOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO VENDOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, PLEASE CONTACT CITIZENS' RECORDS CUSTODIAN AT (a) (850) 521-8302; OR, (b) [RECORDSREQUEST@CITIZENSFLA.COM](mailto:RECORDSREQUEST@CITIZENSFLA.COM); OR, (c) RECORDS CUSTODIAN, CITIZENS PROPERTY INSURANCE CORPORATION, 2101 MARYLAND CIRCLE, TALLAHASSEE, FL 32303.**

14.4. Vendor's Failure to Respond to Public Records Request. Vendor must comply with Citizens' request for records, including all documents, papers, letters, emails, or other materials in conjunction with this Agreement, within thirty (30) calendar days of Citizens' request. Vendor's failure to comply with Citizens' request may be subject to penalties in accordance with Chapter 119.10, Florida Statutes. Vendor will hold Citizens harmless from any actions resulting from Vendor's non-compliance with Florida's Public Records Laws. Without limiting Citizens' other rights of termination as further described in this Agreement, Citizens may unilaterally terminate this Agreement for refusal by Vendor to comply with this Section unless the records are exempt from Section 24(a) of Article I of the State Constitution and Section 119.07(1), Florida Statutes.

14.5. The provisions of this Section shall survive the termination of this Agreement.

15. **Security and Confidentiality.**

15.1. General Requirements. Vendor shall implement and maintain appropriate safeguards to: (a) ensure the security and confidentiality of Citizens Confidential Information; (b) protect against any anticipated threats or hazards to the security or integrity of Citizens Confidential Information; and, (c) protect against unauthorized access to or use of Citizens Confidential Information that could cause harm or inconvenience to Citizens or any customer of Citizens.

15.2. Implementation of NIST 800-53 Controls. Except as permitted in writing by Citizens' Contract Manager or designee, Vendor agrees to implement the privacy and security controls that follow the guidelines set forth in NIST Special Publication 800-53, "Security and Privacy Controls for Federal Information Systems and Organizations," as amended from time to time.

15.3. Audit of Vendor's Privacy and Security Controls.

15.3.1. Audit Reports. For each calendar year during the term of this Agreement, upon sixty (60) calendar days of issuance but no later than the end of each calendar year, Vendor shall submit to Citizens via email to Citizens' Contract Manager or designee a copy of its annual American Institute of Certified Public Accountants Service Organization Control (SOC) 1 type 2 report or SOC 2 type 2 report (for all Trusted Services Principles) relevant, as solely determined by Citizens, to the Services.

15.3.2. Right of Audit by Citizens. Without limiting any other rights of Citizens herein, Citizens shall have the right to review Vendor's privacy and security controls prior to the commencement of Services and from time to time during the term of this Agreement. Such review may include Citizens' right, at its own expense and without notice, to perform (or have performed) an on-site audit of Vendor's privacy and security controls. In lieu of such an audit, Citizens may require Vendor to complete, within thirty (30) calendar days of receipt, an audit questionnaire provided by Citizens regarding Vendor's privacy and security programs.

15.3.3. Audit Findings. Vendor shall implement any required safeguards as identified by Citizens or by any audit of Vendor's privacy and security controls.

15.4. Use of Citizens' Systems. Where Vendor or Vendor Staff have access to Citizens' systems or technology provided by or through Citizens, in addition to

the other safeguards required by this Section, Vendor and Vendor Staff shall not share user identifications and / or passwords with any other individual.

- 15.5. Data Encryption. Vendor and Vendor Staff will encrypt all electronic data and communications containing Citizens Confidential Information using a strong cryptographic protocol that is consistent with industry standards.
- 15.6. Data Storage. Except as permitted in writing by Citizens' Contract Manager or designee, Vendor and Vendor Staff shall not store Citizens Confidential Information on portable external storage devices or media (such as "thumb drives," compact disks, or portable disk drives).
- 15.7. Data Export. Except as permitted in writing by Citizens' Contract Manager or designee, Vendor and Vendor Staff are prohibited from: (a) performing any Services outside of the United States; or, (b) sending, transmitting, or accessing any Citizens Confidential Information outside of the United States.
- 15.8. Security of Vendor Facilities. All Vendor and Vendor Staff facilities in which Citizens Confidential Information is located or housed shall be maintained in a reasonably secure manner. Within such facilities, all printed materials containing Citizens Confidential Information should be kept locked in a secure office, file cabinet, or desk (except when materials are being used).
- 15.9. Labeling of Confidential Information. Any documents or electronic files created by Vendor or Vendor Staff that contain Citizens Confidential Information must be conspicuously labeled or marked so that the individual viewing or receiving the information understands that the information is confidential.
- 15.10. Photocopying and Faxing Restrictions. Vendor and Vendor Staff shall not make photocopies or send facsimiles of Citizens Confidential Information unless there is a business need.
- 15.11. Transmission of Confidential Information Materials. In the event it is necessary to transport materials containing Citizens Confidential Information via mail, parcel delivery service or other means, Vendor Staff must subsequently verify that such materials have been received by the intended parties.
- 15.12. Disposal of Confidential Information. The disposal of all printed materials containing Citizens Confidential Information must be done in a manner that renders the information inaccessible to others (the use of a reputable third party shredding company is permissible).
- 15.13. Authority to Disclose Confidential Information to Others. Vendor acknowledges and agrees that any Citizens Confidential Information disclosed to or acquired by Vendor is disclosed and/or acquired solely for the purposes of facilitating the provision of the Services. Vendor shall restrict access to Citizens Confidential Information to Vendor Staff who will actually perform Services and Vendor shall provide such Vendor Staff with work environments that protect against inadvertent disclosure to others. Vendor shall be solely responsible for informing any individual or entity with access to Citizens Confidential Information of the provisions of this Agreement and shall be responsible for any acts of those individuals and entities that violate such provisions.
- 15.14. Unauthorized Disclosure of Confidential Information. Vendor will notify Citizens as soon as possible of any potential or actual unauthorized disclosure, misuse, or misappropriation of Citizens Confidential Information of which it becomes aware

and will cooperate in remedying such situation promptly. Pursuant to Section 501.171, Florida Statutes, if Vendor maintains computerized data that includes personal information, as defined in such statute, on behalf of Citizens, Vendor shall disclose to Citizens any breach of the security of the system as soon as practicable, but no later than ten (10) calendar days following the determination of the breach of security or reason to believe the breach occurred.

- 15.15. Return of Confidential Information. During the term of this Agreement upon Citizens written request or upon the termination of this Agreement for any reason, Vendor shall promptly return to Citizens all copies, whether in written, electronic or other form or media, of Citizens Confidential Information in its possession, or securely dispose of all such copies, and certify in writing to Citizens that Citizens Confidential Information has been returned to Citizens or disposed of securely.
- 15.16. Notification of Anticipatory Breach. Vendor agrees that should it, for any reason, not be able to provide or maintain appropriate safeguards to fulfill its obligations under this Section, it will immediately inform Citizens in writing of such inability and such inability on Vendor's part will serve as justification for Citizens' termination of this Agreement, at Citizens' sole election, at any time after the inability becomes known to Citizens.
- 15.17. Remedies. Vendor acknowledges that breach of Vendor's obligation of data security and confidentiality may give rise to irreparable injury to Citizens and Citizens' customers, which damage may be inadequately compensable in the form of monetary damages. Accordingly, Citizens may seek and obtain injunctive relief against the breach or threatened breach of the provisions of this Section, in addition to any other legal remedies which may be available, including, at the sole election of Citizens, the immediate termination, without penalty to Citizens, of this Agreement in whole or in part.
- 15.18. Subcontractors. Except as permitted in writing by Citizens' Contract Manager or designee, the provisions of this Section shall apply to each of Vendor's subcontractors at any level who obtain access to Citizens Confidential Information in connection with this Agreement.
- 15.19. The provisions of this Section shall survive the termination of this Agreement.

## **16. Miscellaneous.**

- 16.1. Deliverable Ownership. Citizens will have the right, title and interest (including ownership and copyright) of all Work Product created during the performance of this Agreement.
- 16.2. Process and System Requirements. Within thirty (30) calendar days of execution of the Agreement, at its own cost and expense, Vendor shall have in place and ready for use all of the appropriate processes, systems, software, and hardware to ensure its ability to perform Services. Vendor agrees to execute any third party agreements to permit it to obtain access to Citizens' systems. Vendor shall provide Citizens with proof that it meets all of the requirements of this provision prior to performing Services.
- 16.3. Business Continuity and Disaster Recovery Plan. Vendor shall have a viable, documented, effective and annually tested business continuity / disaster recovery strategy plan in place to mitigate the potential disruption of Services. Within thirty

(30) calendar days of execution of the Agreement, at its own cost and expense, Vendor shall provide to Citizens evidence and results of its tested business continuity / disaster recovery plan and annually thereafter by April 15th during the term of this Agreement.

- 16.4. Relationship of the Parties. Vendor is an independent contractor with no authority to contract for Citizens or in any way to bind or to commit Citizens to any agreement of any kind or to assume any liabilities of any nature in the name of or on behalf of Citizens. Under no circumstances shall Vendor or Vendor Staff hold itself out as or be considered an agent, employee, joint venturer, or partner of Citizens. In recognition of Vendor's status as an independent contractor, Citizens shall carry no Workers' Compensation insurance or any health or accident insurance to cover Vendor or Vendor Staff. Citizens shall not pay any contributions to Social Security, unemployment insurance, federal or state withholding taxes, any other applicable taxes whether federal, state, or local, nor provide any other contributions or benefits which might be expected in an employer-employee relationship. Neither Vendor nor Vendor Staff shall be eligible for, participate in, or accrue any direct or indirect benefit under any other compensation, benefit, or retirement plan of Citizens.
- 16.5. Vendor Conflicts of Interests. Vendor, and all principals in its business, must execute a Conflict of Interest Form as required by Citizens. Vendor shall not have a relationship with a Citizens officer or employee that creates a conflict of interest. If there is the appearance of a conflict of interest, Vendor will promptly contact Citizens' Contract Manager or designee to obtain a written decision as to whether action needs to be taken to ensure a conflict does not exist or that the appearance of a conflict is not significant.
- 16.6. Non-Solicitation. Unless otherwise approved by Citizens, during the term of this Agreement, Vendor shall refrain from soliciting, hiring or engaging the Adjusters of other providers of Services to Citizens. Should an Adjuster vacate his or her position with a vendor providing adjusting service to Citizens, then for ninety (90) days thereafter, that Adjuster will remain ineligible to provide Services to Citizens through any other vendor providing Services to Citizens, including Vendor, unless otherwise approved by Citizens.
- 16.7. No Gifts. Vendor shall not give a gift or make an expenditure to or for the personal benefit of a Citizens officer or employee.
- Vendor shall not accept a gift from a Citizens policyholder in connection with the Services that is, or could be interpreted to be, intended to influence the handling of the policyholder's claim, or could be interpreted as an expression of gratitude for such an act.
- 16.8. Convicted Vendor List. Vendor shall immediately notify Citizens' Contract Manager or designee in writing if it or any of its affiliates are placed on the convicted vendor list maintained by the State of Florida pursuant to Section 287.133, Florida Statutes, or on any similar list maintained by any other state or the federal government.
- 16.9. Compliance with Laws. Vendor and Vendor Staff will comply with all applicable laws, ordinances, rules, and regulations governing Vendor's performance under this Agreement.

- 16.10. Subcontracting. Vendor shall not enter into any subcontracts for the performance of the Services, or assign or transfer any of its rights or obligations under this Agreement, without Citizens' prior written consent and any attempt to do so shall be void and without effect. Citizens' consent to Vendor's request to subcontract any of the Services shall not relieve Vendor of any of its duties or obligations under this Agreement, and Vendor shall indemnify and hold Citizens harmless from any payment required to be paid to any such subcontractors.
- 16.11. Severability. If a court deems any provision of this Agreement void or unenforceable, that provision shall be enforced only to the extent that it is not in violation of law or is not otherwise unenforceable and all other provisions shall remain in full force and effect.
- 16.12. Headings. The sections and headings herein contained are for the purposes of identification only, and shall not be considered as controlling in construing this Agreement.
- 16.13. Publicity; Use of Names and Logos. Vendor may use Citizens' name and logo in its marketing materials, website and social media to indicate that it is a participating or contracted vendor for Citizens. However, Vendor may not in any way state, imply or infer that it holds a "preferred," "approved," "awarded," "selected" or otherwise special status with Citizens in any such materials. This prohibition includes, but is not limited to, the use of endorsements or quotes from Citizens officials, Citizens vendor scores, or any other Citizens-related materials that may directly or indirectly imply that Vendor enjoys a special or preferred status with Citizens. Citizens reserves the right to determine that its name and/or logo have been misused and to request that Vendor cease using its name and/or logo in any way it deems inappropriate. Failure to comply will result in disciplinary action, up to and including Agreement termination. Vendor may only use the approved Citizens logo, which is available for download at: <https://www.citizensfla.com/about/mediaresources.cfm>.
- 16.14. Waiver. The delay or failure by a Party to exercise or enforce any of its rights under this Agreement shall not constitute or be deemed a waiver of the Party's right thereafter to enforce those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.
- 16.15. Entire Agreement. This Agreement, and any exhibits, schedules and attachments hereto, set forth the entire agreement and understanding of the Parties with respect to the subject matter hereof, and supersedes any prior or contemporaneous proposals, agreements or understandings with respect to the subject matter hereof.
- 16.16. Modification of Terms. This Agreement may only be modified or amended upon a mutual written contract amendment signed by Citizens and Vendor or as otherwise permitted by this Agreement. Vendor may not unilaterally modify the terms of this Agreement in any manner such as by affixing additional terms to any Deliverable (e.g., attachment or inclusion of standard preprinted forms, product literature, "shrink wrap" or "click through" terms, whether written or electronic) or by incorporating such terms onto Vendor's order or fiscal forms or other documents forwarded by Vendor for payment and any such terms shall have no force or effect upon Citizens or this Agreement. Citizens' acceptance of any Service or processing of documentation on forms furnished by Vendor for

approval or payment shall not constitute acceptance of any proposed modification to terms and conditions or any conflicting terms and conditions.

- 16.17. Assignments. This Agreement shall inure to the benefits of, and be binding upon, the successors and assigns of each Party, but only as permitted under this Agreement. Each Party binds itself and its respective successors and assigns in all respects to all of the terms, conditions, covenants and provisions of this Agreement. Vendor shall not sell, assign or transfer any of its rights (including rights to payment), duties or obligations under this Agreement without the prior written consent of Citizens. In the event of any assignment, Vendor shall remain liable for performance of this Agreement unless Citizens expressly waives such liability. Citizens may assign this Agreement with prior written notice to Vendor of its intent to do so. Nothing herein shall be construed as creating any personal liability on the part of any officer, employee or agent of Citizens.
- 16.18. Notice and Approval of Changes in Ownership. Because the award of this Agreement may have been predicated upon Vendor's ownership structure, Vendor agrees that any transfer of a substantial interest in Vendor by any of its owners shall require Citizens' prior written approval, which approval shall not be unreasonably withheld or unreasonably delayed. By execution of this Agreement, Vendor represents that it has no knowledge of any intent to transfer a substantial interest in Vendor. A substantial interest shall mean at least twenty-five percent (25%) of the voting shares or control over Vendor. This Section shall not apply to: (a) transfers occurring upon the incapacitation or death of an owner; (b) transfers associated with an initial public offering on a major stock exchange; or, (c) transfers to a company whose stock is publicly traded on a major stock exchange.
- 16.19. Assignment of Antitrust Claims. Vendor and Citizens recognize that in actual economic practice, overcharges resulting from antitrust violations are usually borne by the ultimate consumer. Therefore, Vendor hereby assigns to Citizens any and all claims under the antitrust laws of Florida or the United States for overcharges incurred in connection with this Agreement.
- 16.20. Force Majeure. Because of the nature of Citizens' business, Citizens requires that the Services be performed during or immediately after catastrophic events which might otherwise be considered force majeure. Therefore, Vendor acknowledges and agrees that force majeure will not constitute an excuse for non-performance of the Services as this Agreement and the Services are considered and designated as essential to Citizens' operations.
- 16.21. Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute but one and the same Agreement. The Parties agree that a faxed or scanned signature may substitute for and have the same legal effect as the original signature.

**IN WITNESS WHEREOF**, this Agreement has been duly executed by authorized representatives of the Parties.

**CITIZENS PROPERTY INSURANCE CORPORATION**

**VENDOR**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

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Title

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Print Name

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Title

\_\_\_\_\_  
Date Signed

**2016**

**BEST CLAIMS  
PRACTICES  
&  
ESTIMATING  
GUIDELINES**



September Rev.4

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## **CITIZENS' VISION, MISSION, AND VALUES**

### **Our Mission**

To efficiently provide property insurance protection in Florida to those who are, in good faith, entitled to obtain coverage through the private market but are unable to do so, while also providing levels of customer service that are comparable to the standards of the private market.

### **Our Vision**

As a government entity fulfilling a public purpose, *Citizens* aspires to provide insurance products and services that meet the needs of Florida property owners who are, in good faith, entitled to obtain coverage through the private market but are unable to do so. We strive to reduce the financial burden on all Floridians by being good stewards of the premium funds entrusted to us. In all that we do, we will conduct ourselves with the highest level of ethical behavior.

### **Our Values**

In accomplishing our mission, we embrace the following values:

- **Public Service:** We contribute to the public health, safety and welfare of our customers and the state
- **Integrity:** We embrace our values and Code of Ethics with pride
- **Respect:** We will respect one another and those we serve
- **Courtesy:** We will be polite and display respectful behavior at all times
- **Responsiveness:** We will provide quality service to our customers that is comparable to the standards of the private market
- **Fairness:** Our overriding culture is to always fairly and accurately serve the residents of Florida in all that we do

## **PURPOSE & SCOPE**

It is *Citizens'* goal to deliver high quality customer service to our insureds, agents, vendors and the residents of Florida, by handling all of our claims promptly and efficiently from the moment of dispatch through final resolution.

The purpose of these *Best Claims Practices & Estimating Guidelines* is to provide *Citizens'* Claims Staff, Independent Adjusters and adjusting firms with an overview of the general principles and guidelines for receiving, investigating, evaluating, documenting and communicating *Citizens'* property claims.

This document was established to provide a consistent methodology for the handling of *Citizens* Property and Casualty claims. Our goal is to provide high-quality customer service and accurate damage estimates for our insureds in their time of need. The application of any information contained in this document will depend on specific facts, circumstances and laws as related to the specific claim and / or damages in question. Each and every claim must be considered and handled on its own merit, in concert with these guidelines and practices. This document is not intended to be a set of mandated or "all inclusive" rules and / or procedures but to instead provide a broad overview of claims handling guidelines

based on common construction techniques as well as standards and principles generally accepted within the industry.

This document is not intended to supersede any Local, State or Federal law or statute. In the event of a conflict, the Local, State or Federal mandate should be followed at all times. The Adjuster should be familiar with and able to access all applicable Local, State and Federal claims handling guidelines and procedures as required by law.

The guidelines described in this document may differ for each individual claim depending upon that claim's unique facts and circumstances. Adjusters should handle every claim as unique, unto itself, and evaluating each claim on its own merit.

## **SERVICE TO OUR POLICYHOLDERS**

It is *Citizens'* goal to deliver superior customer service.

*Citizens'* customers include our policyholders, our agents, our vendors, our employees, and the residents of Florida. *Citizens* expects prompt claims handling from the initial reporting through final resolution.

All claims should be thoroughly investigated for causation and third-party liability, while analyzing the appropriate policy provisions to determine the broadest form of coverage available for the loss. Subrogation and Salvage opportunities should be recognized. All claims handling should be timely, efficient, well-documented and communicated thoroughly to all applicable parties to the loss. Reassignments between claims personnel should be minimized. When required, reassignments should be conducted timely and the Insured or their Representative informed of such transitions.

Written and oral communications should be professional, clear, concise, grammatically correct and conveyed in a 'consumer-focused' manner. In recognizing the need to address complex coverage and legal issues, specific language may be required in the correspondence content. Policy language should be cited to replicate the specific policy in-force for the loss.

The Insured or their Representative are to be kept informed and their expectations clearly addressed throughout the life of the claim. This includes explaining the expected timeline for handling and concluding the claim and evaluating the "next step(s)" in the adjustment process. Prompt and timely responses to any verbal or written inquiries, escalations and / or complaints are expected.

Customer Service feedback through surveys, file audits and onsite reinspections are reviewed and analyzed to identify opportunities and promote good behaviors. Training to such results is important to maintain our quality assurance standards.

## **CUSTOMER SERVICE**

**Initial Contact** - Initial voice-to-voice contact with the Insured or their Representative is to be made within one (1) calendar day of the receipt of the assignment by the Adjuster. In the event of a catastrophic claim, initial voice-to-voice contact is to be made within three (3) calendar days of receipt of the assignment.

- If the adjuster fails in their initial attempt to contact the Insured or their Representative, they should continue to make every reasonable effort to make contact in a timely manner including, but not limited to the following:
  - If unable to make initial contact with the Insured or their Representative within the designated time, send a Contact letter within three (3) calendar days
  - Document continued and multiple phone call attempts
  - Leave telephone messages (*Voice-to-voice is required for first contact. Text or voice mail messages are not a substitute, and backdating of the first contact is not permitted*)
  - Contact the Insured's agent of record for other potential contact information
  - If a foreclosure claim was reported by the mortgagee or mortgagee's representative, initial contact can be made by email and documented in the file
  
- During the initial contact, the Adjuster should:
  - Determine if any loss information has changed since the original report by verifying the detailed facts, including date and time of loss
  - Confirm the identity of lienholders, additional Insureds, witnesses, 3<sup>rd</sup> parties, Attorney or Public Adjuster representation
  - Review the loss severity as compared to the FNOL
  - Explain the claims handling process and anticipated timelines
  - Provide Insured or their Representative with their assigned claim number and the Adjuster's contact information
  - Review with the Insured or their Representative all possible coverages, limits, exclusions and deductibles that may apply to the loss
  - Discuss the Insured's post-loss duties, obligations and efforts to protect the risk from further damage, for example, tarp and board-up, debris removal and emergency services (mitigation / remediation)
  - Advise the Insured or Representative to protect any evidence chain of custody
  - Discuss and consider Additional Living Expenses (ALE) and / or advance claim payments as appropriate, reasonable and necessary
  - Attempt to schedule an on-site damage inspection of the risk with the insured(s) present

**Inspection Scheduling** - The Adjuster should determine if an on-site inspection is warranted and attempt to schedule the on-site inspection during the initial contact. It is *Citizens'* goal to schedule the inspection to occur within forty-eight (48) hours of the initial contact with the Insured or their Representative. If the inspection cannot be scheduled to occur within this time frame, a brief explanation (as to non-compliance) should be entered into the file notes. The inspection does not need to occur within forty-eight (48) hours, but is the preferred course of action. The following should be noted by the Adjuster in preparing for the inspection:

- Forty-eight (48) hour notice to the Insured or their Representative, prior to inspection, is required by Florida Statute
  - Forty-eight (48) hour notice may be waived by the Insured or their Representative. The claim file notes should reflect this waiver
- Prior to the inspection, the Adjuster should complete a full review of the file, facts of loss and detailed policy information

- Obtain a signed Financial Release Form, such as a General Release and / or a Medical Release (if applicable) in the investigation of Liability or Medical Payments claims

**Follow-Up Contact** - It is vital that the Adjuster has ongoing contact with the Insured or their Representative during the life of the claim, including the following:

- One (1) calendar day response to Insured's or their Representative's, emails, phone calls
- Five (5) calendar day response to written notifications
- Periodic status updates and anticipated future activities should be documented in the file notes
- Notify and update Insured or their Representative of any upcoming or scheduled events, inspections, requirements, due dates, etc.
- Communicate *Citizens'* ongoing expectations and duties of the Insured or their Representative
- Clearly explain why additional information, documentation, items or actions are requested of the Insured and / or their Representative
- Contact the Insured or their Representative to discuss settlement, prior to the issuance of any indemnity payments
- Document in file notes the details of voice-to-voice and / or written communications with regard, but not limited to:
  - Full or partial payments
  - Vendor and contractor payments
  - Settlements explanations and / or coverage denials, etc.
- When closing claims, with or without payment:
  - *Citizens'* contact information is relayed and the process for reporting new or undiscovered damages is explained.
  - As appropriate, informal and formal dispute resolution options are explained to the Insured or their Representative and documented in the file notes

**Written Communication** - The following requirements should be followed in the preparation and submission of written communications:

- *Citizens'* approved letter formats and templates should be used at all times for consistency
- Specific claim related information, as required on a claim-by-claim basis, should be added to the letter template in sections where revisions are allowed
- Letters are to be addressed to the Named Insured(s), any Additional Insured(s) as listed on the policy and Insured's Representatives:
  - When an Insured is represented by an Attorney and / or a Public Adjuster, with proper *Letter of Representation* downloaded in the *ClaimCenter*<sup>®</sup> file documents, all written communications are to be addressed and mailed to the representative. The Insured and any additional named Insureds, as detailed on the declaration page of the policy, are to be copied, with letters mailed to the appropriate address for each named Insured
  - If a letter is addressed to an Assignment of Benefits (AOB) vendor, the Insured, any additional named Insureds, as detailed on the declaration page of the policy and any Insured representative are to be copied, with letters mailed to the appropriate addressee
  - Other individuals and parties of interest (e.g., loss consultants, and mortgage company and premium finance company representatives, etc.) are not to receive copies of written communications, unless you are directed to send by your manager / supervisor

- All settlements and partial or full denials are to be accompanied by written correspondence explaining the resolution and include appropriate and supporting documentation but not limited to:
  - Damage estimate
  - Personal Property Inventory Form (PPIF)
  - Invoices and other documented expenses
  - Applicable policy form, edition and / or endorsement(s), specific language and relevant dates
  - Other *Citizens'* proprietary documents (i.e., Engineer, Expert, *Strikenet* reports, etc.), only upon management approval
- The Agent of Record should receive a copy of any formal, complete denial letter communicated to the Insured
- Formal communication of full denial claims are to be reviewed and approved by a Supervisor and/or Manager prior to issuance
- Time sensitive correspondence / letters should be processed and documented in the file as required

Insureds are our customers and have a contractual right to receive original or copies, when represented or assigning benefits, of all written communications pertaining to their claim.

## **INVESTIGATION**

Utilizing information secured through the initial contact with the Insured or their Representative, the Adjuster should conduct an appropriate, complete and timely investigation in good faith to determine the cause and origin of the loss for a full, fair and prompt resolution of the claim

### **Review Loss Details / Action Plan**

- Thoroughly review information contained in the First Notice of Loss (FNOL)
- Review Local, State and / or Federal laws and statutes that may be applicable
- Formulate and document the file with an initial 'plan of action' based on facts of loss received
- Determine any necessary escalations or referrals to *Citizens'* internal departments
  - If referrals to other resources or units are deemed necessary, the Adjuster should complete the referral as soon as the need is recognized

**Review Loss History** - Search and review *ClaimCenter* and *ISO* Reports for potential matches by Insured name and / or property address for prior, duplicate or existing claims. A file note should be entered to address prior claims, any potential overlap, or lack of prior or related claims matches.

**Onsite Inspection** - Field inspections are an integral part of the claims investigation process. Adjusters should take great care when determining the cause of loss. Facts determined should be accurately captured and memorialized through:

- Potential witnesses and third party contributors
- The need for experts or engineers
- Subrogation and Salvage potential

The Adjuster should also:

- Consider the need for a signed Non-Waiver or Reservation of Rights (ROR) letter, if a coverage question arises requiring additional investigation
- Fully discuss with the Insured or their Representative and document any coverage concerns
- Secure any supporting documentation relevant to the claim
- Secure Police, Fire, Weather and other relevant expert reports as needed

- Determine ALE / FRV and Personal Property exposures:
  - Including the need for advanced payments for temporary housing and other emergency needs
- Obtain applicable legal documents such as Tax Liens, Mortgages, Sales / Purchase Agreements, Home Inspection Reports and Condo By-laws.
  - Confirm through the Property Appraisers office if / when ownership is in question
- Determine if any collateral damages may exist for liability exposures

Follow-up inspection(s) may be required:

- If any potentially covered damages are hidden from view at the initial inspection
- If there is a need for outside experts (i.e., Engineer / Expert, etc.),
  - Manager approval is needed for outside expense budget
- If additional damages are claimed or discovered
- To determine release of the holdback of recoverable depreciation
- If a dispute arises over scope of damages, estimate, or cause of loss

**Recorded Interview** – The Adjuster should secure the recorded interview at first contact, time of inspection, or as soon as facts arise that would reasonably require a recorded interview. The following should be considered:

- Access the *Adjuster Portal for Citizens' Recorded Statement Guides and Standards*
- The Adjuster must always obtain permission and acknowledgement from all parties present to record the interview
- The Adjuster should secure the recorded interview(s) from the person(s) most knowledgeable about the facts surrounding the cause of loss, the mitigation of the loss and the related and unrelated damages
- The Adjuster should ask focused questions material and relevant to the investigation and follow-up questions based on the answers provided by the person(s) being interviewed
- The Adjuster should avoid leading the interviewee or supplying answers to the question(s) being asked
- The Adjuster should avoid questions which are solely meant to harass, embarrass or “badger” the examinee

The Adjuster is required to take a recorded interview for the following types of claims. If a recorded interview is not taken, the Adjuster should provide a file note stating the rationale:

- Fire
- Large loss
- Theft or Mysterious Disappearance
- Motor vehicle impact
- Water damage claims that involve:
  - Long term and / or repeated discharge / seepage
  - Slab water leaks
  - Leaks with no visible damage
  - Permanent repairs completed prior to CPIC's inspection
  - AOB claims
- All non-weather related water losses
- Vandalism with occupancy issues
- Sinkhole and catastrophic ground cover collapse
- Liability and Medical Payments claims
- Late notice claims

- Coverage questions
  - Including vacancy / occupancy
- Mitigation / Remediation issues
- Multiple or similar prior and / or current losses
- To seek a resolution to conflicting information

**Internal Resources / Communication** - Referrals should be submitted in a timely manner to utilize the expertise of *Citizens'* specialized units. The Adjuster engages internal resources, as necessary, based on the facts of the claim. Timely referral or consulting with these units is essential; therefore, the Adjuster should immediately recognize the necessity and act accordingly. The file notes should be documented with the appropriate rationale. Potential internal resources include:

- Special Investigations Unit (SIU)
- Recovery (Subrogation / Salvage)
- Claims Legal / Appraisal / Mediation
- Underwriting
- Contents Unit
- Burglary, Lightning & Theft (BLT) Unit
- Loss Assessment Team
- Late First Notice of Loss (FNOL) Team
  
- **Special Investigative Unit (SIU)** – *Citizens* is required by statute to investigate and report suspected insurance fraud. The Adjuster should review claim facts to identify any industry accepted indicators (Red Flags) that raise awareness of potential insurance fraud. Adjuster responsibilities are as follows:
  - Utilize the SIU referral form in *ClaimCenter* within one (1) calendar day of recognition of any fraud indicators
  - Ensure that all available documentation, including estimates, photos and reports are uploaded to the claim file at the time of the referral
  - Maintain full file ownership unless there are Business Unit protocols to follow for escalations to another adjuster level. This includes:
    - Continue with additional claims handling / investigation as required
    - Managing expert, legal or other collateral resources and their service invoices
    - Notify SIU of any significant events or decisions that may impact their investigation
    - Work in unison with SIU to ensure all information is obtained to make an informed claim decision
    - Analyze the materiality of the SIU findings and render the appropriate claims decision based on all facts
    - Request an EUO as appropriate and directed by Management
    - Forward to SIU any correspondence received from other carrier's designated SIU, requesting file material, pursuant to *Florida's Immunity Statutes 626.989(4)(d)*
    - Should ISO reports identify claims with other insurance carriers, material to the loss being adjusted and the potential of misrepresentation exists, the Adjuster should collaborate with SIU to obtain the related claim information
  
- **Subrogation** - The Adjuster is responsible for recognizing any potential third parties that may be legally liable or a party to the loss. The Adjuster should:
  - Complete the Subrogation Referral within *ClaimCenter* within one (1) calendar day of identifying the subrogation opportunity
  - Take steps to preserve and document evidence with photos as well as obtain all information necessary for the pursuit of subrogation
  - Advise the Insured or their Representative of their obligations regarding subrogation
  - Ensure that the evidence chain-of-custody is protected.

- The assigned Recovery Adjuster will provide shipping labels to the handling Adjuster for evidence that is collected and will coordinate the pick-up of larger evidence items
  - Work in unison with the Recovery Adjuster during the referral and investigation process, including automatic system-generated referrals
- **Salvage** –The Adjuster is responsible for recognizing salvage potential of any property or material that may have value. The Adjuster should:
  - Consider buy-back option as a first priority. This allows the Insured to retain or buy-back the item, in turn, offsetting the amount of the claim settlement for that item
  - Advise of *Citizens'* intent to take possession of the salvage items if the buy-back option is rejected by the Insured or their Representative
  - Submit a Salvage Referral within *ClaimCenter* and:
    - Advise the agreed buy-back dollar amount
    - Provide photos of the item(s) to be picked up
    - The assigned Recovery Adjuster will determine the appropriate method for salvage pickup if the Insured does not wish to retain the item(s)
  - Work in unison with the Recovery Adjuster during the referral
- **Claims Legal Services, Appraisal and Mediation** - Appropriate referrals should be made to management as they arise during the handling of a claim
- **Underwriting Department (UW)** - should be notified if and when the loss investigation reveals an unusual or adverse characteristic with the risk by completing the Underwriting Risk Referral Form found on *Adjuster Portal* and / or via *ClaimCenter* Referral Template. Below are some general guidelines for referring adverse risks to the Underwriting Department, including but not limited to:
  - Vacant and / or unoccupied structures
  - Pre-existing or unrepaired damage
  - Long term, rot, mold, mildew, insect / vermin damage
  - Visible sinkhole, settling or ground collapse damage
  - Business exposures
  - Inadequacy of insurance to value (ITV)
  - Code violations
  - Liability exposures such as unprotected pool, dangerous animals, trampoline, deteriorated walks, driveways, steps, porches, etc.
  - Mortgagee, lienholder, named / additional insured or occupancy changes
  - Loss frequency and / or history
  - Total or major structural loss on present claim
  - Missing or inadequate fire or smoke alarm systems
  - General Condition of Property
    - Occupancy concerns (Vacant, Incorrect Occupancy; example: Tenant-Occupied HO-3's, etc.)
    - Ownership concerns (deceased insured, sold property, foreclosure, etc.)
    - Business conducted on the premises, including Assisted Living Facilities.
    - Poor condition of the property
    - Unrepaired Damage from previous claims or not associated with the individual claim.
    - Multiple habitational dwellings on one parcel.
    - Marijuana grow houses

- Code violations
  - Liability Exposures
    - Unfenced/Unenclosed pools
    - Unfenced/Unenclosed appliances
    - Livestock, Rare or dangerous animals
    - Trampolines, skate or bicycle ramps
    - Other excessive liability exposure
  - Sinkhole Losses
  - All Fire Losses
    - Caused by combustible materials
    - Caused by space heater/portable heater
    - Caused by electrical or;
    - Any Fire loss over \$25,000
  - All Mold Losses
  - All Roof Losses / Poor Roof Condition
  - Water Losses
    - All pipe breaks or;
    - Water losses above \$8,000.
  - Losses within 30 days of the policy effective date
  - Anything over \$25,000 unless claim falls under one of the above triggers
  - ITV Inadequacy of insurance to value
- **Contents Unit** - can be utilized to handle personal property items being claimed by the Insured. Additionally, this unit can assist in the evaluation of specialty items (i.e., a rare oriental rug), as well as provide a comparative analysis of cleaning service quotes submitted by the Insured
  - **Burglary, Lightning & Theft (BLT) Unit** - handles Burglary, Lightning and Theft claims (Coverage A, B & C) with minimal loss. These claims typically do not require a field investigation and are referred upon first notice of loss. If a loss that meets the criteria for this unit is received by a field unit, dispatch should be notified and the claim will be reassigned as appropriate. If a loss is later determined by the BLT Unit to involve excessive physical property damage, vandalism or malicious mischief, it may be referred back for reassignment to the appropriate field claim unit
  - **Loss Assessment Team:** A claim file should be referred to a Loss Assessment Team when an Insured owes a financial obligation to their Property Owner's Association for loss to common property owned by all members collectively. Normally all Loss Assessment claims are handled by the Centralized Claim Unit (CCU) and should be referred as needed
  - **Late First Notice of Loss (FNOL) Team:** handles claims that are reported one (1) year or more after the reported date of loss. These claims require specific Reservation of Rights (ROR), Proof of Loss forms (POL) and Requests for Information (RFI) that the Insured or their Representative provides in support of their claim. The majority of these claims require working closely with Legal and Underwriting to ensure proper claims handling; therefore, it is necessary that these claims are identified early and referred promptly. If the Adjuster identifies a late notice claim, the following procedures should be followed:
    - Notify a Manager, Supervisor or Team Lead
    - Prepare the file for transfer by:

- Updating the claim file notes with all pertinent information, activity, photos and documentation gathered to that point
  - Submit any outstanding LAE invoices for payment
- **Sinkhole Management Team** – Handling and management of Sinkhole related claims will be consistent with *Citizens' Plan of Operation* and comply with *Citizens Best Claims Practices & Estimating Guidelines*, *Sinkhole Claims Handling Addendum* and relevant Florida Statutes and Regulations. Sinkhole Adjusters and Management staff will be knowledgeable of, and follow, relevant statutes as outlined below:
    - 627.706 – Sinkhole insurance; catastrophic ground cover collapse definitions
    - 627.707 – Investigation of sinkhole claims, insurer payment, nonrenewal
    - 627.7072 – Testing standards for sinkholes
    - 627.7073 – Sinkhole reports
    - 627.7074 – Resolution of disputed sinkhole insurance claims

**External Resources** - External resources may be utilized based upon unit-level protocols. Such referrals may be necessary to assist in the timely and accurate loss investigation. Outside resources include but are not limited to:

- Structural and Geotechnical Engineers
- Personal Property experts and valuation companies
- Cause and Origin evaluation
- Specialized and / or technical repair and / or evaluation firms
- Contractors and / or mitigation companies utilized as experts
- Ladder or roof assists
- Outside or specialized legal resources

The Adjuster should use the following guidelines and *Citizens'* procurement requirements when considering external resources:

- Management approval should be obtained prior to engaging an external resource, if the anticipated costs exceed the Adjuster's expense authority
- Document the rationale for use of the external resource to include:
  - Specific services or duties directed
  - Anticipated costs and / or budget

## **RESERVES**

Accurate and timely reserving is a top priority at *Citizens*. Claim reserves under the coverage exposure are based upon the anticipated gross claim amount (GCA) after application of the deductible, coverages and special limits or other conditions affecting payment. The Adjuster should consider the following:

- Review, set, update and appropriately document the claim file notes with a rationale when creating a coverage exposure and adjusting reserves under the Reserve Analysis and Recommendation Activity Header
- Review the reserves and update the initial reserve as new information relevant to the loss is obtained
- Reserves for indemnity and loss adjustment expense (LAE) are reviewed and adjusted (increased or decreased) as required throughout the life of the claim as related information becomes available
- Adjust reserves in accordance with business unit directives

**Initial Indemnity Reserves** – are required by the handling Adjuster on all new losses. The Adjuster should use the following criteria in setting initial indemnity reserves:

- Reserve should be set:
  - Within ten (10) calendar days after claim assignment or
  - Within three (3) calendar days after the inspection, whichever occurs first
- Reserve should be based on:
  - FNOL facts of loss
  - First contact additional information
  - Severity
  - System-generated reserve

**Subsequent Indemnity Reserves** - The Adjuster should use the following criteria in setting subsequent indemnity reserves:

- Reserves should be adjusted:
  - Within three (3) calendar days after completing the initial and any subsequent inspection
  - Indemnity reserves should be adjusted within three (3) calendar days after obtaining any new information that is relevant to claim loss severity

**Expense (LAE) Reserves** – should follow the same criteria as outlined above in Initial and Subsequent Indemnity Reserve Guidelines, with the following exceptions:

- Set within three (3) calendar days after recognition of the need for an Expert or Task assignment
- Management approval is required if the Adjuster’s authority is exceeded

## **COVERAGE**

**Coverage Analysis / Review** - The Adjuster reviews all applicable policy limits, forms, endorsements, statutes and regulatory requirements to determine all coverages available for the loss. The Adjuster affirms coverage, partial coverage or the lack thereof with the Insured or their Representative. Managers / Supervisors are consulted as deemed necessary. The following guidelines should be followed:

- Communicate specific coverage concerns to the Insured or their Representative
- Consult with management, Claims Legal and / or other *Citizens’* resources to assist in resolving complex coverage issues
- An Initial and Subsequent Coverage Analysis should be documented in the claim file to include:
  - The appropriate policy form and applicable endorsements including:
    - Coverage Limits, Special and Sub-limits
    - Exclusions, Provisions and Limitations of Coverage
  - The direct and proximate cause of the loss and a detailed file note description of Adjuster’s opinion of causation (i.e., not "pipe break or “supply line break,” but rather what caused the break)
- A Reservation of Rights (ROR) letter should be sent to the Insured immediately upon identifying a potential coverage issue that requires further investigation
- Non-Waivers of Rights do not replace a Reservation of Rights letter but may be utilized in limited circumstances after management consultation
- Upon reopen or reassignment, the file documentation must include a coverage position reevaluation and rationale by the new handling Adjuster

**Final Coverage Decision** – Basis for final coverage decision should include sufficient documentation and explanation of the coverage position

## **SCOPE**

The agreed scope of the loss should establish both covered and non-covered damages. The telephone or field investigation based scope of loss will be determined by the unit-level procedures. Supporting photographs and sketch diagrams are to be imported with the *Xactimate* estimate. The file should be well-documented in file notes to support the scope rationale.

**Photographs** - are used to record damage, or lack thereof, and support the cause of loss. Photographs should be clear, not blurry, be annotated, detailed and include:

- Date taken and by whom
- All available exterior elevations
- Verification of the address
- Support of the damages including damage close-up and room overviews
- Undamaged areas relevant to the location of the direct physical damage; i.e., undamaged cabinet faces, continuous surfaces, etc.
- Correct labeling, correlating to the *Xactimate* Sketch
- Roof slopes and pitch for applicable causes of loss including:
  - Roof layers, drip edges, gutters, vents, jacks

**Diagrams** - Are required in *Xactimate* Sketch and should follow the roof and / or risk floor plan relevant to the damages found and / or reported. **Pod diagramming is prohibited.** Diagram should include:

- Measurements +/- 3" of actual dimensions
- Include ceiling height adjustments when appropriate
- Doors, openings, Reference Areas and Reference Blocks 32 SF or greater with the area under, behind and above factored out appropriately
  - Reference Areas / Blocks include tub and tile surrounds, cabinets and built-ins, etc.
- Point of origin and area of damage notated
- Exterior elevations when relevant to the loss or damage
- Aerial diagrams are an acceptable alternative to roof sketching in *Xactimate* if the damage has been verified by the Adjuster's inspection and photos

**Personal Property Damages** - are addressed in the claim file when coverage is afforded and the facts suggest an exposure exists. If the Insured or their Representative asserts a Personal Property claim or the investigation suggests damages relevant to the cause of loss:

- Conduct a physical inspection, if needed
- Determine if a Content Unit referral is appropriate
- Consider policy provisions with regard to Personal Property (Coverage C) Limits and Exclusions
- Complete *Citizens'* Personal Property Inventory Form (PPIF). Insured should sign the form if completing it without the Adjuster's assistance. The PPIF should include:
  - Item description, brand, serial and model number
  - Cost
  - Age
- Consider alternative forms for smaller Personal Property claims or ones adjusted through verbal (telephone) reporting
- Provide supporting ownership documentation as reasonable. This may include:
  - Receipts, credit card statements, cancelled checks
  - Photographs
  - Instruction manuals, warranty documents

- Independent appraisals or other methods / forms of documentation for high value items may be appropriate
- Consider utilization of *XactContents* as an alternate to the *Citizens'* PPIF
- Determine depreciation based on age and condition on a per-item basis.
  - **Global depreciation is prohibited**

**Loss of Use / Fair Rental Value (ALE / FRV)** - Payments are addressed in the claim file when coverage is afforded and the facts suggest an exposure exists. If the Insured or their Representative asserts a claim, or the investigation suggests an exposure relevant to the cause of loss, the Adjuster should consider the following:

- Loss of Use is payable as incurred by the Insured and comparable to the Insured's normal standard of living.
  - Consider an advance payment when the risk is not fit to live-in
  - Additional Living Expense or Loss of Use is generally payable during the reasonable Period of Restoration needed to return the Insured property to a habitable condition
  - ALE Worksheet with supporting documentation should include normal and increased cost of living expenses, such as:
    - Monthly rent, hotel / motel expenses
    - Increased utility expense
    - Increased mileage to / from temporary living accommodations
    - Food, meal and emergency household expenses
    - Pet boarding
- FRV is payable if a covered loss makes the part of the insured risk that is rented, or held for rent, not fit to live in.
  - The payment should be for the shortest time required to repair or replace that damaged section of the risk
  - This coverage is limited to twenty-four (24) consecutive months from the date of the covered loss
  - The following resources should be considered when calculating Fair Rental Value:
    - Online Rental Valuation or local rental listings
    - Preferred Housing Vendors
    - Signed Lease with supporting documentation
- The Period of Restoration should be determined at the onset of the claim and managed until repairs are completed or they may stop as soon as a portion of the repairs are completed. If an extension beyond the reasonable period of restoration is requested, the reason should be verified and documented in the file notes.
  - The Adjuster should include an initial Period of Restoration agreement or understanding with the Insured, their Representative and / or servicing contractor
  - The file notes should be updated appropriately throughout the ALE / FRV process

## **TECHNICAL ESTIMATE**

*Citizens* currently utilizes the *Xactimate* Estimating Program to assist in the preparation of property damage estimates. All estimates should be written in a line item format and categorized into individual rooms with no 'lump sum' categories.

- The completed estimate with photos and sketch for the undisputed damages should be uploaded within five (5) calendar days after the inspection / assessment

- For Large Loss, the upload requirement is twenty-one (21) calendar days after the inspection / assessment involving "Coverage A" Dwelling and / or Building for estimates greater than (>) \$50,000. The Commercial expectation is also twenty-one (21) calendar days
  - Any delay in meeting this guideline should be supported with file documentation

**Insured's Submitted Estimates and Bids** - Contractor's (including Emergency Services) itemized estimates, invoices and contracts should have a comparative line item estimate completed by the Adjuster to verify the correct pricing and cost evaluation is being used.

- Any submissions should be reviewed and addressed within three (3) calendar days of receipt
- If upon completing the comparative estimate, the contractor's bid and / or itemized estimate is deemed to be acceptable, the agreed amount should be added to the final *Xactimate* estimate as a single line item entry with an *Xactimate* line item note explanation.
  - The comparative estimate is to be uploaded into electronic file documentation
- A file or *Xactimate* note should be added to explain the cost comparative analysis

**Estimate Line Items** - It is recommended and preferred that all *Xactimate* material and line item descriptions not be manipulated, changed or revised. If a line item description is determined to be ambiguous, it is recommended that an *Xactimate* note is entered to support the line item. Adjusters should consider the following when preparing an *Xactimate* estimate:

- **Price List** - Utilize the default *Xactimate Assignment Received* price list aligned to the appropriate risk zip code.
  - Reopens and / or supplements may require a more current price list for new and / or adjusted line items aligned to the period of time that evolved from the time of the initial estimate
- **Repair vs. Replace** - The estimate should include labor and materials relevant to the direct physical damage incurred.
  - Adjustments should be considered between reparability vs. replacement. The Adjuster should use care with regard to the potential for undamaged items, duplication of items and overlap of estimate items
  - Material Quality – It is vital that the Adjuster reviews line item definitions for each quality style to determine the closest matching replacement product
    - Material grade ratings utilized other than Average Grade should be explained in the *Xactimate* or file notes and / or supported with photographs
- **Labor Hours** - Labor assumptions are included in most *Xactimate* line items. Labor hours to supplement a line item are normally not permissible. If there is an exception, the Adjuster should support the inclusion with photos and an *Xactimate* line item or file note.
  - Utilize *Xactimate* line item descriptions to determine the labor assumptions included in the trade
- **Matching / Uniformity** - Adjusters should estimate damages and repairs on a claim-by-claim basis when there is a question of matching surfaces to undamaged adjoining areas. Adjusters should consider, address and document all factors involved, including but not limited to the repair and replacement costs of undamaged areas, uniformity and the remaining useful life of undamaged areas and Florida governing statutes. The following should be considered when addressing uniformity:
  - Closed doorways and other natural breaks
  - Continuous or vertical runs of tile, wood or laminate flooring
  - *State of Florida Matching Statute 626.9744*, which can be found at: <https://www.flsenate.gov/Laws/Statutes/2011/626.9744>

- This statute is not applicable to Commercial losses
- Cabinets:
  - Attempt to match damaged section with like kind and quality
  - Rebuild boxes, reuse doors and / or faces, reface, replace doors only, etc.
  - Detach and reset undamaged cabinet hardware when applicable
- Siding:
  - Attempt to match damaged section or elevation with like kind and quality
  - *ITEL* should be utilized to determine product availability by manufacturer, style, name and other same physical specifications
  - Harvesting from an alternate elevation
- Floor Covering:
  - Doorways with closable doors
  - Transition strips
  - Staircases, steps or multi-levels
- Paint:
  - Corners, door openings (with or without doors), trims or moldings
  - Material transitions such as drywall to tile
- **Remediation (Water)** - Adjusters should consider the following when estimating for remediation of water intrusion:
  - If professional water mitigation services have been initiated, the Adjuster should contact the water mitigation company to secure photographs, drying logs and the itemized invoice for services rendered.
    - A comparative estimate should be written to support if submitted charges are reasonable and customary
  - If water mitigation efforts were completed by the Insured or occupant, and the home has no visible wet surfaces upon inspection, the Adjuster should write a labor estimate (LAB LBR) and consider materials purchased and / or drying equipment rented, based on Insured-provided receipts
  - If structure components are wet upon inspection, the Adjuster should advise the Insured or their Representative of his / her duties to mitigate, verbally and in writing, and address appropriate mitigation efforts in an *Xactimate* estimate
- **Remediation ("Fungi," Wet or Dry Rot, Yeast or Bacteria)** - If mold, mildew and / or rot is present, the Adjuster should notify the Insured or their Representative of their duties to mitigate any further damage. Adjusters should also consider the following:
  - Determination of coverage should be completed based on the facts of loss, under the specific policy of coverage
  - A Reservation of Rights letter should be considered, if applicable
  - If coverage is afforded and the Insured or their Representative has engaged a contractor or professional mitigation company for the mold remediation, the Adjuster should complete a comparative estimate to verify their estimate totals are reasonable and customary by:
    - Factoring *Xactimate* line items following *IICRC* water remediation protocol guidelines and broken out separately from any items unrelated to the mold remediation
- **Remediation (Asbestos and / or Lead Paint)** - Asbestos and lead paint claims should be evaluated on a claim-by-claim basis.

- If these items are discovered as part of a covered cause of loss, the remediation, containment and disposal should be factored as mandated by governmental authority to facilitate repairs. *Citizens* management should be notified immediately upon recognition
- **Drywall** – Adjusters should consider the following when estimating for drywall:
  - Many drywall applications include texture. Adjusters should review *Xactimate* line item definitions closely to avoid duplication of texture line items for walls and ceilings
  - The Adjuster should verify the drywall thickness (*DRY ½* vs *DRY 5/8*) and use the appropriate code. The following are common examples of drywall line items:
    - (*DRY ½*) *Ready For Paint*
    - (*DRY ½-*) *Ready for Texture*
    - (*DRY ½+*) *Heavy Texture, Ready for Paint*
    - (*DRY ½++*) *Smooth Wall Finish*
    - (*DRY FT*) *Hung and Fire Tape Only*
    - (*1/2 H*) *Hung Only (with no tape or finish)*
    - (*DRY LF*) *up to 2 feet (when drywall has been removed on the lower portion of the walls)*
- **Paint** – Adjusters should consider the following when estimating for paint:
  - When drywall is replaced, the newly installed drywall should be painted with a sealer (*PNT S* or *PNT S<*) and all walls painted with one (1) coat of paint (*PNT P*)
  - Rooms with large or long walls and those with large amounts of natural light such as a great room that may require more than one (1) coat of paint. Extra coats should also be considered when walls are custom painted, have an unusual finish or when there is an appropriate reason. The reason for the extra coat(s) should be explained in an *Xactimate* line item or file note
  - When plaster is replaced, all repaired walls and / or ceilings may also require two coats of paint due to the differing absorption rates of plaster vs. drywall
  - While *Xactimate* includes some content manipulation factored into the unit cost price of paint line items, rooms with a large number of items or with very large items may require additional personal property manipulation (*CON ROOM<*, *ROOM*, *ROOM>*, *ROOM>>*)
  - An allowance for extra masking may be appropriate in rooms with chair rails, picture rails, base and crown moldings (*PNT MASKLF*, *MASKLFT*)
  - Switch / outlet covers and dropping of standard light fixtures are included in the unit cost price of paint line items in *Xactimate*
  - Professional painters normally use their own, reusable canvas drop cloths to protect floors. If additional protection is required, consider *PNT MASKSF* calculated by the SF of the floor and / or *CON PROT* by SF for the area of the manipulated contents that may remain in the affected room
  - Exterior paint and waterproofing coverage may not be afforded on Wind-only policies. Please refer to applicable policy provisions
- **Wall and Ceiling Texture** – Adjusters should consider the following when estimating wall and ceiling texture:
  - The accepted repair technique for popcorn ceiling texture is to scrape and re-texture the entire ceiling (*DRY AC*). When applying popcorn texture, the surface should first be sealed (*PNT S*) as a separate operation to allow the proper adherence of the popcorn texture

- Masking the LF of walls (*PNT MASKLF*), SF of the floors (*PNT MASKSF*) and light fixtures / ceiling fans (*PNT MASKL- / MASKL*) should be factored when applying popcorn texture to a ceiling
- **Plaster** – Adjusters should consider the following when estimating plaster since there are many types of plaster / lath combinations:
  - Determine the correct grade and / or makeup of the wall or ceiling surfaces. If the Adjuster is unable to determine the type of lath, 1/2" gypsum blue board (*PLA G2*) should be factored
  - When estimating to repair an isolated area of plaster on a wall or ceiling surface, estimate for the actual square footage of repair and include for a thin coat of plaster (*PLA THIN*) over the entire surface of the wall or ceiling that is being replaced
- **Wallpaper** – Adjusters should consider the following when estimating wallpaper:
  - If any portion of wallpaper is damaged, the wallpaper to all adjacent walls should be removed and replaced. Should any of the adjacent walls continue without a natural break into any adjoining room(s), the adjoining room(s) walls should also have the wallpaper removed and replaced
  - The wallpaper price in *Xactimate* does not include prep work (*WPR PREP*) when it is installed over surfaces where the old wallpaper was located
- **Flooring (Roll Carpet and Sheet Vinyl)** - The following methods of calculation should be used to determine the quantity of roll carpet and sheet vinyl flooring:
  - *Xactimate's Floor Wizard* tool in Sketch
  - The "Drop and Fill" method – should be supported with rationale in an *Xactimate* line item or file note
  - ***Xactimate's 15% flooring waste default for these items is strictly prohibited***
  - The *Xactimate Floor Wizard* tool preferences should be set to Use Scrap
  - *ITEL* should be utilized for the replacement of roll carpeting and vinyl sheet goods when one, or more, of the following evaluation criteria exist:
    - 240 SF or more
    - Floor covering other than average grade (*AV*), without documentation detailing the quality rating
    - A dispute exists regarding the quality rating and / or replacement cost
    - Adjusters should factor the *Xactimate FCC (FCV, FCW) NFCP* code that automatically adjusts to the labor assumption by zip code; however, the *ITEL* material cost must be input through the *Components* tab
  - The appropriate code to address additional layers of vinyl is *FCV AVALR*
  - The vinyl flooring replacement does not include prep work (*FCV PREP*) when it is installed over surfaces where the old vinyl was located
- **Flooring (Wood)** - Typically sand-in-place hardwood floor refinishing involves two coats of finish which is included in *Xactimate FCW FIN / FIN+* codes.
  - The Adjuster should support if additional coats of finish (*FCW FINADD*) are required
  - Adjusters should consider a dustless sanding upcharge (*FCW FINDS*) in order to minimize the amount of dust inherently created in this trade to avoid the necessity for additional post-construction clean-up
  - Designs or diagonal installation may require additional cost. Consider adding for diagonal installation such as *FCW (FCT, TIL) DIAGADD*

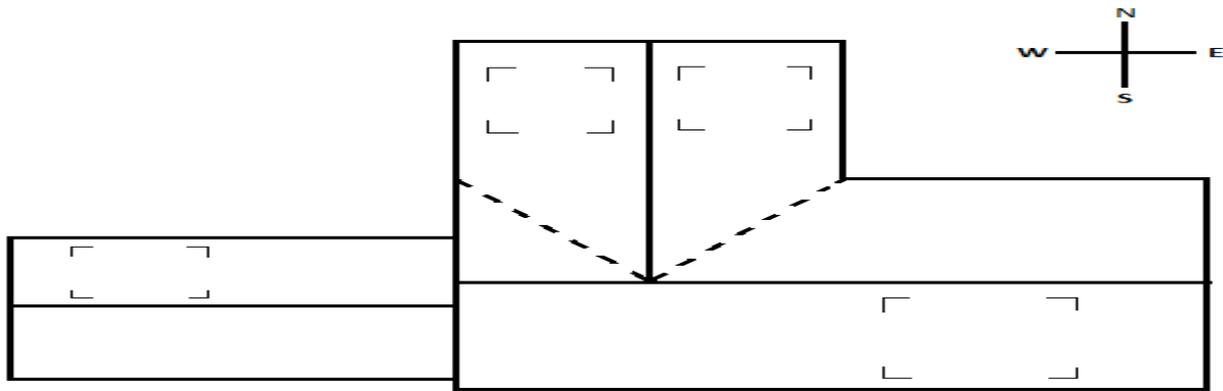
- When carpet is laid over hardwood and both are damaged to the extent that they cannot be cleaned or repaired:
  - Replace the carpet
  - Repair hardwood with like kind and quality
    - Sanding and refinishing is not required as this flooring is considered abandoned
- **Tile, Marble, Stone** - The Adjuster should consider the following when estimating these items:
  - Mortar beds (*FCT MORTAR*) and cement backer board (*FCT BCEM1/4*) are typically not included in *Xactimate* tile line items and should be considered when necessary
  - Additional labor cost may be required when removing tile, mortar, thinset or mastic from a concrete slab, terrazzo or other solid foundation substrate. Factor such codes as *FCT CNCRM* when necessary
  - Discolored grout can be replaced, repaired and / or cleaned (*TIL, FCS and FCT GROUT*)
- **Roofing** - All claims involving potential roof damages must be inspected. If damages are determined to be causally related to the loss, it is expected that all roofs and slopes be measured and diagramed. It is vital for Adjusters to determine and document if the remaining roofing system or roof section meets the local building code or would require upgrade. This rule applies to individual roof sections separated or divided by such items as parapet walls, elevation differences, varying roof types, expansion joints and some flashing types.
  - If Ordinance or Law coverage is contracted within the policy, consider the applicable Florida Building Code statute below:

**The Florida Building Code 25% Roof Replacement Rule** - applies to the repair, replacement, or recovering of existing roofs throughout the State of Florida. The rule states the following: “Not more than 25% of the total roof area or roof section of any existing building or structure shall be repaired, replaced or recovered in any twelve (12) month period unless the entire roofing system or roof section conforms to the requirements of this code.”

Adjusters should consider the following when adjusting roof claims:

- **Wind** - Generally, shingles that are unsealed, with no other signs of damage, would not be considered wind damaged. In many cases unsealed shingles are the effect of nail pops, faulty installation, mechanical damage or deterioration and not always the result of wind effects
- **Hail** - Generally, composition shingle hail damage can be identified as:
  - Surface indentations and or fractures
  - Granule loss at or near the surface depression
  - Radiating cracks
  - Exposed / fractured fiberglass mat

All roofing claims involving hail damage should include a 10' x 10' test square outlined in chalk, photographed and documented on each directional slope of the affected roof surface as shown below:



Adjusters should also document and photograph the condition and presence of hail impact on other potentially affected surfaces such as siding, gutters, downspouts, vents, windows, window screens, trims and HVAC fins.

- **Soft Metals** - It is permissible to include replacement of soft metals (flashings, drip edges, pipe jacks, ridge, off-ridge and turtle vents) when replacing a roof. Review the *Xactimate* item descriptions for the shingle tear-off as it may include the removal of some soft metals
- **Ridge Cap** – Many *Xactimate* shingle tear-off line items include removal of the ridge cap. Review the *Xactimate* item descriptions to confirm:
  - Ridge cap replacement for a 3-tab shingle should not be factored as a separate line item. Replacement is factored into the shingle waste
  - Ridge cap replacement (*RFG RIDGC / RIDGC+*) for architectural / dimensional shingles should be factored as a separate line item. It cannot be cut from the waste shingles
- **Haul-off / Disposal** - Roofing line items such as RFG 240, 300, ARMV, include allowance for haul-off, disposal and a dumpster
- **Steep and High Charges:**
  - Steep charges (*RFG STEEP, STEEP>, STEEP>>*) should be factored for 7/12 or greater pitches for the actual squares of the roofing area affected
  - High charges (*RFG HIGH*) should be factored for those slopes where roof access is two (2) stories or greater
- **Roofing Waste** - Replace shingles at the actual squares rolled up to the nearest bundle on applicable roof or slope, plus the correct manual waste factor.
  - Allow 10% waste on a standard gable roof
  - Allow 15% waste on a standard hip roof
  - *Xactimate* includes 5% waste in the unit cost price for roll (peel & stick) roofing (*RFG RL*)
  - Allow a 20% waste factor on a tile roof to allow for tile breakage
  - Factor the actual SF or SQ on a Metal Roof replacement. *Xactimate* factors waste into the unit cost price
  - Steep and High access charges apply to the actual SQ's on the roof with no waste applied
  - Felt should be estimated at the exact SF with no additional waste

- **Roofing Miscellaneous:**
  - Consider the need to detach & reset roof mounted satellite dishes as required. Use *Xactimate* code *ELS DISHRS*. Recalibration and alignment is normally not required as most roofers can remount in the exact location
  - Consider underlayment of 30# Felt (*RFG FELT30*) or *ASTM D226 Type II* equivalent – required building code due to Florida high velocity hurricane zones (*HVHZ*)
  - Additional shingle layer line item such as *RFG ADDR MV* should be factored when estimating for the removal of multiple layers of shingles
  - Starter rows are included in shingle waste and should not be factored as a separate line item
  - The Adjuster should perform a brittleness test of the shingles and support with photographs and file note documentation when applicable
  - The Adjuster should consider footfall damage allowance in the estimate if applicable
  - If the Adjuster experiences a limited access situation due to steep, high or other safety concerns, they should request management authority for a ladder and / or access assist
  - Consider ground-level pedestrian and / or building perimeter barricades as needed
  
- **Fencing** – Adjusters should determine the applicable policy settlement provisions regarding RC / ACV when adjusting fence damages. The Adjuster should consider the following when estimating fencing, to the nearest linear foot:
  - Repair = section, partial run or post-to-post
  - Replacement = entire run or post-to-post
  - Run = end post-to-end post / corner-to-corner
  
- **Tree & Tree Debris Removal** – Tree and tree debris removal should be categorized into two separate line items for all losses as applicable under the specific policy of coverage. Adjusters should consider:
  - The cost to remove the tree from the covered structure (*DMO TREEHR*) and place that portion of the tree onto the ground to facilitate necessary repairs
  - The cost to remove that portion of the tree debris off the premises or location (*DMO TREE*) and consider:
    - Stump grinding is included in the tree debris removal limit
    - Labor cost to move tree debris to street for city / municipal pickup, versus offsite tree removal, if applicable
  
- **Debris Removal** - Debris removal should be put into individual line items to reflect the accurate cost associated with the removal of debris from the loss location. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, refer to policy form to determine if an additional 5% of that limit of liability is afforded.
  - When the job requires more than the typical pickup truck (*DMO PU*) or dump truck (*DMO DTRUCK*), consider the following guide on standard size dumpster parameters:

**10, 12, & 15 Yard Dumpster / Roll Off**



**Ideal For:** approximately 2-3 tons  
Basement cleanout  
Small deck removal  
Small kitchen remodeling  
Bathroom remodeling  
20 squares of shingles, or  
2,500 sf of drywall, or  
1,400 sf of vinyl or aluminum siding  
275 sy of carpet or pad

**20 Yard Dumpster / Roll Off**



**Ideal For:** approximately 4 tons  
Large basement cleanup  
Large attic cleanup  
Flooring and carpet removal  
300-400 sf deck removal  
Large house shingle removal  
40 squares of shingles, or  
5,000 sf of drywall, or  
2,800 sf of vinyl or aluminum siding  
550 sy of carpet or pad

**30 Yard Dumpster / Roll Off**



**Ideal For:** approximately 5 tons  
Major home renovations and additions  
New home construction  
Garage demolition  
Siding replacement of small to medium sized home  
60 squares of shingles, or  
7,500 sf of drywall, or  
4,200 sf of vinyl or aluminum siding  
825 sy of carpet or pad

**40 Yard Dumpster / Roll Off**



**Ideal For:** approximately 6 tons  
Window or siding replacement for a large home  
Commercial clean out  
New construction or major addition  
Large amount of trash, paper, or cardboard  
80 squares of shingles, or  
10,000 sf of drywall, or  
5,600 sf of vinyl or aluminum siding  
1,100 sy of carpet or pad

Figure 1 Dumpster Guide

**Shingle Debris General Rule: 2 squares per yard dumpster due to weight**

Entire house without foundation, 1 sf = 0.06 cu yard (2000 sf x 0.06 cu = 120 yards)

Entire house with foundation, 1 sf = 0.1 cu yard (2000 sf x 0.1 cu = 200 yards)

**Example Material – Pounds per Cubic Yard**

Solid Sawn Wood – 267

Engineered Wood – 280

Drywall – 400

Cardboard – 30

Metals – 150

Vinyl (PVC) – 150

Masonry – 1,000

Paints, Caulks, etc. – 167

Mixed Wastes – 95

- Consider, if applicable, *DMO* labor hours for cartage of debris transport to onsite dumpster

**Estimate Components**

- **Overhead and Profit** - should be considered when the coordination of repairs by a General Contractor would reasonably be required:

- O & P should be calculated as 10% overhead and 10% profit, not cumulative
- Most contractor's estimates include overhead, profit and tax in their calculations; therefore, the Adjuster should verify that these costs have / have not already been included and adjust the line item entry as required to avoid any duplication
- Generally, O & P is **excluded** from the following trades, if not being supervised by a GC:
  - Emergency Services
  - Water Mitigation
  - Personal Property cleaning
  - Dwelling cleaning
  - Personal Property pack-out
  - Work performed by Insured
  - Roofing only project
  - Flooring only project
- **Labor Minimums** - *Xactimate28* Labor Minimums will automatically adjust the labor component for all same-trade totals to make sure there is enough labor allocated to complete the repairs. Adjusters should consider the following:
  - The *Citizens'* Profile should be set to Apply Labor Minimums
  - Once the estimate is complete, each individual Labor Minimum charge should be reviewed by the Adjuster and a determination made whether it is applicable. If the Labor Minimum does not apply, the Apply should be unchecked.
    - If a single tradesperson is expected to perform the task(s), the Labor Minimums may need to be turned off
- **Sales Tax** - Tax Jurisdiction in *Xactimate* estimate Parameters is factored based on location of the risk. The Adjuster should be familiar with the applicable sales tax that can vary from county to county
- **Depreciation** - *Citizens* does not maintain nor authorize a depreciation guide. When the Adjuster evaluates replacement items subject to depreciation, the following factors are considered:
  - Depreciation should be determined on the remaining useful life on a per-item basis
  - Rationale should be documented to support Adjuster's determination
  - The *Xactimate* Depreciation selector should be set at the Age / Condition, the approximate Purchase Date entered and Condition selected
  - Maximum depreciation is 80%
  - **Global depreciation is strictly prohibited**
  - Structural items such as framing, concrete, sub-surfaces, roof decking, and rough-in electrical and plumbing are normally not subject to depreciation
  - Repaired items are not normally depreciated; however, cabinet faces should reflect depreciation if refacing is estimated
  - Applicable depreciation on building estimates, as well as personal property items are in accordance with *Citizens'* policy language and *Florida Statute 627.702* which should be reviewed and closely followed in the case of a fire, lightning or constructive total wind losses
  - The Release of Recoverable Depreciation or Holdback should be considered under the following circumstances:
    - When the amount of the Recoverable Depreciation is \$1,500 or less
    - Receipt of a signed repair contract
    - Receipts, invoices, photos and / or documentation received confirming repair or replacement has been completed

- **Ordinance or Law** – For policies with Ordinance or Law coverage, please refer to the specific policy provisions regarding the limit of liability, pursuant to any state, county or municipal law requirement. Ordinance or Law coverage must be enforced and incurred
- **Permits and Fees** - Permits and fees should be paid based on actual costs documented by the repair contractor or estimated based on the municipal jurisdiction building code requirements. If such charges appear excessive, they should be supported via on-line local city / county websites or the local building code enforcement office

## **NEGOTIATION AND SETTLEMENT**

**Settlement and Payment** - The Adjuster should adhere to the following settlement guidelines:

- Attempt to reach an agreed 'scope and damage' estimate with the Insured or their Representative.
  - If an agreed scope cannot be obtained, the Adjuster should issue payment of the undisputed covered damages determined at the inspection
- Appropriate steps to conclude the loss should be facilitated and documented with rationale in the file notes. This may include:
  - Acknowledging relevant correspondence associated with coverage or damages
  - Negotiation upon receipt of estimates, invoices, receipts or other documentation from the Insured or their Representative
- All supporting documentation submitted is to be reviewed and acknowledged within the timelines mandated by *Citizens* and the applicable Florida Statutes.
  - *Florida Statute 627.70131* states fourteen (14) calendar days from receipt to respond to written correspondence
- Protect the interests of Lienholders, Mortgagees, Additional Insureds, Insured's Representatives
- Calculations should be factored based on:
  - Scope of covered damage
  - Applicable deductible
  - Policy and / or Special Limits
  - Actual Cash Value (ACV) vs. Replacement Cost Value (RCV) with consideration of:
    - *Florida Statute 627.702 Valued Policy Law* should be reviewed and adhered to in the event of a total loss, or a partial fire or lightning loss. *Citizens'* liability is the actual amount of the loss but shall not exceed the amount of insurance specified in the policy
    - *Florida Statute 627.7011* should be reviewed and adhered to in the event of a partial loss and / or when a Law or Ordinance claim is presented. *Citizens* should initially pay the actual cash value of the loss less any applicable deductible. *Citizens* shall pay any remaining amounts necessary to perform such repairs as work is performed and expenses incurred
- Payment shall be issued within fifteen (15) calendar days after there are no longer factors beyond the control of *Citizens* which reasonably prevents such payment per *Florida Statute 627.70131*.
  - Care should be taken to ensure payment is mailed to the correct party and mailing address

**Discussion with Insured** - The Insured or their Representative must be contacted to discuss settlement prior to issuing any indemnity payment(s), or full denial / partial exclusion letters. The following procedures should be considered during the settlement 'voice-to-voice' review:

- Review coverage with Insured or their Representative as it applies to the settlement.
  - Explain any exclusions, limitations and partial or full denials
- Review scope and damage estimate
- Explain payment amount, including:

- Other payees / additional interests
- Recoverable and Non-recoverable Depreciation holdback process
  - Depreciation is withheld when the amount of the Recoverable Depreciation is \$1,500 or greater
- Applicable deductible:
  - All peril
  - Wind
  - Sinkhole
- Policy and / or Special Limits
- Address any remaining open items
- Explain the need to advise *Citizens*, prior to engaging the repairs, if their contractor's repair estimate exceeds *Citizens*' damage estimate
- Explain Subrogation / Salvage process, if applicable
- Document settlement discussion in file notes utilizing the correct activity header (*Settlement review with PH / REP*)
- Verify the Insured or their Representative understands all aspects of the settlement

**Negotiated Settlement Agreement** – When a claim is resolved through a negotiated settlement agreement, *Citizens* must adhere to the specific terms of the agreement and ensure all terms are met in a timely fashion. The specific terms of the negotiated settlement agreement control and supersede the Conditions of the policy of insurance. In the event that a negotiated settlement agreement is reached, the specific terms of the agreement must be documented in written form and executed by all parties

**Release of Recoverable Depreciation** – Holdback is released as follows:

- Submission of an Insured's signed 'certificate of repairs completion' form, provided by the servicing vendor, paid receipts / invoices, other documentation and photos supporting completion of repairs / replacement
- Onsite reinspection confirms repairs / replacement completed
- Upon receipt of signed contract / work authorization / certificate of completion from a licensed contractor conducting repairs

### **Expense / Vendor Payment**

- Vendor invoices should be reviewed for accuracy and appropriate for the services requested
- Vendor expense invoice(s) should be uploaded and payment issued within fourteen (14) calendar days of receipt and prior to file closure

## **FILE MANAGEMENT**

**Documenting the Claim File** - Properly documenting the claim file and activity file notes is an essential part of the claims process. Accurately entering all documentation and activities, on a timely basis, provides a vital means to monitor and assure exceptional customer service to our Insureds.

- **Activity Note Quality** – The following should be adhered to in the utilization of claim file notes:
  - ClaimCenter Topic Headers are to be utilized for ease of navigation:
    - All triggered system-generated Topic Headers should be completed
    - Any other Topic Headers should be utilized as appropriate
  - Avoid cutting and pasting pre-filled templates
  - Avoid duplicating content from prior entries / templates
  - All content should be professional, concise and easy to read:
    - Refrain from entering personal comments

- Entries should contain factual observations and be void of personal opinions or mental impressions
    - Use CPIC-approved or industry-accepted abbreviations that are well known and understood
  - File notes should be sufficiently documented to allow:
    - A clear understanding of the claim investigation
    - Explanation of how the settlement was achieved
    - An analysis of applicable coverages
    - A description of mitigation and repair or replacement efforts
  - File notes outlining and correctly documenting all Indemnity payments, including:
    - Building, Personal Property, Loss of Use, Fair Rental Value
    - Advance payments
    - ACV and RC payments
  - Details of a ‘voice-to-voice’ conversation with the Insured or their Representative regarding the claim settlement and amount(s) or a denial of coverage
  - Claims personnel are responsible for documenting compliance within the expectations of any Business Unit protocol
  - Factors, beyond the control of *Citizens*, causing a delay in the settlement, payment or closure of a file must be outlined
- **Timeliness of Activity Notes** – Activity notes should not be backdated and be entered timely. The following timelines should be adhered to or the file documented as to why these timelines cannot be met:
  - Claim should be reviewed and updated at a minimum of every ten (10) calendar days
  - Update the file notes with details of the inspection within two (2) calendar days after completion
  - Document reserves as outlined in the ‘Reserve’ section of this document to meet required timelines
  - Enter a Recorded Interview Summary within two (2) calendar days of completing the recorded interview. Summary should include at a minimum:
    - The name of the interviewer and the interviewee
    - Pertinent facts regarding the loss including but not limited to:
      - Cause of loss
      - Damages
      - Timeline of events
      - Witnesses
      - Contributing parties
      - Mitigation efforts
    - Any other information that may be relevant or applicable during a coverage determination, analysis or review
- **Activities** – The following *ClaimCenter* Activity guidelines should be adhered to:
  - Parties and other relevant information should be added and / or updated upon knowledge or receipt
  - The AOB coding flag in the *ClaimCenter* Status screen should be properly utilized when an Assignment of Benefits from a Mitigation or Repair Contractor is received or reflected
- **Documents** - Documentation of the investigation and damages should be uploaded to the claim file. This supporting documentation may include, but not be limited to:
  - Recorded interviews (.wav)
  - Police, Fire and Weather Reports

- External resource reports
- Photographs
- Receipts, estimates, contractor or repair invoices
- Lease agreements / ALE worksheets
- PPIF Forms
- Underwriting Risk Referrals

The following documentation guidelines should be adhered to:

- Upload to the file within two (2) calendar days of receipt
  - Recorded Interview should be uploaded within two (2) calendar days of completing the interview
- Properly date and rename for clarity, if appropriate
- Link to individual file activity notes for support and reference as needed, including but not limited to:
  - Estimates from Insured or Insured's Representative
  - Letters of Representation, Assignments of Benefits
  - Vendor and expert reports
  - Vendor and expert invoices (Adjuster LAE invoices should be linked in the Activity)
  - Appraisal requests
  - Police and / or Fire Reports

Note: When a previously closed claim is re-opened and re-assigned, all documents received since initial closing are to be appropriately renamed and linked

- Upload *Citizens* estimate of undisputed damages with photos and diagram within five (5) calendar days after the inspection / assessment
- For Large Loss, the upload requirement is twenty-one (21) calendar days after inspection / assessment involving "Coverage A" Dwelling and/or Building for estimates greater than (>) \$50,000. Commercial requirement is also twenty-one (21) calendar days
  - Any delay in meeting this guideline should be supported with file documentation
- **Adjuster-initiated Management Interaction** – The Adjuster should engage *Citizens'* management as appropriate. Requests can include but are not limited to:
  - Approval and retaining of external resources, and management of the process
  - Interaction between the Adjuster and Manager involving reserves, expense payments, etc.
    - When the Adjuster's personal authority is exceeded, an automated function of *ClaimCenter* requires the Manager to review and make a determination of said request via a 'workplan' generated activity
  - Requests for Roundtables
  - Insured or their Representative's inquiry or complaint escalation and its resolution
  - Coverage opinion or file escalation and resolution
  - Response to management requests
- **Management Interaction** - Claims management is to be consulted and Managers / Supervisors are to provide direction as appropriate. All management direction is to be clearly detailed in the claim file by an acting Manager / Supervisor. The following is required:
  - Proper and correct guidance given by management
  - Requests should be responded to and documented within three (3) calendar days
  - Management is required to provide a claim file "note" status update every fourteen (14) calendar days until claim closure or reassignment of claim file. File 'note' should include 'Topic' heading of: '**Management Review**' and 'Subject' as '**File Status Update**'. In the event of Large Loss, Commercial or Mediation / Appraisal claims, Management status updates should indicate follow-up or diary dates if a fourteen day update is not reasonable

- **Statutory Compliance** – *Citizens* is required by the State of Florida and applicable statutes to properly acknowledge, investigate, correspond with the Insured or their Representative and provide timely claim payments. Claims personnel should be familiar with and document the file with regard to the following:
  - Timely claim acknowledgement
  - Setting inspection appointments
  - Investigation timeline requirements
  - Correspondence response time requirements
  - Required payment timelines

*State of Florida Statutes* can be found at: <http://www.leg.state.fl.us/statutes/>

- **Claim Invalidation** - Occasionally, claims are received that should not have been set up or were set up incorrectly. These claims may qualify for 'invalidation' if they meet any one of the criteria outlined below:
  - **Criteria for an Invalidated Claim**
    - Duplicate claim
    - Claim filed on incorrect policy
    - Claim filed by third party without knowledge or consent of the Insured
    - Claim filed without the consent of the Insured, by an Adjuster working for *Citizens*
    - Claim filed as a first-party / property damage claim that should have been filed as a third-party / liability claim

Claims without Indemnity payments that meet one or more of the above criteria may be invalidated. These claims are to be referred to a *Citizens'* Manager for submission of the invalidation request. (Expense payments are permissible on these files)

**EXHIBIT B - CITIZENS' APPLICANT  
BACKGROUND REVIEW GUIDE**

5/28/2015

<b>Felony Offenses</b>		<b>Not Eligible</b>			
Misdemeanor Offenses	Automatic Disqualifier Conviction of Single Misdemeanor Offense	Conviction of Single Misdemeanor Offense Within Past 24 Months	Conviction of Single Misdemeanor Offense greater than 24 Months	Conviction of any Combination* of Two (or more) Misdemeanor Offenses in Past 5 Years	Conviction of any Combination* of Three (or more) Misdemeanor Offenses in Past 10 Years
Affray or Unlawful Assembly		Not Eligible	Eligible	Not Eligible	Not Eligible
Assault		Not Eligible	Eligible	Not Eligible	Not Eligible
Alcohol Possession by Person Under 21		Eligible	Eligible	Eligible	Not Eligible
Battery (Not Involving Domestic Violence)		Not Eligible	Eligible	Not Eligible	Not Eligible
Battery Involving Domestic Violence		Not Eligible	Eligible	Not Eligible	Not Eligible
Battery of or Threatening a Law Enforcement Officer or Public Official in the Performance of His/Her Duties		Not Eligible	Eligible	Not Eligible	Not Eligible
Carrying a Concealed Weapon/Firearm		Not Eligible	Eligible	Not Eligible	Not Eligible
Computer Crimes		Not Eligible	Eligible	Not Eligible	Not Eligible
Contributing to the Delinquency or Dependency of a Child	Not Eligible				
Criminal Mischief or Vandalism		Not Eligible	Eligible	Not Eligible	Not Eligible
Cruelty to Animals		Not Eligible	Eligible	Not Eligible	Not Eligible

Misdemeanor Offenses	Automatic Disqualifier Conviction of Single Misdemeanor Offense	Conviction of Single Misdemeanor Offense Within Past 24 Months	Conviction of Single Misdemeanor Offense greater than 24 Months	Conviction of any Combination* of Two (or more) Misdemeanor Offenses in Past 5 Years	Conviction of any Combination* of Three (or more) Misdemeanor Offenses in Past 10 Years
Dealing in Stolen Property Valued at Less than \$300 <b>Over the Internet</b>		Not Eligible	Eligible	Not Eligible	Not Eligible
Discharging Firearm in Public		Not Eligible	Eligible	Not Eligible	Not Eligible
Driving or Boating Under the Influence		Not Eligible	Eligible	Not Eligible	Not Eligible
Driving While License Suspended or Revoked		Not Eligible	Eligible	Not Eligible	Not Eligible
Failure to Pay Taxes		Not Eligible	Eligible	Not Eligible	Not Eligible
No Driver's License or Violation of License Restrictions		Not Eligible	Eligible	Not Eligible	Not Eligible
Disorderly Conduct, Disorderly Intoxication, Breach of Peace, Disruption of School Board Meeting		Eligible	Eligible	Eligible	Not Eligible
Failure to Control or Report Dangerous Fire		Not Eligible	Eligible	Not Eligible	Not Eligible
False Personation or Impersonation of Law Enforcement Officer	Not Eligible				
False Reports to Law Enforcement/ False Fire Alarms	Not Eligible				
Firearms or Weapons Offenses		Not Eligible	Eligible	Not Eligible	Not Eligible

Misdemeanor Offenses	Automatic Disqualifier Conviction of Single Misdemeanor Offense	Conviction of Single Misdemeanor Offense Within Past 24 Months	Conviction of Single Misdemeanor Offense greater than 24 Months	Conviction of any Combination* of Two (or more) Misdemeanor Offenses in Past 5 Years	Conviction of any Combination* of Three (or more) Misdemeanor Offenses in Past 10 Years
Fireworks Possession or Discharge		Eligible	Eligible	Eligible	Not Eligible
Fish and Game (Hunting) Violations		Eligible	Eligible	Eligible	Not Eligible
Fraudulent Misrepresentation of Academic degree	Not Eligible				
Gambling or Unlawful Betting		Eligible	Eligible	Not Eligible	Not Eligible
Indecent Exposure		Not Eligible	Eligible	Not Eligible	Not Eligible
Inhalation of Harmful Chemical Substances to Induce Intoxication		Not Eligible	Eligible	Not Eligible	Not Eligible
Insurance Crimes (Unfair Claim Settlement Practices, Twisting, or Churning)	Not Eligible				
Unnatural and Lascivious Acts	Not Eligible				
Loitering or Prowling		Not Eligible	Eligible	Not Eligible	Not Eligible
Obstruction by Disguised Person		Not Eligible	Eligible	Not Eligible	Not Eligible
Perjury When Not in Official Proceeding	Not Eligible				
Possession or Delivery of Under 20 Grams of Marijuana		Not Eligible	Eligible	Not Eligible	Not Eligible
Possession of Drug Paraphernalia		Not Eligible	Eligible	Not Eligible	Not Eligible

Misdemeanor Offenses	Automatic Disqualifier Conviction of Single Misdemeanor Offense	Conviction of Single Misdemeanor Offense Within Past 24 Months	Conviction of Single Misdemeanor Offense greater than 24 Months	Conviction of any Combination* of Two (or more) Misdemeanor Offenses in Past 5 Years	Conviction of any Combination* of Three (or more) Misdemeanor Offenses in Past 10 Years
Prostitution Related Offenses		Not Eligible	Eligible	Not Eligible	Not Eligible
Pornographic Display of Material to Minors	Not Eligible				
Prescription Drug Offenses		Not Eligible	Eligible	Not Eligible	Not Eligible
Reckless Driving or Reckless Operation of a Vessel		Not Eligible	Eligible	Not Eligible	Not Eligible
Resisting an Officer (or Arrest) Without Violence		Not Eligible	Eligible	Not Eligible	Not Eligible
Sale, Importation, or Distribution of Controlled Substances (drugs); or Possession for Sale, Importation or Distribution		Not Eligible	Eligible	Not Eligible	Not Eligible
Stalking	Not Eligible				
Tampering With Motor Vehicles or Trailers		Not Eligible	Eligible	Not Eligible	Not Eligible
Theft, Petit Theft, or Retail Theft/ Shoplifting	Not Eligible				
Trespass		Not Eligible	Eligible	Not Eligible	Not Eligible
Unlawful Interception or Reception of Law Enforcement Frequencies		Not Eligible	Eligible	Not Eligible	Not Eligible

Misdemeanor Offenses	Automatic Disqualifier Conviction of Single Misdemeanor Offense	Conviction of Single Misdemeanor Offense Within Past 24 Months	Conviction of Single Misdemeanor Offense greater than 24 Months	Conviction of any Combination* of Two (or more) Misdemeanor Offenses in Past 5 Years	Conviction of any Combination* of Three (or more) Misdemeanor Offenses in Past 10 Years
Unlawful Placing, Throwing, or Discharging a Bomb		Not Eligible	Eligible	Not Eligible	Not Eligible
Unlawful Reception of Cable Services		Not Eligible	Eligible	Not Eligible	Not Eligible
Voyeurism	Not Eligible				
Worthless Checks or Stopping Payment with Intent to Defraud of Less than \$150		Not Eligible	Eligible	Not Eligible	Not Eligible

\*Combination – a combination of any of the misdemeanor offenses listed on the review guide or other non-listed misdemeanors.