



At a Glance: Policy Language Changes that Impact Claim Payments and Coverage

What

Citizens is implementing policy contract changes related to emergency measures and permanent repairs to ensure that the use of emergency services is reasonable, that Citizens has the opportunity to assess the damage before nonemergency permanent repairs are made, and that permanent repairs properly address the cause of the loss.

These changes apply to the following policies:

- *Citizens Homeowners 3 – Special Form (CIT HO-3)*
- *Citizens Homeowners 6 – Unit-Owners Form (CIT HO-6)*
- *Dwelling Property 3 – Special Form (CIT DP-3)*

Why

Skyrocketing water losses over the last five years are driving Citizens' rate need higher and threaten the stability of the Florida property insurance market. Unchecked, these losses threaten to subject Citizens policyholders to rate increases for the foreseeable future and erode the substantial progress made by Citizens to normalize rates and return policies to the private market.

Citizens is working diligently to reverse this trend by encouraging policyholders to view Citizens as their first point of contact, report losses quickly and take emergency measures to protect property from further damage following a loss.

Policy contract changes will:

- Clarify policyholder responsibilities following a loss related to emergency and permanent repairs
- Encourage policyholders to provide prompt notice of loss so Citizens can inspect damage before permanent repairs are made
- Delineate between reasonable emergency measures and permanent repairs by setting allowances prior to Citizens inspection or approval
- Facilitate prompt claims handling services
- Facilitate a partnership with the policyholder at the beginning of the claims life cycle and enable Citizens act as the central point of contact for process questions and handling information
- Provide contact information (Claims hotline, CCC phone number, adjuster details) as a resource for questions and assistance

When

Policy contract language changes apply to new and renewal policyholders beginning July 1, 2016.

Where

Policyholders will begin receiving renewal documents with the policy language changes on May 11, 2016. Agents will help by educating their clients about the contract changes by sharing information via Citizens website and printed materials available in office. Citizens conducted agent training on this topic in May, 2016. A list of [recorded webinars](#) is located in the *Training* section of the *Agent* website.

These policy provisions can be found under:

- *Additional Coverages – Reasonable Emergency Measures*
- *Conditions – Duties After Loss*

How

In case of a loss to covered property, the revised policy contract requires policyholders to take emergency measures to protect insured property from further damage. Emergency measures include only what is reasonable and necessary to secure the home and prevent further damage, and are limited to the greater of \$3,000 or 1 percent of Coverage A limit, unless the policyholder receives Citizens' approval in advance to exceed this amount.

A Citizens claims adjuster should respond within 48 hours from the time the loss is first reported to Citizens. If the adjuster fails to respond to the request within 48 hours, policyholders can exceed the limit, but only for costs incurred for reasonable emergency measures necessary to protect the property from further damage or prevent unwanted entry to the property.

To ensure that Citizens has the opportunity to inspect the damage and confirm coverage, the revised policy restricts when permanent repairs can begin. There may be no coverage for permanent repairs that begin before one of the following occurs:

- 72 hours after the loss is reported to Citizens
- Loss is inspected by Citizens
- Verbal or written approval is provided by Citizens

Note that these policy contract changes *do not require* that a loss be reported within 72 hours.

When a home system (such as plumbing) suffers damage that causes a loss, Citizens has clarified that it will cover the access required to replace only the part or portion of the system that caused the loss, regardless of the condition of the entire system.

Collapse coverage language has been revised to state that abrupt collapse of plumbing and other similar systems, from age, deterioration or maintenance, is not covered.