

# Executive Summary

Actuarial & Underwriting Committee Meeting, March 22, 2022

Board of Governors Meeting, March 23, 2022

## Product Updates - March 2022

### Personal Lines Programs: Eligibility Requirement Updates

As part of ongoing efforts to streamline the underwriting process and refine eligibility guidelines, staff reviewed questions from agents that arise during the underwriting process and eligibility concerns that emerge from underwriting and claims.

Staff proposes the following changes to improve underwriting efficiency, reduce agent questions and further define which risks are eligible for Citizens' products:

- **Business Use** - expand described types of ineligible business uses to include:
  - not for profit
  - animal or other attractions
  - media production
  - care of adults
- **Farm Eligibility** - clarify that commercial farming and ranching are not eligible, and that any farming or ranching must be personal or incidental to be eligible
- **Adult Day Care, Adult Family Care Home, Assisted Living Facilities** - clarify that any business use that includes adult care is not eligible
- **Day Care Rule** - simplify rule to reference state licensing requirements rather than restating them and clarify types of eligible use
- **Exotic Animals** - add description of exotic animals, including venomous reptiles, other non-domesticated or inherently dangerous animals, and referencing the list of exotic animals defined by Florida Administrative Code and used by Florida Fish and Wildlife Commission
- **Material Misrepresentation, Arson, and Fraud Rule** – adding *convicted* or *pleaded no contest* in addition to *canceled* in the application questions for Arson and Fraud. Align the timeline to 15 years for all types
- **SB76 Update**- Add schedule of annual glide path rate changes
- **Eligibility**-Update offer of coverage language to reference “any” authorized insurer instead of “an” authorized insurer

# Executive Summary

**Actuarial & Underwriting Committee Meeting, March 22, 2022**

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## All Programs - Policy Form Updates

Over time, Citizens, its contracted forms advisory service, Insurance Services Office, Inc. (ISO), and the private market, introduce various policy contract updates to address emerging issues, changes in underlying risk and recent court outcomes. These updates are not always addressed at the same time or with the same approach by individual insurers or ISO. Periodically, Citizens' staff undertakes efforts to compare various policy contracts in use in Florida and identify opportunities for improvement. Detailed review was completed, contract language is evaluated against current market conditions, Citizens' claims experience and recent case law.

As a result of this review, Staff recommends numerous changes that will update Citizens' policy language to improve claims outcomes and better align with industry standards. Significant changes are outlined below. Additional changes with limited impact are listed in Appendix A.

Changes will be applied across all Citizens contracts where relevant to eligibility and coverage provided.

- Expand the scope of Actual Cash Value (ACV) calculation to include labor, overhead and profit, taxes, fees, etc. This applies to claims settlements when payment for Replacement Cost Coverage is contingent on repairs being incurred and only ACV is initially paid.
- Introduce language requiring that the insured must incur the cost for matching undamaged items that are included in the claim estimate before payment will be made for those items. (Personal Lines).
- Update policy language to exclude coverage for theft, vandalism, liability, loss of rental income and similar losses that arise from home rental via home-sharing services completed via an online platform. (Homeowners only).
- Update policy language to exclude coverage for smoke damage unless claim is reported within 180 days of the date the fire is extinguished.
- Expand exclusion for criminal or intentional acts, misrepresentation or failure to cooperate to include those acts that occur under the direction or with the awareness of the insured and to apply to coverage for any insured not just the insured committing these acts. This includes acts of a third party.
- Broaden and clarify requirements for any insured to cooperate, including allowing inspection of property for any loss, submitting to examinations under oath and providing any available information. Requirements to provide information expanded to include videos, corporate and board documents, damaged property, any other property contributing to loss, and other relevant items or information.

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**Board of Governors Meeting, March 23, 2022**

- Expand liability and medical payments exclusions to include trampolines, skateboard ramps, empty pools, drones, hobby aircraft, sexual misconduct, bullying, illegal substances including cannabis and other similar extra-hazardous items, illegal conditions or conduct. (Personal Lines).
- Update alternative dispute resolution language to require that both appraisers or the umpire and one appraiser must sign the award; the award must be provided in writing on a form approved by us; the umpire must be competent for the type of loss; and that the award must identify relevant policy provisions.
- Add requirement that theft, attempted theft, burglary, vandalism or malicious mischief must be reported to police within 14 days of occurrence.
- Clarify that earth movement includes blasting and subsidence and that the exclusion applies to walls and ceilings in addition to foundations and floors. (Personal Lines).
- Update earth movement and settlement to add land or air shock, waves or tremors, and other types of earth movement not currently listed. Exclusion includes shrinking, bulging, expansion or disarrangement of walls, floors, ceilings, pavements, and patios. (Commercial Lines).
- Clarify and update property coverage (including sublimits) to align with ISO's current contract versions (includes updates to address advances in technology – virtual currency, drones, home sharing, etc.) Includes adding sublimits on property in self-storage and drones and exclusions for credit cards, personal data, virtual currency and home sharing.
- Expand loss settlement penalty for covered loss while the residence is vacant. Add required language that ensuing loss from fire, explosion or collapse is not excluded and clarify that property under construction is not considered vacant. (Personal Lines).
- Broaden exclusion for various types of damage from animals, or infestation of animals, vermin or other. Exclusion does not apply if there is ensuing loss due to fire, explosion, or collapse.
- Clarify that coverage for Fungi, Wet Or Dry Rot, Yeast Or Bacteria does not include transmission of disease. (Personal Lines).
- Expand and align exclusions for causes of loss across lines of business as relevant. Excluded causes of loss include: smoke, rust, smog, wear, tear, inherent vice, fire lightning, smoke from smudging or industrial operations, discharge, dispersal, seepage, migration of pollutants, neglect, animals, nesting or infestation or waste products from animals, consequential losses (rental value, business income or business interruption), intentional loss, criminal acts or illegal activity, government action, weather conditions, acts or decisions, faulty, inadequate or defective planning, design, materials or maintenance. (Commercial Lines).

# Executive Summary

**Actuarial & Underwriting Committee Meeting, March 22, 2022**

**Board of Governors Meeting, March 23, 2022**

## Recommendation

Staff proposes that the Actuarial & Underwriting Committee review, and if approved, recommend the Board of Governors:

- a) Approve the described product update proposals to update Citizens' Product guidelines, forms, and supporting documents; and
- b) Authorize staff to take any appropriate or necessary action consistent with the Product Updates - March 2022 Action Item to include filing with the Office of Insurance Regulation (OIR), system change implementations, updates to supporting documents, applications or forms and other relevant activities. Final changes and implementation timeline may vary slightly, based on project complexity and feedback from the OIR.

## PRODUCT UPDATES – MARCH 2022

**ACTION ITEM**

**New Contract**

**Contract Amendment**

**Other: Product Updates**

**CONSENT ITEM**

**Contract Amendment**

**Existing Contract Extension**

**Existing Contract Additional Spend**

**Previous Board Approval** \_\_\_\_\_

**Other** \_\_\_\_\_

**Action Items:** Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

**Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

**Consent Items:** Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

<b>Item Description</b>	Product updates described in the accompanying Executive Summary: Product Updates – March 2022. These changes include: <ul style="list-style-type: none"> <li>• Personal Lines Programs: Eligibility Requirement Updates</li> <li>• All Programs – Policy Form Updates</li> </ul>
<b>Purpose/Scope</b>	Actuarial and Underwriting Committee approval and Committee recommendation to Board of Governors for approval of proposed changes.
<b>Contract ID</b>	Title: N/A Contract number, if applicable Recommended vendor, if applicable
<b>Budgeted Item</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No N/A
<b>Procurement Method</b>	N/A
<b>Contract Amount</b>	N/A
<b>Contract Terms</b>	N/A

## PRODUCT UPDATES – MARCH 2022

<b>Committee Recommendation</b>	<p>Staff proposes that the Actuarial and Underwriting Committee review, and if approved, recommend the Board of Governors:</p> <ul style="list-style-type: none"><li>a) Approve the described product update proposals to update Citizens' Product guidelines, forms, and supporting documents; and</li><li>b) Authorize staff to take any appropriate or necessary action consistent with the Product Updates - March 2022 Action Item to include filing with the Office of Insurance Regulation (OIR), system change implementations, updates to supporting documents, applications or forms and other relevant activities. Final changes and implementation timeline may vary slightly, based on project complexity and feedback from the OIR.</li></ul>
<b>Board Recommendation from Committee</b>	<p>If approved at its March 22, 2022 meeting, the Actuarial and Underwriting Committee recommends that the Board of Governors:</p> <ul style="list-style-type: none"><li>a) Approve the described product update proposals to update Citizens' Product guidelines, forms, and supporting documents; and</li><li>b) Authorize staff to take any appropriate or necessary action consistent with the Product Updates -March 2022 Action Item to include filing with the Office of Insurance Regulation (OIR), system change implementations, updates to supporting documents, applications or forms and other relevant activities. Final changes and implementation timeline may vary slightly, based on project complexity and feedback from the OIR</li></ul>
<b>Contacts</b>	Kelly Booten, Chief Operating Officer

## Appendix A – Product Updates March 2022

### Detailed Summary of Proposed Policy Form Changes

This document provides more detail for changes referenced in the Product Changes – March 2022 document and lists additional minor changes that are not included in that document.

Changes will be applied across all Citizens contracts where relevant to eligibility and coverage provided. Additional changes will be made to improve readability, clarify terms, align with industry and address OIR requests and scrivener's errors. Those changes with no impact to coverage are not listed in this document.

HO-3 text, and section references provided are used to provide examples. Similar changes will be made to other lines of business to align coverage and other terms and conditions, appropriate to eligible business written under each program.

#### **Coverage change Description by Policy Section**

- **Agreements**
  - Agreement section is amended to add that the policyholder is the owner occupant of the dwelling. **No change** in coverage.
- **Definitions Section**
  - "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability", "Personal Watercraft Liability", and "Watercraft Liability" definition (utilized to limit or exclude liability coverages) amended to delineate exclusion of motor vehicle used by an insured, rather than any person. **No change** in coverage. (ISO)
  - Business definition amended to more explicitly express that it includes "home-sharing host activities. **This is a change to include home-sharing activities.**
  - Home-sharing host activities definition is introduced to express the term means the rental or holding for rental, or mutual exchange of services of the residence premises, in whole or in part, by an insured to a home-sharing occupant through the use of a home-sharing network platform, and any other related property or services made available by an insured for use during such rental or mutual exchange of services, except those property or services provided by another party. **A change by the addition of the definition.** (ISO) (PRM HO/MHO type policies only)
  - Home-sharing network platform definition is introduced to express the term means an online-enabled application, web site or digital network that is used for the purpose of facilitating, for money, mutual exchange of services or other compensation, the rental of a dwelling or other structure, in whole or in part, and allows for the agreement and compensation with respect to such rental to be transacted through such online-enabled application, web site or digital network. **A change by the addition of the definition.** (ISO) (PRM HO/MHO type policies only)
  - Home-sharing occupant definition is introduced to express the term means a person, other than an insured, who has entered into an agreement or arranged compensation with an insured through the use of a home-sharing network platform for home-sharing host activities or is accompanying or staying with a person of this provision under such home-sharing host activities. **A change by the addition of the definition.** (ISO) (PRM HO/MHO type policies only)
  - Motor vehicle amended to better express a vehicle that is or capable of being self-propelled. **No change** in coverage. (ISO)
  - Occurrence amended to more explicitly express bodily injury or property damage resulting from or arising out of one cause, or a series of related causes is considered one occurrence regardless of the period of time over which such bodily injury and property damage occurred and regardless of the number of injured persons or locations of property damage. **No change** in coverage. (ISO)
  - Principal building amended to better express the insured must reside in the building. **No change** in coverage. (ISO)
  - Part C. of the Definitions section is added to express the terms roomer, boarder, tenant, or guest do not include a home-sharing occupant. **No change** in coverage. (ISO)

- **Property Coverages-**

- Coverage A & B - Land not covered is amended to better express there is no coverage for landscaping, except as provided in the limited coverage for trees & shrubs. **No change** in coverage.
- Coverage A & B – Special Limits for cosmetic damage to floors is deleted as it is addressed elsewhere in the policy (under dropped objects, matching and other provisions). **No change** in coverage.
- Coverage C – Limit For Property At Other Locations amended to express the \$1,000 limit does not apply when personal property is moved while the dwelling is being repaired, renovated, or rebuilt and is not fit to live in or store personal property. **This is a change** in coverage. (ISO)
- Coverage C – Self-storage facility provision is introduced to better express the limit of no more than 10% of Coverage C or \$1,000, whichever is greater, for personal property located elsewhere applies to property stored in these facilities. **No change** in coverage. (ISO & industry)
- Coverage C –Special Limits of liability (Homeowners only).  
Special Note – Many of these special items are not covered in the dwelling program (i.e., not covered in their entirety). It is Citizens' intention to expand items not covered in the dwelling program to align with the items referenced in the homeowners programs.  
 The homeowner Coverage C limitation section is updated to reflect more modern descriptions of electronic equipment, prepaid instruments and gift cards.
  - The \$200 limit on money is better expressed to include gift cards, smart cards, prepaid instruments and stored value cards. **No change** in coverage. (ISO & industry)
  - The securities, deeds, trading cards, manuscripts and evidence of debt etc. limitation amended to express it includes cost to research and replace lost or damaged material. **This is a change in coverage.** (ISO & industry)
  - Description of business personal property is better expressed to indicate tapes, wires, records, disks and other electronic media used in a motor vehicle are no longer covered. **This is a change in coverage.** (ISO & industry)
  - Portable electronic equipment limitation updated to better express the descriptions to address more modern types of apparatus. **This is a change in coverage.** (ISO & industry)
  - A \$300 electronic equipment limitation is introduced for antennas, tapes, wires, records and disks. **This is a change in coverage.** (ISO & industry)
  - A limit of \$1,000 is introduced for model aircraft, hobby aircraft and drones and an exclusion of coverage for the perils of theft and windstorm for this property is introduced. There is no coverage for model aircraft, hobby aircraft or drones used or designed to carry people or cargo, used in flight competitions, flown in restricted air space, or used for business purposes. **This is a change in coverage.** (Citizens provision to address emerging issue)
- Coverage C – Property Not Covered (Homeowners only).
  - The articles separately described, and specifically insured provision is amended to adopt ISO edits which better express there is no coverage regardless of the limit for which they are insured in this or other insurance. **No change** in coverage (ISO)
  - Motor vehicles, other conveyances and their equipment provisions are amended to adopt ISO edits to better express an exception to the exclusion for certain conveyances not required to be registered for use on public roads; for example, those designed to assist the handicapped. **No change** in coverage (ISO & Industry)
  - Aircraft and their parts provisions are amended to adopt ISO edits to better express an exception to the exclusion: limited coverage provided for model aircraft and drones under Coverage C – Special Limits **This is a change in coverage.** (Combination of Citizens, ISO & Industry)
  - The description of roomers, boarders and other tenants is revised to more explicitly express that the property of a homesharing occupant or other person occupying the residence premises as a result of any home-sharing host activities is not covered. **This is a change in coverage.** (ISO) (Homesharing amendments are applicable only in PRM HO/MHO type policies only)
  - The description of property in an apartment regularly rented or held for rental is revised to more explicitly express property of a homesharing occupant or other person occupying the residence premises as a result of any home-sharing host activities is not covered. **This is a**





- care is made to continue the water supply to the sprinklers and to maintain heat in the dwelling. **No change** in coverage. (ISO & Industry)
- Freezing, thawing, pressure or weight of water or ice (A peril not covered) - is amended to more explicitly express footings, foundations, bulkheads, walls or any other structure that supports all or part of a building or other structures and retaining walls or bulkheads that do not support all or part of a building or other structure are not covered by the peril. **No change** in coverage. (ISO & Industry)
  - Theft to or in a building under construction and its materials and supplies is amended to indicate loss that arises out of or results from home-sharing host activities is not covered. **This is a change in coverage.** (ISO) (PRM HO/MHO type policies only)
  - Theft (A peril not covered when the dwelling is vacant for more than 30 days) – is amended to indicate loss that arises out of or results from home-sharing host activities is not covered. The peril is also amended to include burglary and to better express the peril will cover the ensuing loss of fire, explosion and collapse regardless of the vacancy. Additionally, the perils are amended to better express the perils of theft, attempted theft and burglary are covered when a dwelling (or unit) is being constructed, remodeled, renovated or repaired (e.g., the dwelling not considered vacant). **This is a change in coverage.** (ISO & Industry, plus OIR request)
  - Vandalism (A peril not covered when the dwelling is vacant for more than 30 days) – is amended to include pilferage and to better express the peril will cover the ensuing loss of fire, explosion and collapse, regardless of the vacancy. The peril is also amended to better express a dwelling being remodeled, renovated or repaired is not considered vacant. Additionally, the peril is amended to indicate loss that arises out of or results from home-sharing host activities is also not covered. **This is a change in coverage** (ISO & Industry, plus OIR request)
  - Accidental discharge or overflow of water or steam is amended to more explicitly express damages are not covered when caused by the presence or condensation of natural humidity. Additionally, the peril is amended to indicate loss that arises out of or results from home-sharing host activities is also not covered. **This is a change in coverage** (ISO & Industry)
  - Inherent vice, latent defect, defect or mechanical breakdown (A peril not covered) is amended to better express the peril includes “any physical condition in property that causes it to damage or destroy itself. **This is a change in coverage.** (ISO & Industry)
  - Nesting or infestation, or discharge or release of waste products or secretions, by any animals or creatures (A peril not covered) is added and includes an exception that peril will cover the ensuing loss of fire, explosion and collapse. **This is a change in coverage.** (ISO & Industry)
  - Animals or creatures owned or kept by an insured (A peril not covered) is amended to include an exception that will cover damage from the ensuing loss of fire, explosion and collapse. **This is a change in coverage.** (ISO & Industry, plus OIR request)
  - **Perils Insured Against – Coverage C Personal Property**
    - Vandalism or Malicious Mischief (A peril not covered) – is amended to express it does not include loss to property on a residence premises and any ensuing loss caused by intentional and wrongful acts committed in the course of vandalism or malicious mischief if the dwelling has been vacant for more than 30 days immediately before the loss. The peril is also amended to express a dwelling being constructed remodeled, renovated or repaired is not considered vacant. Additionally, the peril is amended to indicate loss that arises out of or results from home-sharing host activities is also not covered. **This is a change in coverage.** (ISO)
    - Theft. The peril is amended to indicate loss that arises out of or results from home-sharing host activities is not covered. **This is a change in coverage for home-sharing activities.** (ISO) (PRM HO/MHO type policies only)
    - Falling Objects. The peril is amended to indicate loss that arises out of or results from home-sharing host activities is not covered **This is a change in coverage for home-sharing activities.** (A Citizens provision adopting ISO) (PRM HO/MHO type policies only)
    - Accidental discharge or overflow of water or steam peril – is amended to more explicitly provide that the peril does not include loss when caused by the presence or condensation of natural humidity. The peril is also amended to indicate loss that arises out of or results from home-sharing host activities is also not covered. **This is a change in coverage for home-sharing activities.** (Industry & ISO) (PRM HO/MHO type policies only)

- Freezing - The peril of freezing is edited to better express if a building is protected by an automatic fire protective sprinkler system, the insured must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply. **This a change in coverage.** (ISO)
- Sudden and accidental damage from artificially generated electrical current - This peril is edited to better express there is no coverage for loss to circuitry that is a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus. **This is a change in coverage.** (ISO)
- Catastrophic ground cover collapse peril – is amended to clarify that the septic system includes a septic tank and cesspool. **No change** in coverage.
- **Section I - Exclusions** (Property exclusions) –
  - The concurrent causation provision is amended to better express the exclusions apply whether or not the loss event results in widespread damage or affects a substantial area. **No change** in coverage. (ISO & Industry)
  - The ordinance or law exclusion is updated to more explicitly express loss resulting in a reduced value to property or for testing for pollutants is not covered (*Citizens dwelling policy types*).
  - The earth movement and settlement exclusion –
    - The exclusion is amended to better express subsidence is not covered, rather than just mine subsidence. The exclusion is also amended to express blasting, pile driving, demolition and other construction activities and equipment, including their associated vibrations & shockwaves are not covered. **This is a change in coverage.** (Industry)
    - The exclusion is amended to more explicitly express the exclusion applies whether movement or settlement results from an act of nature, manmade or animal activities, or is otherwise caused. **This is a change in coverage.** (ISO & Industry)
  - Water – The exclusion of water damage is renamed to water and is amended to better express septic systems include septic tanks and cesspools and to more explicitly express the exclusion applies whether water results from an act of nature, manmade or animal activities, or is otherwise caused. **No change** in coverage. (ISO & Industry)
  - Intentional Loss – The exclusion is amended to express intentional loss means any loss arising out of any act any insured commits or conspires to commit with the intent to cause a loss. Additionally, the exclusion is amended to express that in the event of such loss, no insured is entitled to coverage, even insureds who did not commit or conspire to commit the act causing the loss. **This is a change in coverage** (ISO)
  - Fungi, Wet Or Dry Rot, Yeast or Bacteria – The exclusion is amended to better express the coverage does not cover loss or damage which arises out of the transmission or exposure of a disease. **No change** in coverage. (ISO & Industry)
  - Smoke – A new exclusion is introduced that excludes smoke if otherwise covered under the Policy, unless notice of the claim, supplemental claim, or reopened claim is given to us in accordance with the terms of the Policy within 180 days after the smoke or fire is extinguished. **This is a change in coverage.** (Citizens proposed change based on variation of the residual market Industry) (Personal Lines & Commercial Lines)
  - Criminal Acts Or Illegal Activity – A new exclusion is introduced that excludes criminal acts or illegal activity which means any and all criminal or illegal acts performed by, at the direction of, or with the knowledge of any insured. **This is a change in coverage.** (Industry) (Personal Lines & as applicable Commercial Lines)
  - Governmental Action – A new exclusion is introduced that excludes the destruction, confiscation or seizure of property by order of any governmental or public authority. The exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy. **This is a change in coverage.** (ISO & Industry)
- **Section I - Conditions – (Property conditions) –**
  - Duties Of An Insured (After a loss or occurrence) –
    - Added a time stipulation to the insured’s duty to notify the police within 14 days after loss by pilferage, theft, attempted theft, burglary, larceny, vandalism or malicious mischief. Expanded the types of loss from theft and vandalism to pilferage, theft, attempted theft, burglary,

- larceny, vandalism or loss by malicious mischief. **A broadening of the duties.** (ISO & Industry)
  - Deleted the duty to notify the card and fund transfer card company in event of loss of the credit card or fund transfer card. **No change** in the duties as this is a response to card companies now providing indemnification for loss of funds. **No change** in coverage. (ISO)
  - Added the term “videos” to the types of documentation the insured has a duty to provide with their Proof of Loss form. **This broadens the duties.** (ISO & Industry)
  - The duty to provide documents is amended to better express the duty includes providing us with a copy of all minutes, association notes, rules and regulations and exhibits, promulgated at or as a result of meetings of the insured’s governing board and its committees. **This broadens the duties.** (Citizens from Case Law) (Commercial Lines Only)
- Loss Settlement –
  - Added an explanation expressing that "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in the Ordinance Or Law Property Coverages. **No change** in coverage. (ISO)
  - Added an explanation expressing when determining the actual cash value of the loss, the costs necessary to repair, rebuild or replace the covered damaged property may be depreciated. Such costs subject to depreciation may include, but are not limited to goods, materials, equipment, labor, overhead and profit, taxes, fees or similar charges. **This is a change in loss settlement process.** (Case Law & Industry) (Personal Lines and Commercial Lines)
  - Actual cash value settlement calculation for personal property is amended to include grave markers, including mausoleums. **No change** in coverage. (ISO & Industry).
  - Replacement cost value settlement (RCV) (buildings and other structures) -
    - ◆ Deleted the reference “without deduction for depreciation” to better express the interaction of this RCV settlement provision with the RCV settlement provision that stipulates we will initially pay at least the actual cash value of the insured loss, until repairs and work are performed, and expenses are incurred. **No change** in coverage. (Citizens)
    - ◆ The settlement provision stating we will not pay for sprinkler leakage caused by or arising out of the freezing of a fire protective sprinkler system, unless you have protected the system against freezing, is amended to require use of reasonable care to maintain heat in the building or shut off the water supply and draining of the system and appliances to protect the system against freezing”. **This is a change in coverage.** (ISO)
    - ◆ The settlement provision, for a dwelling that has been vacant for more than 30 days before loss or damage, stating we will not pay for loss or damage caused by the perils of Dwelling glass breakage, water damage, theft or attempted theft is amended to add the perils of pilferage and burglary. The vacancy penalty that reduces the amount we will pay by 15% in these circumstances found in the homeowner forms is adopted in applicable dwelling forms. **This is a change in coverage.** (Citizens proposed change to make similar provisions consistently expressed).
    - ◆ The settlement provision that denotes a dwelling under construction is not considered vacant is amended to better express a dwelling being remodeled, renovated or repaired is not considered vacant and is amended to denote that in the event the construction extends greater than 60 days the insured must notify us. **This is a change in a loss settlement requirements.** (ISO & Industry)
- Matching Undamaged Property And New Material – A new condition is added to state that when a loss requires the repair or replacement of items and the replaced items cannot be matched in quality, color, or size of items in adjoining areas, the cost to repair or replace these items must be incurred before payment will be made. The condition also expresses how we will consider the costs of repairing or replacing of items in adjoining areas. **This is a change in coverage.** (Industry & enhanced explanation supporting Section 626.9744 Florida Statutes - Claim settlement practices relating to property insurance). (Personal Lines & Commercial Lines)

- Appraisal –
  - A condition is added requiring both appraisers to sign the written report of agreement, which is provided by us. (e.g., the Appraisal Award agreed to by both appraisers). **This is a change in condition of insurance.** (Citizens)
  - A condition is added requiring an umpire to be experienced and proficient for the role of umpire for property claims. (e.g., the Appraisal Award agreed to by both appraisers). **This is a change in condition of insurance.** (Citizens)
  - A condition is added, when an umpire is selected, requiring the appraisal award will be in writing, must be provided in a form provided by us, and must be signed by either the two appraisers who have agreed in setting the amount of loss, or the umpire and the appraiser who has agreed with the umpire in setting the amount of loss. **This is a change in condition of insurance.** (Citizens) (Personal Lines & Commercial Lines)
  - A condition is added, requiring the appraisal award to include provisions relevant to the umpire’s agreement to act in accordance with the Policy provisions. **This is a change in condition of insurance.** (Citizens)
- **Section II – Exclusions – (Includes liability exclusions of bodily injury and property damage) –**
  - Motor Vehicle –The exclusion is amended to better express liability coverage is not provided for land conveyance including, but not limited to, all-terrain vehicles, utility terrain vehicles, mopeds, motorcycles, low-power vehicles, motorized scooters and motorized bicycles, whether subject to motor vehicle registration or not, except for lawn mowers being used to mow lawns. **This is a change in exclusion of coverage.** (Citizens)
  - Motor Vehicle –The exclusion is amended to better express that an exception to the exclusion for vehicles applies only when a riding lawn mower is used to mow the residence premises and not used otherwise by an insured or any other person while engaged in a business. **This is a change in exclusion of coverage.** (Citizens)
  - Coverage E – Personal Liability And Coverage F – Medical Payments To Others (Coverages E and F do not apply to the following)
    - Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse – The exclusion is amended to more explicitly express that the exclusion is inclusive of sexual harassment or sexual misconduct, hazing and bullying. **No change** in the exclusion of coverage. (Citizens)
    - Business – The exclusion is amended to express it excludes home-sharing host activities. **A change** in the exclusion of coverage. (ISO)
    - Controlled Substance - The exclusion is amended to more explicitly express that a controlled substance is a substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812 and any cannabis is excluded regardless of whether such cannabis is considered a Controlled Substance. **No change** in the exclusion of coverage. (Citizens)
    - Ownership, Rental, Borrowing, Use, Or Supervision – A new exclusion is introduced to express bodily injury or property damage caused by or arising out of the ownership, rental, borrowing, use, or supervision of trampolines, rebound devices and similar apparatus, ramps while being used for stunts, bounce houses and similar apparatus, zip lines, pool slides, diving boards, empty or unprotected swimming pools, hot tubs or spas, skateboards or bicycle ramps; whether the “bodily injury” or “property damage” occurs on the residence premises” or elsewhere. **This is a change in exclusion of coverage.** (Citizens)
  - Coverage E – Personal Liability (Coverage E does not apply to)
    - Model aircraft, hobby aircraft or drones – A new exclusion is introduced to express bodily injury or property damage caused by or arising out of the ownership, rental borrowing, use, or supervision, of model aircraft, hobby aircraft, or drones, whether or not the bodily injury or property damage occurs on the residence premises or elsewhere. **This is a change in exclusion of coverage.** (Citizens)
  - Coverage F – Medical Payments To Others (Coverage F does not apply to bodily injury). The exclusion is amended to express medical payments do not apply to a home-sharing occupant. **A change in coverage.** (ISO)
- **Section II – Conditions (Liability conditions) –**
  - Duties After Occurrence -
    - The preface paragraph is amended to express the insured or an insured (rather than another insured) will perform the duties and that the insurer has no duty to provide coverage under

this Policy if there is failure (rather than your failure) to comply with any of (the term any of is added) the following duties is prejudicial to us. **Change in the application of the condition.** (Citizens)

- The condition is amended to express that cooperation with us in the investigation of a claim includes speaking and sharing information with us or any person authorized to act on our behalf and also providing documents which can be reasonably obtained by you, to facilitate our investigation of the claim or suit. Additionally, a representative of an insured: a. must cooperate with our investigation, b. must not act in any manner that prevents us or any person authorized to act on our behalf, from investigating the claim or suit, and c. May not act in any manner to obstruct our investigation. **This is a change in the condition of insurance.** (Citizens)
- The duties after occurrence condition is amended to express that as often as we or any person authorized to act on our behalf reasonably require: a. you or any insured, and b. any member, officer, director, partner or similar representative of the association, corporation, a trust, or other entity, if you are the trustee, association, corporation or other entity, who is an insured must: a. submit to examinations under oath and recorded statements, at the location insured or other reasonable location designated by us, while not in the presence of any other "insured" or any other person, except for your legal representative, b. provide government issued photo identification. If you do not possess government issued photo identification, a signed sworn statement identifying who you are may be accepted, and c. sign any transcript of the examinations under oath and recorded statements. Such examinations and recorded statements must either be in-person or utilize video and audio technology, or both, as determined by us. **This is a change in the condition of insurance.** (Citizens)
- A condition is added to express that at our request the insured must allow us to inspect the property wherein the bodily injury or property damage occurred. **This is a change in the condition of insurance.** (Citizens)
  - Concealment Or Fraud - The concealment or fraud condition is retitled to Incorrect Statements Or Representations, Concealment or Fraudulent Conduct. The condition is amended to express the insurer does not provide coverage under this policy to you or any insureds who, before, during or after a loss, separately or in any manner in conjunction with each other or in conjunction with any third parties, have, relating to this insurance: 1. made one or more material incorrect statement or representations, 2. concealed any material fact or circumstance, or 3. Engaged in fraudulent conduct. **This is a change in the condition of insurance.** (Case law. Citizens)
- **Section I and II – Conditions –**
  - Subrogation - The subrogation condition is amended to indicate an insured may, in writing before a loss, waive of all rights of recovery not only against a person, but may also waive of all rights of recovery against an organization. **This is a change in the condition of insurance.** (ISO)

***The endorsements listed below are representative and do not reflect the entirety of Citizens' endorsements that will be edited to ensure consistency throughout lines of business. Corresponding changes are being made across all forms to ensure coverage aligns and remains appropriate to line of business.***

**"Actual Cash Value Loss Settlement And Exclusion Of Ordinance Or Law Coverage"**, form CIT 04 81 02 23 (Former form CIT 04 81 02 16 effective 2/01/2016).

- Added an explanation expressing when determining the actual cash value (ACV) of the loss, the costs necessary to repair, rebuild or replace the covered damaged property may be depreciated. Such costs subject to depreciation may include, but are not limited to, goods, materials, equipment, labor, overhead and profit, taxes, fees or similar charges. **This is a change in coverage.** (Case Law & Industry)
- Added an additional explanation that If the building is rebuilt at a new premises, the cost necessary to repair, rebuild or replace the covered damaged property is limited to the cost which would have been incurred if the building had been built at the original premises. **No change** in coverage. (ISO)
- The following provision, which may reduce the amount of covered loss we pay under Coverage A, is added to Section I – Conditions, D. Loss Settlement. "If the dwelling where loss or damage occurs has been 'vacant' for more than 30 consecutive days before the loss or damage, we will:

- (1) Not pay for any loss or damage caused by any of the following perils, even if they are a Peril Insured Against: (a) vandalism, (b) malicious mischief, (c) pilferage, (d) burglary, (e) theft, or (f) attempted theft.
- (2) Reduce the amount we would otherwise pay for a covered loss by 15%. Clarify that dwellings under construction, remodeled, renovated or repaired are not considered “vacant”. In the event the construction extends greater than 60 days you must notify us.

**This is a change in coverage.** (Citizens -To match the CIT HO-3 settlement provision)

**“Personal Property Replacement Cost”**, form CIT 04 90 02 23 (Former form CIT 04 90 01 13 effective 1/01/2013).

- Part A – Eligible Property – Added the term “carpeting” to the types of personal property eligible for replacement cost loss settlement. No change in coverage. (Citizens)
- Part A – Eligible Property – Added a provision to express we will pay no more than the actual cash value of the property permanently installed and attached to the building or structure, until actual repairs or replacement is complete. **This is change in coverage.** (Industry)

**“No Section II – Liability Coverages For Home Day Care Business Limited Section I – Property Coverages For Home Day Care Business”**, form CIT 04 96 02 23 (Former form CIT 04 96 02 16 effective 2/01/2016).

- Business definition is amended to more explicitly express it includes “home-sharing host activities. **This is a change to the definition.**

**“Trust Endorsement”**, form CIT 06 15 02 23 (Former form CIT 06 15 02 20 effective 2/01/2020).

- Business definition is amended to more explicitly express it includes “home-sharing host activities. **This is a change to the definition.**

**“Unit-Owners Coverage A Special Coverage”**, form CIT 17 32 02 23 (Former form CIT 17 32 02 21 effective 2/01/2021).

- The freezing peril (A peril not covered when vacant or unoccupied is amended to better express a dwelling being remodeled, renovated or repaired is not considered vacant or unoccupied and that coverage applies when reasonable care is made to continue the water supply to the sprinklers and to maintain heat in the dwelling. **No change** in coverage. (ISO & Industry)
- Freezing, thawing, pressure or weight of water or ice (A peril not covered) - is amended to more explicitly express footings, foundations, bulkheads, walls or any other structure that supports all or part of a building or other structures and retaining walls or bulkheads that do not support all or part of a building or other structure are not covered by the peril. **No change** in coverage. (ISO & Industry)
- Theft. (A peril not covered when a unit is under construction) - is amended to indicate loss that arises out of or results from home-sharing host activities is not covered. **This is a change in coverage.** (ISO)
- Theft, attempted theft or burglary. (A peril not covered when the unit is vacant for more than 30 days) – is amended to indicate loss that arises out of or results from home-sharing host activities is not covered. The peril is amended to better express burglary is included and to express the ensuing loss of fire, explosion and collapse is covered regardless of whether the unit is vacant. **This is a change in coverage.** (ISO & Industry, plus OIR request)
- Vandalism (A peril not covered when the dwelling is vacant for more than 30 days) – is amended to include pilferage and to better express the peril will cover the ensuing loss of fire, explosion and collapse, regardless of whether the unit is vacant. The peril is also amended to better express a dwelling being constructed, remodeled, renovated or repaired is not considered vacant. Additionally, the peril is amended to indicate loss that arises out of or results from home-sharing host activities is also not covered. **This is a change in coverage** (ISO & Industry, plus OIR request)
- Accidental discharge or overflow of water or steam (Non weather water peril not covered, unless damage results from an accidental discharge of water in one or more of 5 household systems) – is amended to more explicitly express damages are not paid when caused by the presence or condensation of natural humidity. The peril is also amended to better express a residence premises being remodeled, renovated or repaired is not considered vacant. Additionally, the peril is amended to

indicate loss that arises out of or results from home-sharing host activities is also not covered. **This is a change in coverage for home-sharing activities.** (ISO & Industry)

- Inherent vice, latent defect, defect or mechanical breakdown (A peril not covered) is amended to better express the exclusion includes “any physical condition in property that causes it to damage or destroy itself. **This is a change in coverage.** (ISO & Industry)
- Nesting or infestation, or discharge or release of waste products or secretions, by any animals or creatures (A peril not covered) is added and includes an exception providing coverage for the ensuing loss of fire, explosion and collapse. **This is a change in coverage.** (ISO & Industry)
- Animals or creatures owned or kept by an insured (A peril not covered) is amended to include an exception providing coverage from the ensuing loss of fire, explosion and collapse. **This is a change in coverage.** (ISO & Industry, plus OIR request)
- Water – The term steam is added to express loss from a system or appliance from water or steam is not covered. (Non-weather water peril). **No change** in coverage. (ISO & Industry)
- Water – A provision is added expressing the water exclusion found elsewhere in the policy does not apply, in certain circumstances, to the peril of accidental discharge of water or steam. (Non-weather water peril). **No change** in coverage. (ISO & Industry)

**“Unit-Owners Rental To Others”**, form CIT 17 33 02 23 (Former form CIT 17 33 02 16 effective 2/01/2016).

- Added a provision expressing no coverage for home-sharing host activities, a "home-sharing occupant"; or any other person occupying the residence premises as a result of any home-sharing host activities. **No change** in coverage, except for home-sharing activities. **This is a change in coverage** (ISO & Industry)
- Amended the property not covered provisions of Coverage C to express property of a home-sharing occupant, any other person occupying the residence premises as a result of any "home-sharing host activities", and property in an apartment, other than the residence premises, regularly rented or held for rental to others by an insured. **This is a change in coverage** (ISO & Industry)
- Amended the theft exclusion to better express currency, prepaid instruments including smart cards, and flatware, hollowware, tea sets, trays and trophies made of or including silver, gold, platinum or pewter, are not covered for theft. The theft exclusion is also amended to more explicitly express virtual currency, crypto, digital and other types of this form of currency are not covered for theft. Additionally, the theft exclusion is amended to express business property, electronic equipment, trading cards and other forms of collectables, hobby devices, firearms, cannabis and other controlled substances are not covered for theft. This is a change in coverage. (ISO & Industry)
- The Section II bodily injury or property damage exclusion specific to this endorsement, which includes a carve out for the rental or holding for rental of the residence premises, is amended to express the carve out for rental of or holding for rental does not include home-sharing host activities. **This is a change in coverage** (ISO & Industry)

**“Windstorm Exterior Paint Or Water Proofing Exclusion – Seacoast - Florida”**, form CIT 23 70 02 23 (Former form CIT 17 33 07 08 effective 7/01/2008).

- Amended the form to more explicitly express paint and waterproofing material, including stain, applied to the exterior of a building or structure is not covered for loss caused by windstorm or hail and during a hurricane occurrence.

**“Sinkhole Loss Coverage For Use With Forms CIT HO-3 And CIT HO-8”**, form CIT 23 94 02 23 (Former form CIT 23 94 02 20 effective 2/01/2020).

- Amended to more explicitly express that the neutral evaluation condition replaces the mediation condition. **No change** in coverage. (Section 627.7074, Florida Statutes)
- Amended to more explicitly express that the time of 5 years for filing suit following conclusion of the neutral evaluation process is 5 years after the date of loss. **No change** in coverage. (Section 627.7074, Florida Statutes)



**“Calendar Year Hurricane Deductible - Florida”**, form CIT 24 02 23 (Former form CIT 24 07 08 effective 7/01/2008).

- Amended the form to better express the deductible is shown in the Declarations and the deductible reference is to all other perils deductible in the Declarations, rather than a fire deductible, which deductible nomenclature is not described in the Declarations. **No change** in coverage. (Citizens)

**“Exclusion Of Loss Due To Virus Or Bacteria”**, form CIT 01 40 02 23 (Former form CP 01 44 07 06 effective 7/01/2006). (Commercial Lines Only)

- Added the term “yeast” to mirror exclusions found in other lines of business. **A change in the exclusion.** (Citizens)

**Additional Changes to Commercial Lines Contracts (not mentioned previously)**

- Expand exclusions to include artificially generated electric current and add fire protection system under Utility Service Exclusion. **This is a change in coverage.** (Citizens and ISO)
- Expand and align exclusion causes of loss across lines of business as relevant. Excluded causes of loss include: smoke, rust, smog, wear, tear, inherent vice, fire lightning, smoke from smudging or industrial operations, discharge, dispersal, seepage, migration of pollutants, neglect, animals, nesting or infestation or waste products from animals, consequential losses (rental value, business income or business interruption), intentional loss, criminal acts or illegal activity, government action, weather conditions, acts or decisions, faulty, inadequate or defective planning, design, materials or maintenance. **This is a change in coverage.** (Citizens)
- Cause of Loss Windstorm or Hail exclusion section: add language that the exclusion applies whether or not the loss event results in widespread damage or affects a substantial area. **No change** in coverage.
- Under Exclusions, adding leakage or discharge of water or steam from a system or appliance, mechanical breakdown, and governmental action. **No change** in coverage.
- War and Military Act Exclusion – add that discharge of nuclear weapon shall be deemed a warlike act even if accidental. **No change** in coverage.
- Nuclear Hazard Exclusion - Nuclear Hazards, whether controlled or uncontrolled are excluded.
- Water Exclusion - adding septic system, drain field, cess pool or similar systems to back up and overflow. **No change** in coverage.