

Executive Summary

Actuarial & Underwriting Committee Meeting, July 12, 2022

Board of Governors Meeting, July 13, 2022

Product Updates – July 2022

Alternative Dispute Resolution – All Lines

Senate Bill 76, which became effective on July 1, 2021, requires policyholders to submit a pre-suit notice of intent in order to provide insurers with an opportunity to resolve a claim dispute and avoid litigation. Citizens has been successful in resolving about 25% of the overall disputes by negotiating with the policyholder or through the appraisal process provided in the policy contract.

Citizens has been unable to effectively resolve the remaining 75% of disputed claims. These are claims that were either denied because of a determination of no coverage or contract limitations regarding the coverage amount. This leaves litigation as the primary method to resolve such disputes. Litigation is expensive and is also slow to resolution, leaving the policyholder (and Citizens) waiting an average of 435 days for the final outcome.

In order to enhance our alternative dispute resolution strategies, Citizens is pursuing a new alternative dispute resolution approach where either party can demand dispute resolution through the State of Florida Division of Administrative Hearings. The Division provides a uniform and impartial forum to resolve disputes. Cases are heard by an administrative law judge and are typically resolved faster than litigation through the court system. This new process will benefit the policyholder by reducing the time it takes to resolve a dispute.

Recommendation

Staff proposes that the language in Citizens' policy contracts be modified to add the Division of Administrative Hearings as an additional option for dispute resolution. The policy contract provisions will allow either the policyholder or Citizens to utilize this method for disputed claims.

Senate Bill 2D Product Changes – Personal Lines (products with roof eligibility standards)

Senate Bill 2D, passed during 2022 Special Session 2, introduced statutory language prohibiting an insurer from nonrenewing newer roofs solely for age, and for older roofs, the insurer must allow the policyholder the opportunity to provide an inspection indicating at least 5 years remaining useful life. The insurer may not refuse to issue or renew a policy or require a roof replacement as a condition of renewal if this inspection indicates that the roof has 5 years or more of useful life remaining.

Citizens' current rules require inspections demonstrating three years remaining useful life and deeming a policy ineligible when the expected roof life falls below 3 years.

In order to ensure alignment with the new legislation, staff proposes changing eligibility rules for older roofs to require an inspection demonstrating 5 years remaining life and no issues with roof condition. When a satisfactory inspection is provided, Citizens will provide one 5-year extension of coverage.

Executive Summary

Actuarial & Underwriting Committee Meeting, July 12, 2022

Board of Governors Meeting, July 13, 2022

Recommendation

Staff proposes that eligibility rules be modified to change inspection requirements from 3 years remaining useful life to 5 years remaining useful life and to allow one 5-year extension coverage for the full remaining life of the roof.

Recommendation

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

- a) Approve the above 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 -July 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, based on project complexity, operational considerations and feedback from the OIR.

PRODUCT UPDATES – July 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.

Item Description	Product updates described in the accompanying Executive Summary: Product Updates – July 2022. These changes include: <ul style="list-style-type: none"> • Alternative Dispute Resolution – All Lines • Senate Bill 2D Product Changes – Personal Lines (products with roof eligibility standards)
Purpose/Scope	Actuarial and Underwriting Committee approval and Committee recommendation to Board of Governors for approval of proposed changes.
Contract ID	Title: N/A Contract number, if applicable Recommended vendor, if applicable
Budgeted Item	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No N/A
Procurement Method	N/A
Contract Amount	N/A

PRODUCT UPDATES – July 2022

Contract Terms	N/A
Committee Recommendation	<p>Staff proposes that the Actuarial & Underwriting Committee review, and if approved, recommend the Board of Governors:</p> <ul style="list-style-type: none">a) Approve the above proposals to update Citizens' Product guidelines, forms and supporting documents; andb) Authorize staff to take any appropriate or necessary action consistent with the Product Updates - July 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, based on project complexity, operational considerations and feedback from the OIR.
Board Recommendation from Committee	<p>If approved at its July 12, 2022 meeting, the Actuarial and Underwriting Committee recommends that the Board of Governors:</p> <ul style="list-style-type: none">a) Approve the described proposals to update Citizens' Product guidelines, forms, and supporting documents; andb) Authorize staff to take any appropriate or necessary action consistent with the Product Updates - July 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, based on project complexity, operational considerations and feedback from the OIR.
Contacts	Kelly Booten, Chief Operating Officer