

Executive Summary

Actuarial and Underwriting Committee Meeting, September 26, 2023

Board of Governors Meeting, September 27, 2023

Product Updates – September 2023

Potential Conflicts – Citizens’ Statutory Eligibility Requirements and General Statutory Provisions Protecting Against Policy Cancellations and Nonrenewals

Executive Summary:

Florida Statutes and Florida Administrative Code contain provisions limiting insurers from canceling or nonrenewing a policy after a covered claim. Florida Statutes also contain Citizens-specific eligibility requirements for flood and maximum coverage limits.

There is potential conflict between the general provisions that apply to all insurers and the more specific provisions that apply to Citizens. Florida Statute §627.4133 places restrictions on cancellation or nonrenewal of policies with open claims or unrepaired damage from a covered claim. Conversely, Citizens enabling statute, §627.351 provides eligibility requirements for Citizens policies, including flood insurance, when required, and the maximum dwelling coverage limits (Coverage A limit of liability) that may be provided on Personal Lines policies issued by Citizens.

Staff Recommendation for Product Changes:

Maximum Coverage limits:

If a policy issued by Citizens cannot be canceled or nonrenewed due to the provisions of an order of the office, statutory restrictions, or administrative rule governing nonrenewal following a covered claim, coverage will be provided by Citizens at a coverage limit that shall not exceed the maximum Coverage A limit of liability set forth in Florida Statute §627.351(6)(a)3. If the circumstances that otherwise prevent Citizens from cancelling or nonrenewing the policy cease to exist, the policy will be canceled or nonrenewed.

Requirement to Secure and Maintain Flood Coverage:

If a policy insured by Citizens is required to secure and maintain flood coverage, but statutory restrictions governing nonrenewal following a covered claim apply, the requirement for flood coverage will be enforced. The National Flood Insurance Program has advised that coverage may be written if the property has existing damage. This availability of coverage allows policyholders to secure the required flood coverage and cure the reason for nonrenewal.

Executive Summary

Actuarial and Underwriting Committee Meeting, September 26, 2023

Board of Governors Meeting, September 27, 2023

Recommendation for Approval:

If approved at its September 26, 2023 meeting, the Actuarial and Underwriting Committee recommends that the Board of Governors:

- a) Approve changes to Citizens' Product guidelines, forms and supporting documents to clarify Citizens actions for policy eligibility and nonrenewal as described in the Product Updates – September 2023 Action Item; and
- b) Authorize staff to take any appropriate or necessary action consistent with the Product Updates – September 2023 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 – September 2023

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 – September 2023. These changes include recommendation to address: <ul style="list-style-type: none"> Potential Conflicts – Citizens’ Statutory Eligibility Requirements and General Statutory Provisions Protecting Against Policy Cancellations and Nonrenewals
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
Contract Terms	N/A

PRODUCT UPDATES – September 2023

Committee Recommendation	Staff proposes that the Actuarial & Underwriting Committee review, and if approved, recommends the Board of Governors: <ul style="list-style-type: none">a) Approve changes to Citizens' Product guidelines, forms and supporting documents to clarify Citizens actions for policy eligibility and nonrenewal as described in the Product Updates – September 2023 Action Item; andb) Authorize staff to take any appropriate or necessary action consistent with the Product Updates – September 2023 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	If approved at its September 27, 2023 meeting, the Actuarial and Underwriting Committee recommends that the Board of Governors: <ul style="list-style-type: none">a) Approve changes to Citizens' Product guidelines, forms and supporting documents to clarify Citizens actions for policy eligibility and nonrenewal as described in the Product Updates – September 2023 Action Item; andb) Authorize staff to take any appropriate or necessary action consistent with the Product Updates – September 2023 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