

Executive Summary

Claims Committee Meeting, November 16, 2023

Board of Governors Meeting, December 6, 2023

Division of Administrative Hearings (DOAH)

Topic

Citizens is requesting approval to extend the previously approved \$2,000,000 in contract spend to fund its contract with the State of Florida Division of Administrative Hearings (DOAH). The Board previously approved up to \$2,000,000 in contract spend specifically for 2023. This Consent Item seeks approval to use that \$2,000,000 in spend through 2024. This Consent Item is not seeking approval for additional contract spend. Under the contract, DOAH provides alternative dispute resolution services when there is a dispute relating to a claim determination by Citizens. DOAH provides a uniform and impartial forum to resolve disputes. Cases involving such disputed claims will be heard by an administrative law judge and are typically resolved faster than litigation through the court system, which will benefit the policyholder. Either Citizens or the policyholder could demand dispute resolution through DOAH (although certain types of matters are not eligible for dispute resolution at DOAH).

History

At its July 13, 2022, meeting, the Board of Governors approved pursuing the new alternative dispute resolution approach involving the use of DOAH to resolve disputed claims instead of through the court system, including making the necessary filings with the Office of Insurance Regulation (OIR).

OIR provided final approval of an endorsement form entitled "Alternative Dispute Resolution Division Of Administrative Hearings" for all of our non-commercial policy lines. This original endorsement form had an effective date of February 1, 2023, for new business and renewal business. Legislative changes were then enacted on May 26, 2023, which specifically allowed Citizens to adopt policy forms utilizing DOAH to resolve disputed claim determinations and to contract with DOAH to provide dispute resolution services. A subsequent endorsement form that reflected these legislative changes was approved by OIR for new business and renewal business with an October 1, 2023, effective date.

At the December 7, 2022 Board meeting, the Board approved Citizens' contract with DOAH specifically related to handling alternative dispute resolution services for disputed claims as set forth in the new endorsement(s). The Board authorized up to \$2,000,000 in spend for the calendar year 2023. To date, Citizens has not incurred any spend under the DOAH contract pending the aforementioned legislative changes and updated endorsement that went into effect for new business and renewal business on October 1, 2023.

At this time, staff is only seeking to extend the previous Board authorization of up to \$2,000,000 for expenditures under this contract through 2024. The anticipated spend through 2024 is anticipated to remain at \$2 million. Staff anticipates that the utilization of DOAH as an alternative dispute resolution process will increase gradually as policy renewals occur throughout the year. The projected costs for 2024 under this contract will potentially be less than the anticipated costs for 2025 and subsequent years. Staff intends to come back before the board to obtain authorization for the projected expenditures under this contract for 2025 and beyond.

Recommendation

The recommendation is listed in the attached Consent Item.

Division of Administrative Hearings

ACTION ITEM

New Contract

Contract Amendment

Other _____

CONSENT ITEM

Contract Amendment

Existing Contract Extension

Existing Contract Additional Spend

Previous Board Approval _____

Other Extend Approved Spend

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	Approval to extend previously approved \$2,000,000 in contract spend for alternative dispute resolution services as described in the accompanying Executive Summary: Division of Administrative Hearings
Purpose/Scope	This Consent Item seeks Board approval to extend the previously approved \$2,000,000 in contract spend to fund Citizens' contract with DOAH for alternative dispute resolution services. The Board previously approved up to \$2,000,000 in contract spend specifically for 2023. This Consent Item seeks approval to use that \$2,000,000 in spend through 2024. To date, Citizens has not incurred any cost under this contract.
Contract ID	Division of Administrative Hearings Administrative Law Judge Services Contract
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Procurement Method	Not applicable. The Division of Administrative Hearings has express statutory authority to enter into contracts with governmental entities, including Citizens, for dispute resolution services.
Contract Amount	A total amount not to exceed \$2,000,000 through 2024.
Contract Terms	As set forth in the accompanying Executive Summary: Division of Administrative Hearings. Citizens anticipates being billed on a per case basis.

Division of Administrative Hearings

Committee Recommendation	Staff proposes that the Claims Committee review, and if approved, recommend the Board of Governors: a) Authorize the payment to DOAH of a total amount not to exceed \$2,000,000 through 2024 for alternative dispute resolution services under this contract; and b) Authorize staff to take any appropriate or necessary action consistent with this Division of Administrative Hearings Consent Item.
Board Recommendation from Committee	If approved at its November 16, 2023, meeting, the Claims Committee recommends that the Board of Governors: a) Authorize the payment to DOAH of a total amount not to exceed \$2,000,000 through 2024 for alternative dispute resolution services under this contract; and b) Authorize staff to take any appropriate or necessary action consistent with this Division of Administrative Hearings Consent Item.
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