

Executive Summary

Actuarial and Underwriting Committee Meeting, April 9, 2024
Board of Governors Meeting, April 10, 2024

Product Updates – April 2024

Underwriting Guidelines – Commercial Lines

In 2017, Citizens introduced Roof Age Eligibility Guidelines for all Commercial Lines programs. These Guidelines include the option for Underwriting to allow an exception to provide coverage beyond the stated roof age when the roof is in acceptable condition. The intent of the rule was to allow a one-time exception. The current rule does not specifically state that extension will be allowed only once.

Due to current market conditions, Underwriting is receiving numerous requests for additional extensions, when the roof is well past the expected life span. To provide clarity to agents, Staff proposes that the rule be updated to state that any roof age exceptions granted are allowed only on one-time basis.

Policy Form Updates – Personal and Commercial Lines

Periodically, Citizens' staff undertakes efforts to update policy and submission forms to address emerging issues identified through internal analysis and market research. A detailed review was completed, and contract language was 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 as outlined below.

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

Staff Recommendation for Product Changes

- **Golf Carts-** Update policy language to better express golf carts and low-speed vehicles (LSV) are not covered under property and liability coverage. (Personal Lines)
- **Reasonable Emergency Measures-** Introduce language that limits reasonable emergency measures.
 - Temporary protective roof coverings for "site built" homes, including shrink wrap, up to 2% of Coverage A (Personal Lines).
 - For all causes of loss, emergency measures up to the greater of \$15,000 or 3% of the separate building limit of insurance (Commercial lines).
- **Recordings-** Introduce language which requires the insured or their representative to provide to Citizens, at its request, an unedited copy of all recordings & photos taken by the insured or their representative during an inspection or loss adjustment.
- **Coverage Limitation-** Adopt a \$1,000 coverage limitation for rowboats, canoes, paddle boards, paddle boats and kayaks in policy types that do not currently include a limit. Require this property to be in an enclosed building for windstorm coverage to apply and exclude this property from worldwide coverage. (Personal Lines)

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- **Appraisal-** Expand the appraisal condition and associated policy provisions to reflect:
 - Appraisal may not proceed or continue until associated coverage disputes have been resolved.
 - Both parties must provide their estimates prior to the initiation of appraisal and upon disagreement, complete and provide the estimates before choosing an umpire.
 - Appraisers must be a licensed property adjuster in good standing with the Department of Financial Services.
 - Estimates should reflect market pricing for similar items and materials of like, kind and quality.
 - Competent Umpires must be competent and must be a Florida licensed property adjuster or hold a professional license such as a general contractor, engineer or other professional license or designation which demonstrates proficiency and expertise in the estimating of property damage disputes.
(Personal Lines)
- **Appraisal-** Introduce language that both parties are required, in writing, to agree to appraisal before proceeding to an appraisal of damages, that an Appraisal Award does not include any permanent repairs completed prior to Citizens' Appraisal inspection and that Citizens is not responsible for payment of any such permanent repairs as part of an Appraisal Award.
(Commercial Lines)
- **Managed Repair Program-** Clarify language in the Managed Repair Program (MRP) endorsement, the policy form and in the MRP Consent form. Introduce a 10-business day deadline for the policyholder to execute their consent to the MRP, starting once the offer to participate in the MRP is received by the policyholder. Clarify the MRP endorsement to better express the sequence of events in the MRP process. Further expand the appropriate appraisal changes in the MRP endorsement as described above. (Personal Lines where MRP offered)
- **Outdoor Furniture-** Update policy language to exclude outdoor furniture in the open during a hurricane or tropical storm. (Commercial Lines)
- **Condo Association-** Update policy language to better express property that is the unit owner's insurance responsibility and the property that is a condominium association's insurance responsibility.
- **Loss Assessment-** Introduce a timeframe during which a notice of claim for loss assessment coverage can occur in accordance with new Florida law, passed in Florida regular session 2024.

Other policy form changes intended to better express policy language that do not impact coverage:

- **Professional Services-** Introduce a "Professional Services" exclusion to specifically state that reimbursements for engineering reports, estimates, expert opinions, etc. ordered by the insured or their representative without Citizens' authorization are not covered.
- **Cause of Action-** Update policy language to delete unnecessary reference to private cause of action.

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- **Adjustment to Property Coverage Limits-** Update policy language to better express coverage limits may be adjusted at renewal and are not guaranteed to be adequate to repair or replace property.
- **Format Change-** Update policy language to split the "Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse" liability exclusion into 2 separate exclusions. (Personal Lines)
- **Water Damage-** Update vacancy loss settlement language to delete the term "water damage" as water is not a covered peril. (Dwelling and Mobile Home Dwelling policy types)
- **Screen Enclosures-** Better express that screen enclosures, which are an integral part of a dwelling, and have the same/similar roof covering as the dwelling are covered. (Personal Lines)
- **Land-** Update policy language expressing land is not covered in the renters & dwelling condominium unit policies.
- **Loss of Rents and Additional Living Expense-** Align the policy provisions that express amount of coverage available to loss of rents and additional living expense. (Dwelling wind policy types)
- **Cancellation Notice-** Update language in the cancellation notice(s) and other related notices to better explain how Citizens returns premium to the policyholder.
- **Format Change-** Update conformity and sequence of text in the paint exclusion, and wind peril provision across all commercial policy types. (Commercial Lines)
- **Neglect Exclusion-** Update policy language in the neglect exclusion to better express when reasonable efforts should be taken by the insured or their representative to save and preserve property. (Commercial Lines)
- **Scriveners/Readability-** Update scriveners errors and make other minor verbiage changes as necessary. No coverage impact.

Recommendation for Approval

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

- a) Approve changes to Citizens' Product guidelines, forms and supporting documents to address emerging issues as described in the Product Updates – April 2024 Action Item; and
- b) Authorize staff to take any appropriate or necessary action consistent with the Product Updates – April 2024 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 – April 2024

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 – April 2024. These changes include recommendation to address: <ul style="list-style-type: none"> • Update Commercial Underwriting Guidelines to clarify that exceptions for roofs that are beyond maximum age are allowed only one time. • Forms changes to address emerging issues identified through internal analysis and market research. • Changes that will update Citizens’ policy language to improve claims outcomes and better align with industry 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 – April 2024

Contract Terms	N/A
Committee Recommendation	<p>Staff proposes that the Actuarial & Underwriting Committee review, and if approved, recommends the Board of Governors:</p> <ul style="list-style-type: none">a) Approve changes to Citizens' Product guidelines, forms and supporting documents to address emerging issues as described in the Product Updates – April 2024 Action Item; andb) Authorize staff to take any appropriate or necessary action consistent with the Product Updates – April 2024 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 April 9, 2024 meeting, the Actuarial and Underwriting Committee recommends that the Board of Governors:</p> <ul style="list-style-type: none">a) Approve changes to Citizens' Product guidelines, forms and supporting documents to address emerging issues as described in the Product Updates – April 2024 Action Item; andb) Authorize staff to take any appropriate or necessary action consistent with the Product Updates – April 2024 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	Jay Adams, Chief Insurance Officer