

Executive Summary

Actuarial & Underwriting Committee Meeting, December 6, 2016

Board of Governors Meeting, December 7, 2016

Product Changes – Residences Held in Trust (Personal Lines)

History

Requests for insurance for properties held in trust are becoming more prevalent. Staff has identified the need to update rules, forms and procedures to ensure appropriate coverage and consistent underwriting for these properties.

Staff has completed market research and legal analysis to determine necessary coverage forms and policy eligibility. As a result, staff recommends providing coverage for trusts and trustees under a new “Trust Endorsement” and to revise specific rules and procedures pertaining to the handling of residences held in trust.

Research and Proposal

Research of numerous Florida private market insurers indicates that many insurers allow coverage for trustees and trusts through the attachment of the Insurance Services Office (ISO) “Additional Insured” endorsement. Two carriers use ISO’s alternative “Trust Endorsement”, which functions similarly to our current Additional Insured endorsement, but includes additional provisions specifically addressing exposures unique to trusts and trustees

Staff has completed analysis and extensive legal research and has determined that the more detailed approach in the ISO Trust Endorsement is appropriate because it places more stringent notification requirements on the policyholder. This endorsement also includes language limiting liability coverage for trustees to provide coverage only when acting in the capacity of trustee.

Underwriting eligibility guidelines and submission requirements are necessary to:

- ensure that the appropriate policy forms are used
- provide guidance on how named insured and additional insureds should be described
- obtain necessary information to confirm trust eligibility

Recommendation

Citizens’ Staff recommends the Actuarial & Underwriting Committee approve and recommend that the Board:

- a) Authorize the filing with the Office of Insurance Regulation (OIR) of the modifications of the underwriting rules and submission requirements to establish uniform underwriting treatment of residences held in trust; and
- b) Authorize the filing of the new “Trust Endorsement”; and

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- c) Authorize staff to take any appropriate or necessary action consistent with this Action Item to include filing with the OIR, system change implementations, development of necessary forms and other supporting activities.

ACTION ITEM

Actuarial & Underwriting Committee Meeting, December 6, 2016
Board of Governors Meeting, December 7, 2016

CONTRACT ID:	Product Changes – Residences Held in Trust (Personal Lines)
BUDGETED ITEM	N/A
CONTRACT AMOUNT	N/A
PURPOSE / SCOPE	<p>Requests for insurance for properties held in trust are becoming more prevalent. Staff has identified the need to update rules, forms and procedures to ensure appropriate coverage and consistent underwriting for these properties.</p> <p>Staff has completed market research and legal analysis to determine necessary coverage forms and policy eligibility. As a result, staff recommends providing coverage for trusts and trustees under a new “Trust Endorsement” and to revise specific rules and procedures pertaining to the handling of residences held in trust.</p> <p>Research and Proposal</p> <p>Research of numerous Florida private market insurers indicates that many insurers allow coverage for trustees and trusts through the attachment of the Insurance Services Office (ISO) “Additional Insured” endorsement. Two carriers use ISO’s alternative “Trust Endorsement”, which functions similarly to our current Additional Insured endorsement, but includes additional provisions specifically addressing exposures unique to trusts and trustees</p> <p>Staff has completed analysis and extensive legal research and has determined that the more detailed approach in the ISO Trust Endorsement is appropriate because it places more stringent notification requirements on the policyholder. This endorsement also includes language limiting liability coverage for trustees to provide coverage only when acting in the capacity of trustee.</p> <p>Underwriting eligibility guidelines and submission requirements are necessary to:</p> <ul style="list-style-type: none">• ensure that the appropriate policy forms are used• provide guidance on how named insured and additional insureds should be described• obtain necessary information to confirm trust eligibility
CONTRACT TERM(S)	N/A
PROCUREMENT METHOD	N/A
RECOMMENDATION	<p>Citizens’ Staff recommends the Actuarial & Underwriting Committee approve and recommend that the Board:</p> <ol style="list-style-type: none">a) Authorize the filing with the Office of Insurance Regulation (OIR) of the modifications of the underwriting rules and submission requirements to establish uniform underwriting treatment of residences held in trust; andb) Authorize the filing of the new “Trust Endorsement”; andc) Authorize staff to take any appropriate or necessary action consistent with this Action Item to include filing with OIR, system change implementations, development of necessary forms and other supporting activities.
CONTACTS	John Rollins, Chief Risk Officer Karen Holt, Senior Director Product Development

Commercial Roof Condition Inspection Form

Applicant/Insured Name: _____ Application/Policy#: _____

Location Address Inspected: _____ Building Number Inspected: _____

Date of Inspection: _____

This *Roof Condition Inspection Form* must be completed and signed by a Florida-licensed professional. The form will not be accepted without the dated signature of one of the following appropriately licensed inspectors:

- Licensed roofing contractor
- Licensed general contractor

Note: This form **does not** verify windstorm loss mitigation features.

ROOF (Clear photos showing the entire roof's surface and condition must be submitted with this form.)

Primary Roof:

Covering material: _____	If updated (check one):	Overall Condition of Roof:
Roof age (years): _____		Excellent <input type="checkbox"/>
Remaining useful life: _____	Full replacement <input type="checkbox"/>	Good <input type="checkbox"/>
Date of last update: _____	Partial replacement <input type="checkbox"/>	Fair (explain) <input type="checkbox"/>
Roofing Permit Verified: <input type="checkbox"/> *Yes <input type="checkbox"/> No	% of replacement _____	Poor (explain) <input type="checkbox"/>
*Permit Application Date: _____		

Visible damage:

(describe; e.g. curling/ lifted/ loose/ missing shingles or tiles, or punctures, blistering, drainage issues, or bare spots in gravel, or coating degradation, or cracking of asphalt, etc.)

Any visible damage /deterioration?

Primary roof
 Yes No

Secondary Roof
 Yes No

Any visible signs of leaks?

Primary roof
 Yes No

Secondary Roof
 Yes No

Secondary Roof:

Covering material: _____	If updated (check one):	Overall Condition of Roof:
Roof age (years): _____		Excellent <input type="checkbox"/>
Remaining useful life: _____	Full replacement <input type="checkbox"/>	Good <input type="checkbox"/>
Date of last update: _____	Partial replacement <input type="checkbox"/>	Fair (explain) <input type="checkbox"/>
Roofing Permit Verified: <input type="checkbox"/> *Yes <input type="checkbox"/> No	% of replacement _____	Poor (explain) <input type="checkbox"/>
*Permit Application Date: _____		

Comments:

(Additional Comments Required if Primary or Secondary Roof Condition is denoted as Fair or Poor):

This Inspection Form and the information set forth in it are provided solely for the purpose of verifying that certain structural or physical characteristics exist at the Location Address listed above and for no other purpose. It is not intended to constitute legal or professional advice. The information provided should not be relied upon, or treated as, as substitute for specific advice relevant to particular circumstances. The undersigned does not make a health or safety certification or warranty, express or implied, of any kind, and nothing in this Form shall be construed to impose on the undersigned or on any entity to which the undersigned is affiliated any liability or obligation of any nature to the named insured or to any other person or entity.

All *Roof Condition Inspection Forms* must be signed and completed by a Florida-licensed roofing or general contractor.
 I certify that the above statements are true and correct.

Inspector Name (printed) _____ Telephone Number _____

Signature of Inspector _____ License Type _____ License Number _____ Date _____

Commercial Electrical Inspection Form

Applicant/Insured Name: _____ Application/Policy#: _____

Location Address Inspected: _____ Building Number Inspected: _____

Date of Inspection: _____

Documentation: Attach inspection photos and any supplemental documentation used to confirm the age or condition of the electrical system.

Electrical System Summary	Year Built: _____	
Is the electrical system in good working order?	Yes	No
Does the entire electrical system meet applicable code?	<input type="checkbox"/>	<input type="checkbox"/>
Is the system sufficient for the load requirement?	<input type="checkbox"/>	<input type="checkbox"/>
Is the system properly grounded?	<input type="checkbox"/>	<input type="checkbox"/>
Are there any safety concerns, deficiencies, or update recommendations?	<input type="checkbox"/>	<input type="checkbox"/>

Main Electrical Panel <input type="checkbox"/> Circuit Breaker <input type="checkbox"/> Fuses	Secondary Electrical Panel <input type="checkbox"/> Circuit Breaker <input type="checkbox"/> Fuses	Branch Wiring Circuits
<p>Manufacturer: _____ Amperage Rating: _____ Is amperage rating adequate? <input type="checkbox"/> Yes <input type="checkbox"/> No Year of Last Panel Update: _____ Is a panel update recommended? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>Please describe the last update or any recommended updates in the comment section.</i></p> <p>Condition:</p> <input type="checkbox"/> evidence of scorching <input type="checkbox"/> signs of corrosion <input type="checkbox"/> loose connections <input type="checkbox"/> improper grounding <input type="checkbox"/> GFI breakers not working correctly <input type="checkbox"/> breakers not sized correctly <input type="checkbox"/> double taps <input type="checkbox"/> open knockouts <input type="checkbox"/> missing panel cover <input type="checkbox"/> Other: _____ <input type="checkbox"/> No hazards present	<p>Manufacturer: _____ Amperage Rating: _____ Is amperage rating adequate? <input type="checkbox"/> Yes <input type="checkbox"/> No Year of Last Panel Update: _____ Is a panel update recommended? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>Please describe the last update or any recommended updates in the comment section.</i></p> <p>Condition:</p> <input type="checkbox"/> evidence of scorching <input type="checkbox"/> signs of corrosion <input type="checkbox"/> loose connections <input type="checkbox"/> improper grounding <input type="checkbox"/> GFI breakers not working correctly <input type="checkbox"/> breakers not sized correctly <input type="checkbox"/> double taps <input type="checkbox"/> open knockouts <input type="checkbox"/> missing panel cover <input type="checkbox"/> Other: _____ <input type="checkbox"/> No hazards present	<p>Wiring Type:</p> <input type="checkbox"/> Aluminum (single strand) <input type="checkbox"/> Aluminum (multi strand) <input type="checkbox"/> Copper <input type="checkbox"/> Copper Clad <input type="checkbox"/> Knob and Tube <input type="checkbox"/> Other: _____ <p>Condition:</p> <input type="checkbox"/> ungrounded or inoperative outlets <input type="checkbox"/> missing GFCI outlets <input type="checkbox"/> overuse of outlets/power strips <input type="checkbox"/> extension cord used as permanent wiring <input type="checkbox"/> broken/unsupported light fixtures <input type="checkbox"/> Other: _____ _____ <input type="checkbox"/> No hazards present

Comments:

This Inspection Form and the information set forth in it are provided solely for the purpose of verifying that no unsafe or inadequate electrical wiring conditions / deficiencies exist at the Location Address listed above and for no other purpose. It is not intended to constitute legal or professional advice. The information provided should not be relied upon, or treated as, as substitute for specific advice relevant to particular circumstances. The undersigned does not make a health or safety certification or warranty, express or implied, of any kind, and nothing in this Form shall be construed to impose on the undersigned or on any entity to which the undersigned is affiliated any liability or obligation of any nature to the named insured or to any other person or entity.

All Electrical Inspection Forms must be completed, signed, and dated by a Florida-licensed electrician or general contractor.
 I certify that the above statements are true and correct.

Inspector Name (printed) _____ Telephone Number _____

Signature of Inspector _____ License Type _____ License Number _____ Date _____