Executive Summary

Actuarial and Underwriting Committee Meeting, March 12, 2025

Board of Governors Meeting, March 12, 2025

Product Updates – March 2025

Underwriting Guidelines – Personal Lines

Citizens' home underwriting survey or inspection vendors have reported instances of receiving expressed or implied threats of physical harm from Citizens' insureds when attempting to schedule or perform an underwriting field survey or inspection as required by underwriting guidelines. Staff feels such threats pose an unacceptable risk to those working for or on behalf of the company.

To address this issue, Personal Lines Underwriting has created a committee to review these incidents and take appropriate action, typically policy termination or nonrenewal, including further escalation to appropriate authorities if warranted.

Additionally, Staff proposes making product modifications to include revising underwriting rules to expressly provide that applicants or policyholders who threaten physical violence, either directly or by implication, or who have had a policy cancelled or nonrenewed by a prior insurer due to threats of violence, are ineligible for coverage with Citizens. To ensure that such persons are not inadvertently issued a new policy if they reapply for coverage, and to prevent misidentification of an applicant who is not such person, Staff also proposes amending applications and privacy notices to advise that social security numbers may be used for identification purposes. This will not be limited to threats made to home underwriting survey and inspection vendor field representatives, but to anyone working for, or on behalf of Citizens.

Policy Form Updates – Personal and Commercial Lines

Periodically, Citizens' staff undertakes efforts to update policy and submission forms to address statutory changes and 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, statutory changes 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 and statutory 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

- **Property Not Covered** – Update language to better express that roof coverings of fabric and similar materials includes screening. (Commercial Lines Only)

- **Loss Payment** – Added a provision expressing Citizens will adjust losses with the policyholder, but in the event an insurance trustee is named, we will pay the insurance trustee, which will satisfy the Policyholder's claims against Citizens. (Commercial Lines Multiperil Only). This aligns with language already in the wind-only program.

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- **Commercial Roof Exclusion** – Introduce an exclusion for loss payments for roof covering to address situations where a building is uninsurable due to roof condition under current underwriting guidelines but needs coverage while the roof is being replaced. (Commercial Lines Only)

- **Blasting and Pile Driving Exclusions** – Update the language to better express that the exclusions apply to damage caused by blasting, pile driving, shockwaves, and vibrations, whether occurring individually or in combination, and regardless of whether the forces travel through the air, the ground, or both.

- **Proof Of Loss Deadline** – Requires insured to submit the proof of loss statement within 30 days after Citizens requests this document. Currently, insureds must submit this statement within 60 days after Citizens' request. This change aligns with changes to Section 627.70131, Florida Statutes, which reduced an insurer's time to make a claims determination from 90 to 60 days. (Personal and Commercial Lines)

- **Reasonable Emergency Measures** – Update language to better express that reasonable emergency measures are strictly limited to immediate actions taken to mitigate or protect covered property from further damage and to refer to urgent or emergency circumstances, which are situations in which a covered loss to covered property, if not addressed immediately, will result in additional damage until measures are completed to prevent such damage. Also amends language to better express that protective roof covering measures are covered when made to protect covered property due to covered damage to the roof. Additionally, update language to provide Citizens with a right to subrogation against third parties that perform reasonable emergency measures. (Personal Lines)

- **Appraisal** – Adding language to allow Citizens or the insured to request that the Florida Division of Administrative Hearings (DOAH) appoint an Umpire when the Appraisers for the parties cannot agree on an Umpire (Personal Lines).

- **Criminal Acts Liability And Medical Payment Exclusion** – Updated language to more explicitly express bodily injury or property damage arising out of criminal acts are not covered. (Personal Lines)

- **Duties After Loss** – Updates policy language which requires the policyholder, or their representative, to allow Citizens to access and inspect damaged property (Personal Lines). Policyholders or their representative have a duty to:
  - Retain the damaged property, until Citizens provides permission to discard the damaged property.
  - Retain any photographs and videos of the damaged property and allow Citizens to make copies of the photographs and videos.
  - Provide unedited copy of all recordings and photographs.

- **Loss To Pair, Set Or Panels** – Update personal property and mobile home policy language to express settlement of a loss to a pair or set includes the term "panels". (Personal Lines). This is to foster consistency with Citizens other loss payment provisions that list "panels' alongside pairs and sets.

- **Tenant Contents in Mobile homes** – Citizens is adding the term mobile home to our wind-only tenant contents policies to better express tenant contents can be insured in both a dwelling and mobile home. No coverage impact (Personal Lines).

- **Cancellation** – Update language to express that, for policies in effect for 90 days or less where the immediate prior carrier has been placed in receivership under Chapter 631 Florida Statutes, Citizens may cancel the policy immediately when there is evidence of misrepresentation or a failure to comply with underwriting requirements established before coverage commences (Personal Lines).

- **Alternative Dispute Resolution Division Of Administrative Hearing (DOAH)** – Expand use of DOAH for the resolution of residential claims disputes. (Personal Lines Only)

  - Allow DOAH to appoint an Umpire, at the request of a party, for claims in Appraisal where the Appraisers cannot agree on an Umpire.
  - Allow for the use of DOAH to resolve disputes that arise out of contested Appraisal Awards.
  - Allow Citizens the ability to invoke DOAH as an alternative dispute resolution (ADR) at any time a claims dispute arises.
  - Provide clarity of the DOAH process when a party attempts to unilaterally withdraw once DOAH has been invoked.
  - Update the Personal Lines DOAH endorsement for clarity to specify neither an insured nor Citizens may elect both DOAH and Appraisal to resolve a claims dispute.
  - Update personal lines DOAH language to express DOAH does not apply if the Policy has been assumed by an authorized insurer or by an approved surplus lines insurer and specify that claims that occur after assumption are not eligible for DOAH.
  - Clarify jurisdiction as Leon County, Florida.

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

- **Dwelling Liability** – Updated the form to express if the policyholder dies, Citizens insures the legal representatives but only with respect to the property of the deceased covered under the Policy at the time of death. Also, with respect to the property, Citizens insures the person having temporary custody of the property until appointment and qualification of a legal representative. (Personal Lines)

- **Scriveners/Readability** – Update scrivener’s errors, remove superfluous language and make other minor verbiage changes as necessary. No coverage impact.

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Recommendation

The recommendation is listed in the attached Action Item.

Product Updates – March 2025

☒ **ACTION ITEM**	☐ **CONSENT ITEM**
☒ **New Contract**	☐ **Contract Amendment**
☐ **Contract Amendment**	☐ **Existing Contract Extension**
☒ **Other: Product Updates**	☐ **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 – March 2025. These changes include recommendations to address: • Updates to Personal Lines Underwriting Guidelines to allow for cancellation and non-renewal of policies where an insured has threatened anyone working on behalf of Citizens with bodily harm, whether expressed or implied. • 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	☐ Yes ☒ No N/A
Procurement Method	N/A
Contract Amount	N/A

Product Updates – March 2025

Contract Terms	N/A
Committee Recommendation	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 – March 2025 Action Item; and b) Authorize staff to take any appropriate or necessary action consistent with the Product Updates – March 2025 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 March 12, 2025 meeting, the Actuarial and Underwriting Committee recommends that 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 – March 2025 Action Item; and b) Authorize staff to take any appropriate or necessary action consistent with the Product Updates – March 2025 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