

Executive Summary

Board of Governors Meeting, September 24, 2025

Division of Administrative Hearings (DOAH)

Topic

This Consent Item is brought before the Board to update the estimated annual cost of the DOAH contract, correct erroneous reports that grossly overstate the cost of the DOAH program, and reaffirm authority for the evergreen contract with DOAH.

History

Section 627.351(6)(II), Florida Statutes authorizes Citizens to refer claim disputes to the Division of Administrative Hearings (DOAH) for resolution instead of state court. DOAH is the state agency that assigns independent administrative law judges (ALJs) to hear and resolve a myriad of legal disputes for state agencies and local governments throughout the State of Florida. The cost to operate DOAH is paid for by the state agencies and other government entities who use its services (including Citizens). But because DOAH is a government agency, it is a lower cost alternative to similar services available in the private market, like private arbitration associations and law firms that specialize in ADR.

DOAH judges are independent. The ALJs are employed directly by DOAH, and state law prohibits any adverse employment action against them based upon the way they rule in a particular case. At this point, DOAH has selected 12 judges who hear insurance claims disputes. But just like in the state court system, these judges are randomly assigned to cases by DOAH; Citizens does not control case assignments, or which judge is assigned to hear insurance claim disputes in general.

On December 7, 2022, the Board approved a contract with DOAH to provide ALJs to resolve insurance claim disputes. Because Citizens is a government entity, it has the statutory authority to contract with DOAH for low-cost dispute resolution services pursuant to section 120.65, Florida Statutes.

It has been erroneously reported that Citizens paid DOAH \$19.3 million for claims dispute resolution services; the actual cost to date is less than \$2 million. Based on current DOAH staffing, the costs of this contract going forward will be approximately \$3.5 million per year. However, this amount is subject to change annually based on DOAH's adjusted costs and Citizens' utilization of DOAH's services.

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	Division of Administrative Hearings
Purpose/Scope	This Consent Item is brought before the Board to update the estimated annual cost of the DOAH contract, correct erroneous reports that grossly overstate the cost of the DOAH program, and reaffirm authority for the evergreen contract with DOAH.
Contract ID	Division of Administrative Hearings Administrative Law Judge Services Contract
Budgeted Item	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Procurement Method	Because Citizens is a government entity, it has the statutory authority to contract with DOAH for low-cost dispute resolution services pursuant to section 120.65, Florida Statutes.
Contract Amount	It has been erroneously reported that Citizens paid DOAH \$19.3 million for claims dispute resolution services; the actual cost to date is less than \$2 million. Based on current DOAH staffing, the costs of this contract going forward will be approximately \$3.5 million per year. However, this amount is subject to change annually based on DOAH's adjusted costs and Citizens' utilization of DOAH's services.
Contract Term	Evergreen contract (renews automatically every year unless terminated)

Division of Administrative Hearings

Board Recommendation	<p>Staff recommends that the Board of Governors:</p> <ul style="list-style-type: none">a) Authorize Citizens staff to amend the contract with DOAH as needed based upon Citizens' claim dispute volume and the legal requirement to pay DOAH for services dedicated to resolve insurance claims disputes based on a total-cost-recovery basis; andb) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
Contacts	<p>Brian Newman, General Counsel & Chief Legal Officer</p> <p>Jay Adams, Chief Claims Officer</p>