

Executive Summary

Actuarial & Underwriting Committee Meeting, June 19, 2017

Board of Governors Meeting, June 20, 2017

Product Changes – Personal Lines

Ineligible Risk Remediation Guideline:

Currently a risk is rendered ineligible for coverage with Citizens when an unacceptable condition such as worn out roof or leaking plumbing exists. The underwriting manual clearly defines unacceptable conditions but does not allow the policyholder opportunity to remediate the issue.

Staff proposes that a rule be introduced for new business to allow underwriting to make reasonable exceptions. The rule will state that when an unacceptable condition exists which renders a risk ineligible, Citizens may offer coverage upon acceptable proof of plans to remediate the condition. The policy will be canceled if the policyholder does not provide proof of remediation.

Condo Unit Owners and Cooperative Apartment Coverage Forms

Citizens' product rules currently allow cooperative apartment type risks to be written on the HO-6 or HW-6 policy forms. The titles on various forms including the current Declarations pages, Applications and rating forms reflect that the forms are for "Condo-Unit Owners." Staff recommends modifying the titles to "Unit-Owners," removing the reference to Condo. There will be no change to eligibility.

Smoke Limitation

With recent and periodic incidences of wild fires in the state, staff recommends introducing a smoke damage limitation to address possible late reported and exaggerated claims for smoke damage from nearby fires when the property does not suffer any direct fire damage.

Mobile Home Eligibility in Rural Areas

Currently, mobile homes in rural areas not located in mobile home parks or subdivisions are written only in the dwelling lines of business though there is little difference in risk related to the mobile home's location. Staff proposes to update eligibility to accept these homes in the Mobile Homeowners program.

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Recommendation

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

- a) Approve the above proposals to update underwriting requirements to refine underwriting eligibility, promote consistency, and align with private market carriers; and
- b) Authorize staff to take any appropriate or necessary action consistent with this Product Changes - Personal Lines Action Item to include system change implementations, document changes and supporting activities.

ACTION ITEM

Actuarial & Underwriting Committee Meeting, June 19, 2017
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CONTRACT ID:	Product Changes - Personal Lines
BUDGETED ITEM	N/A
CONTRACT AMOUNT	N/A
PURPOSE / SCOPE	<p>Staff proposes that a rule be introduced for new business to allow underwriting to make reasonable exceptions to unacceptable condition rules. The rule will state that when an unacceptable condition exists which renders a risk ineligible, Citizens may offer coverage upon acceptable proof of plans to remediate the condition. The policy will be canceled if the policyholder does not provide proof of remediation.</p> <p>Staff recommends modifying the titles to "Unit-Owners," update HO-6 declarations, applications, and documents to more clearly identify that cooperative apartments are eligible. There will be no change eligibility.</p> <p>Staff recommends introducing a smoke damage limitation to address possible late reported and exaggerated claims for smoke damage from nearby fires when the property does not suffer any direct fire damage.</p> <p>Staff proposes to update eligibility to accept homes that are not in an approved park or subdivision in the Mobile Homeowners program.</p>
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> <ul style="list-style-type: none">a) Approve the above proposals to update underwriting requirements to refine underwriting eligibility, promote consistency, and align with private market carriers; andb) Authorize staff to take any appropriate or necessary action consistent with this Product Changes - Personal Lines Action Item to include filing with the Office of Insurance Regulation (OIR), system change implementations, document changes and supporting activities. Final changes may vary slightly, depending on guidance from the OIR.
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