

Executive Summary

Actuarial & Underwriting Committee Meeting, June 19, 2017

Board of Governors Meeting, June 20, 2017

Product Changes – Wood Roof Rule Commercial Non-Residential Multi-Peril - Commercial Lines

For commercial lines, a building's roof assembly construction, relative to wind up-lift, is a critical factor in determining the premium for the peril of wind. Citizens' current commercial construction definitions in the Commercial Residential Multi-Peril, Commercial Residential Wind and the Commercial Non-Residential Wind programs include a specific underwriting rule to classify buildings with wood roof assemblies as ordinary (frame or masonry) construction. The rules also allow an exception for roof construction that meets the UL Class 90 Exceptions for Roof Construction Enhancements, as described in Citizens Underwriting Rules.

The Commercial Non-Residential Multi-Peril (CNR-M) program currently does not include similar rules for wood roofs for its group II (wind) peril. In order to provide consistency between all four Citizens' commercial programs, and to ensure these risks are appropriately rated for the peril of wind, staff recommends introducing the wood roof rule to the CNR-M program. All definitions and required documents, and rules will be amended in CNR-M to closely mirror those utilized in the other commercial programs.

Recommendation

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

- a) Authorize filing with the Office of Insurance Regulation (OIR) the wood roof rule update requirements for the CNR-M program as described above; and
- b) Authorize staff to take any appropriate or necessary action consistent with this Product Changes - Wood Roof Rule – Commercial Non-Residential Multi-Peril Commercial Lines Action Item to include system change implementations, document changes and supporting activities.

ACTION ITEM

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CONTRACT ID:	Product Changes – Wood Roof Rule – Commercial Non-Residential Multi-Peril – Commercial Lines
BUDGETED ITEM	N/A
CONTRACT AMOUNT	N/A
PURPOSE / SCOPE	In order to provide consistency between all four Citizens' commercial programs, and to ensure that buildings with wood roof construction are appropriately rated for the peril of wind, staff recommends introducing the wood roof rule to the CNR-M program. All definitions and required documents, and rules will be amended in CNR-M to closely mirror those utilized in the other commercial programs.
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) Authorize the above proposal to amend the CNR-M rule as described above; andb) Authorize staff to take any appropriate or necessary action consistent with this Product Changes – Wood Roof Rule – Commercial Non-Residential Multi-Peril Action Item to include filing with the Office of Insurance Regulation (OIR), system change implementations, document changes and supporting activities.
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