

CitizensAdvisor



Citizens to begin educating policyholders on critical upcoming contract changes

TALLAHASSEE, FL – Important policy changes are coming for Citizens Property Insurance Corporation policyholders as the state-backed insurer takes steps to better connect with and protect customers early in the claims process while controlling costs that threaten to raise rates.

The Florida Office of Insurance Regulation recently approved a set of focused policy contract changes for Citizens. These changes address policy provisions regarding loss reporting, use of emergency services, and the nature of permanent repairs. New and renewal policyholders will be affected beginning July 1, 2016.

Regulators approved the contract changes to address abuses of the insurance contract that are needlessly reducing consumer control, complicating claims, and increasing rates, particularly in South Florida. This disturbing trend is now spreading to the entire state.

The policy contract changes ensure that the use of emergency services is reasonable, that Citizens has the opportunity to assess the damage before additional permanent repairs are made, and that permanent repairs properly address the cause of the loss.

First, in case of a loss to covered property, the revised policy contract requires policyholders to take emergency measures to protect insured property from further damage. Emergency measures only include what is reasonable and necessary to secure the home and prevent further damage, and may not exceed the greater of \$3,000 or 1 percent of Coverage A limit, unless Citizens approves additional measures.

Second, to ensure that Citizens has the opportunity to inspect the damage and confirm coverage, the revised policy restricts when permanent repairs can begin. There may be no coverage for permanent repairs that begin before one of the following occurs: 72 hours after the loss is reported to Citizens, the loss is inspected by Citizens, or verbal or written approval is provided by Citizens. Note that these policy contract changes DO NOT require that a loss be reported within 72 hours.

Finally, when a home system (such as plumbing) suffers damage that causes a loss, Citizens has clarified that it will cover the access required to replace the part or portion of the system that caused the loss. Access to repair or replace parts and portions of the system not affected by the specific covered loss will not be covered.

The revisions strike a balance between a policyholder's need to make emergency repairs quickly and Citizens ability to control costs for all policyholders. The changes are needed, in part, to curb abuses involving assignment of benefit (AOB), under which policyholders give third party vendors the ability to control their claims following a loss.

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May 6, 2016

Events

June 9 @ 10 a.m.
[Consumer Services Committee](#)

June 22 @ 9 a.m.
[Board of Governors](#)

Spotlight



Freddie Schinz
Board of Governors

Policies in Force

489,139
as of April 29, 2016

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Existing Citizens policyholders will begin receiving notices later this month informing them of the coverage changes that will take effect when their policies renew. New policyholders will be informed of the changes when they apply for coverage.

Citizens is ramping up communication efforts about the upcoming changes through traditional media outlets and social media channels. Policyholders can [Call Citizens First](#) at Citizens' toll-free claims hotline 24/7 at 866.411.2742.

It is critical as these changes take hold for insurance agents, home service providers, attorneys, and other stakeholders to provide accurate information to their members, clients, customers, and constituents. Such efforts will ensure that policyholders will remain in the driver's seat to protect themselves, their families, and their property following a loss.



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Citizens offers pay-by-phone option to policyholders

TALLAHASSEE, FL – Citizens' personal lines policyholders can now pay their premiums by phone under a new automated program now available to customers at no additional cost.

Policyholders can access the system in English and Spanish by calling 888.685.1555 and following the prompts to make payments directly from their checking or savings accounts.

The new service continues Citizens' effort to provide policyholders with more information and ways to manage their policies. This enhancement compliments [Manage myPolicy](#), Citizens' web-based solution, which provides policyholders quick and easy on-line access to policy information.

"The newly implemented Pay-By-Phone feature provides an efficient and convenient self-service payment option for policyholders," said Jeremy Pope, Citizens Director of Consumer Services. "Expanding our self-service offerings as an organization helps to promote overall efficiency, accurate processing and higher customer satisfaction overall."

To use the automated system, policyholders will need:

- The eight digit Citizens policy number. Please include the leading zeros but not the leading letters as they appear on the invoice form or the term number after the dash.
- The property address ZIP Code
- Their bank's routing number and account number

Payments must come from a U.S. bank and cannot be made for new business submissions. Credit card, debit card and electronic check conversion payments are not accepted.

Depopulation bill passes legislature, approved by Governor

TALLAHASSEE, FL – Citizens policyholders who receive takeout offers from private insurance companies will have more information when making their decision under a new law that kicks in January 1, 2017 making revisions to Citizens successful depopulation program.

In April, Gov. Rick Scott signed into law HB 931, a compromise measure that makes a handful of changes to the Legislatively-created takeout program that has helped Citizens return to its role as the state's insurer of last resort by providing private market insurance options to many policyholders.

The measure, sponsored by Rep. Kathleen Passidomo, R-Naples, requires all takeout offers be presented to Citizens policyholders involved in a takeout and that such offers have a uniform format policyholders can use to compare offers to each other and the policy they currently hold with Citizens.

Under the current system, policyholders who receive multiple offers see only one offer per takeout period, regardless of how many offers are made.

Additionally the bill requires that takeout offers made to policyholders include the estimated renewal premium, standardized coverage details of all other private offers, and a comparison with their Citizens renewal policy. Current takeout offers already include comparative rate estimates.

"This is going to provide Citizens customers with even more valuable information as they make a very important decision for themselves and their families," said Christine Ashburn, Vice President for Communications, Legislative and External Affairs.

The bill was similar to a more sweeping version that passed in 2015 but was vetoed by Gov. Rick Scott. Stricken from last years' bill were provisions to limit takeout rate increases to 10 percent a year for 36 months and limiting the number of times a policyholder could receive a takeout offer in a given year. Both provisions drew Scott's concern.

Since January 1, 2014, depopulation efforts have removed more than 700,000 policies for Citizens as consumer found alternatives in the private market. Citizens' policy count has fallen to its lowest level ever, under 490,000 as of April 2016.

Another consumer friendly provision amends Citizens rating statute to require that Citizens consider the results of the public model in combination with private model results when determining rates. Citizens had been required to use the public model as the minimum benchmark in establishing rates.

As with most Legislative sessions, there were bills that failed to pass. Most notably for Citizens, and the private insurance market, was the failure of SB 596/HB 1097 to reach final passage. The bills dealt with critically needed reforms intended to curb the use and abuse of post-loss assignment of benefits (AOB) in property insurance claims.

The bill would have required that the enforcement rights under the policy remain with the policyholder, which would have eliminated a vendor's access to the one-way attorney's fee statute. Citizens and others believe access to this statute by vendors is a significant driver of recent litigation being filed against Citizens and private market insurers.

News Links

[Special Report: Execs Warn of Impending Florida Market Crisis Over Water Loss Claims](#)
Insurance Journal

[Cabinet agrees on David Altmaier for insurance commissioner](#)
Politico

[McCarty says Legislature has to address assignment of benefits](#)
Politico

[Editorial: Open markets, better service](#)
The Ledger

[Hurricane names Patricia, Joaquin and Erika retired](#)
USA Today